

See **issue** of Kyiv Post on **July 9**



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See pages **16-17.**

Summer beach guide

Check out the map of Kyiv beaches in Lifestyle on page 24.



KyivPost

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Hillary Comes To Town

The U.S. secretary of state arrives as both America and Ukraine try to patch up relations with Russia. Clinton's visit also comes amid questions about whether President Viktor Yanukovich really wants Ukraine to stay on a democratic course and how much the United States really cares about what happens in the nation.

Gas trade leaves trail of lawsuits, corruption

BY JOHN MARONE
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If there is any sector in Ukraine's ailing economy that U.S. Secretary of State Hillary Clinton should urge authorities to kick off an anti-corruption campaign with, it's the murky – yet highly lucrative – natural gas sector, which dominates the activities of many of the nation's top politicians and businessmen.

Recent events in the sector have proven that, if you want to take control of a couple billion dollars worth of natural gas from the Ukrainian government, having friends or partners in the energy ministry, media and law enforcement is enough to seal the deal.

Such is the situation for controversial Ukrainian businessman Dmitry Firtash. His efforts to regain possession of 11 billion cubic meters of blue fuel seized from him by former Prime Minister Yulia Tymoshenko are again highlighting the ever-present issues of corruption, abuse of power and conflict of interest – this time ahead of the July 2 visit by Clinton. →12

Ex-ambassador Pifer: Intentions of Yanukovich team remain unclear

BY BRIAN BONNER
BONNER@KYIVPOST.COM

Former U.S. Ambassador to Ukraine Steven Pifer said that President Viktor Yanukovich has yet to show whether his administration will put national interests first – or whether the business interests of Yanukovich's powerful backers will triumph.

Pifer, America's representative in Kyiv from 1997-2000, said Ukraine watchers are still "waiting to see how that is going to play out." His comments came ahead of U.S. Secretary of State Hillary Clinton's visit to Kyiv on July 2, her first visit to Ukraine since U.S. President Barack Obama took power.

While Yanukovich is "an efficient person at getting things done," Pifer said, the jury is still out on whether the decisiveness and action will yield "good policies or bad policies." →13

BY NATALIYA BUGAYOVA
BUGAYOVA@KYIVPOST.COM

No matter how pretty of a face anyone tries to put on it, Ukraine is losing its status as a key geopolitical battleground between Russia and the West, and is moving towards the periphery of U.S. foreign policy. A one-day trip by U.S. Secretary of State Hillary Clinton on July 2 is not going to change this reality.

Clinton's boss, U.S. President Barack Obama, wants Russian help on major American security challenges – the protracted wars in Afghanistan and Iraq, and in helping to keep Iran free of nuclear weapons. Many think this strategic imperative is forcing Ukraine to the sidelines. →22

U.S. Secretary of State Hillary Clinton is making the highest-level American visit to Ukraine since U.S. Vice President Joe Biden came last summer and memorably called Ukrainian women "the most beautiful" in the world in a conversation with ex-President Viktor Yushchenko. See more preview coverage of Clinton's visit inside, including former U.S. Ambassador to Ukraine Steven Pifer's opinion on page 15 about the message she should deliver while in Kyiv. (AFP)

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Week ahead



U.S. Secretary of State Hillary Rodham Clinton takes the podium in the State Department on June 14 in Washington, D.C. (AP)

How U.S. Secretary of State Hillary Clinton is expected to spend her day in Kyiv on July 2

- Talks with Foreign Minister Kostyantyn Hryshchenko and the Open Strategic Partnership Commission.
- Meeting with President Viktor Yanukovich.
- Press conference.
- Meeting with ex-Prime Minister Yulia Tymoshenko.
- Meeting with leaders of civil society.
- Town hall meeting at Kyiv Polytechnic Institute.

U.S. Secretary of State Hillary Clinton is scheduled to visit Poland, Azerbaijan, Armenia and Georgia next week to discuss bilateral relations and promote efforts to resolve regional conflicts and strengthen regional peace and stability.

Clinton's five-day schedule:

July 2 Kyiv, meetings with government officials, opposition leader.

July 3 Krakow, Poland. Meetings with Polish Foreign Minister Radek Sikorski. Attending the 10th anniversary of the Community of Democracy.

July 4 Visits to capitals of Azerbaijan and Armenia.

July 5 Visit to Tbilisi, Georgia for meetings with president, officials.

IMF mission still talking about loans

International Monetary Fund representatives are set to wind up consultations in Kyiv with the government about negotiating a new loan next week. Prime Minister Mykola Azarov and Deputy Prime Minister Serhiy Tigipko have for months said agreement with the international lender is imminent. The government is asking for an economic assistance package in the \$12-\$19 billion range. Numerous media quoted unnamed central bank officials on June 30 as saying the fate of the government's recapitalization plan for government-controlled Nadra Bank depended on the outcome of IMF talks.



Deputy Prime Minister Serhiy Tigipko

Happy 60th birthday, Mr. President

President Viktor Yanukovich, who turns 60 on July 9, reportedly plans to take a vacation and celebrate his birthday in Crimea. Russian officials and businessmen are expected to attend his jubilee en masse, according to the Kyiv-based Segodnya daily newspaper, which on June 30 quoted a Russian diplomat in Kyiv as saying at least seven planes had been chartered to fly in well-wishers. Russian President Dmitry Medvedev is expected to be among the attendees. Presidential Administration chief Serhiy Lyovochkin said on June 15 that Yanukovich is expected to return to Kyiv from vacation in late July, then take another break in early August.



President Viktor Yanukovich

A scene from the April 27 session of parliament, when the controversial agreement was ratified that extended the presence of Russia's Black Sea Fleet in Crimea until at least 2042. Members of the opposition set off smoke bombs in the session hall and bombarded Speaker Volodymyr Lytvyn with eggs. (Oleksiy Boyko)



Will parliament go out with a bang or wimper?

Ukraine's parliament is scheduled to convene July 6-9 before breaking for summer recess. Most people are watching to see whether lawmakers adopt a new tax code. Opposition deputies and civil society groups have for weeks criticized the draft tax legislation, as well as a new law restricting peaceful rallies. Ex-Prime Minister Yulia Tymoshenko's faction in parliament blocked the rostrum twice during sessions last week, and more fireworks could be in store if the ruling Party of Regions votes on controversial measures.

has a new location



The newspaper has moved to 22B Prorizna Street. We look forward to serving readers and clients from our new location near the Golden Gate (Zoloti Vorota), shown below. Our new phone numbers are at the bottom of page 1 and on page 2 and also online at www.kyivpost.com/contacts.



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Leaders Talk

Leaders Talk: Country Focus – Austria



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SO, HOW ARE AUSTRIAN COMPANIES FINDING BUSINESS IN 2010 IN UKRAINE? THE EBA QUESTIONED A NUMBER OF CEOs TO FIND OUT:

FEDIR OMELINSKYJ IS GENERAL DIRECTOR OF REHAU LLC UKRAINE, WHOSE ACTIVITIES ARE COORDINATED BY THE AUSTRIAN HEAD OFFICE, RESPONSIBLE FOR THE SOUTH-EASTERN EUROPE.

FEDIR Omelinskyj,
General Director of REHAU LLC Ukraine



HE EXPLAINED THAT, SO FAR SALES RESULTS IN 2010 HAVE BEEN QUITE DIFFERENT AS THEY ARE OPERATING IN SEVERAL BUSINESS FIELDS, HOWEVER; HE EXPLAINED THAT "THE FIRST QUARTER OF 2010 HAS SHOWN A DECREASE IN SALES COMPARED WITH THE SAME PERIOD IN 2009, MOSTLY DUE TO THE WEATHER AND THE POLITICAL SITUATION. SINCE MAY THE SALES HAVE BEEN GROWING IN ALL DEPARTMENTS AND THE RESULTS ARE QUITE OPTIMISTIC FOR FURTHER DEVELOPMENT IN 2010. DESPITE THE COST OF AGGRESSIVE COMPETITORS, WE COULD REMAIN AS THE NUMBER 1 SUPPLIER IN SOME MARKETS"

OLGA OGIYCHUK, CEO OF JAF UKRAINE LLC: "IN 2010, THE SITUATION ON THE MARKET HAS IMPROVED SOMEWHAT, BUT COMPARING TO THE 2008 THERE ARE STILL NO NEW CON-

STRUCTION OR NEW INFRASTRUCTURE DEVELOPMENT PROJECTS IN UKRAINE. COOPERATION WITH THE STATE AUTHORITIES HAS WORSENERED AND SO HAS THE SITUATION WITH IMPORTS AND EXPORTS. THE CUSTOMS CLEARANCE PROCESS FOR CARGO IS SEVERAL TIMES LONGER (3-4 DAYS) WITHOUT EXPLANATION AND WITHOUT REIMBURSEMENT FOR VEHICLE DOWNTIME. THIS IS CAUSING DAMAGE, UNNECESSARILY INCREASE OF THE PRICE OF GOODS. THE TAX ADMINISTRATION CONDUCTS FREQUENT ROUTINE INSPECTIONS, DESPITE THE FACT THAT PREVIOUS PLANNED AND NOT PLANNED INSPECTIONS WERE A YEAR AGO AND THE STATE PLANT QUARANTINE SERVICE OF UKRAINE WORKS MUCH SLOWER OR NOT DOES NOT WORK AT ALL"

JOSEF GRAF, MANAGING DIRECTOR OF PORSHE LEASING IN UKRAINE

"EVEN CONSIDERING THE EFFECT THAT THE FINANCIAL CRISIS HAD ON THE UKRAINIAN MARKET, AND IN PARTICULAR THE CAR MARKET, WE STILL ENTERED AT QUITE A BENEFICIAL MOMENT FOR US. WE START-

JOSEF Graf,
Managing Director of Porsche Leasing in Ukraine



ED TO WORK EFFICIENTLY IN AUTUMN 2008 AND BY THAT TIME BANKS AND LEASING COMPANIES HAD CUT OFF FUNDING FOR CAR PURCHASES. PORSHE LEASING UKRAINE HAD ENOUGH LIQUIDITY WHICH WORKED TO OUR ADVANTAGE AND FOR THE BENEFIT FOR CUSTOMERS WHO WERE ABLE TO BUY CARS WITH OUR FUNDING. DUE TO THE CRISIS WE DIDN'T MANAGE TO REACH THE FORECASTED NUMBER OF CONTRACTS, BUT THE SHARE OF VW AND AUDI CAR SALES WHICH HAVE BEEN MADE WITH OUR FUNDING IS RATHER HIGH AND NOW EXCEEDS 20%, WHICH IS INSPIRING."

DMITRY ZINKOV, CHAIRMAN OF THE BOARD OF OTP BANK:

"THE [FINANCIAL] CRISIS HAS DECREASED THE SOLVENCY OF OUR CLIENTS, WHICH LED TO A GROWTH IN THE SHARE OF NON-PERFORMING LOANS IN THE LOAN PORTFOLIO OF THE BANK. ONE MORE CONSEQUENCE OF THE CRISIS WAS THE STAGNATION IN CREDITING. AS A RESULT, THE REVENUES AND PROFIT OF THE BANK DECREASED"

Things to know

New Draft Law on 'Standardisation and Mandatory Certification' for food products.

The EBA recently took part in a Working Group within the State Committee of Ukraine for Technical Regulation and Consumer Policy on 17 June 2010 which was established to develop the **Draft Law on Amending Certain Legislative Acts of Ukraine Concerning Standardisation and Mandatory Certification** for food stuffs.

The meeting focused on specific amendments to the technical regulatory system within the framework of the indicated Draft. The issue of mandatory certification for hotel and catering services was debated in view of the preparations for Euro 2012. The State Committee emphasised the importance of the harmonisation of Ukrainian and EU technical regulations and that this remains their top priority.

In this context, the Working Group agreed to develop the Law of Ukraine on Quality and Safety of Food products No 771/97 to bring it into conformity with the Law on Standardisation No 2408-III which defines standard as non-obligatory.

The Draft contains provisions for amending the following Laws of Ukraine to update standards, certification and conformity assessment procedures:

- on Pesticides and Agrochemicals;
- on Drinking Water and Water Supply;
- on Milk and Milk Products;
- on Fish and Fish Related Food Products;
- on State Regulation of Production and Circulation of Ethyl, Cognac, Fruit Spirits and Alcoholic Beverages as well as Tobacco Products;
- on Providing Sanitary and Epidemic Wellbeing of the Population;
- on Food Products Safety and Quality;
- on Tourism;
- on Standardisation.

The EBA supports the voluntary status of standards as well as elimination of mandatory certification for products that contain a low level of risk to consumer safety. This is currently a priority issue for the EBA Regulatory Affairs Committee for 2010.

In Focus

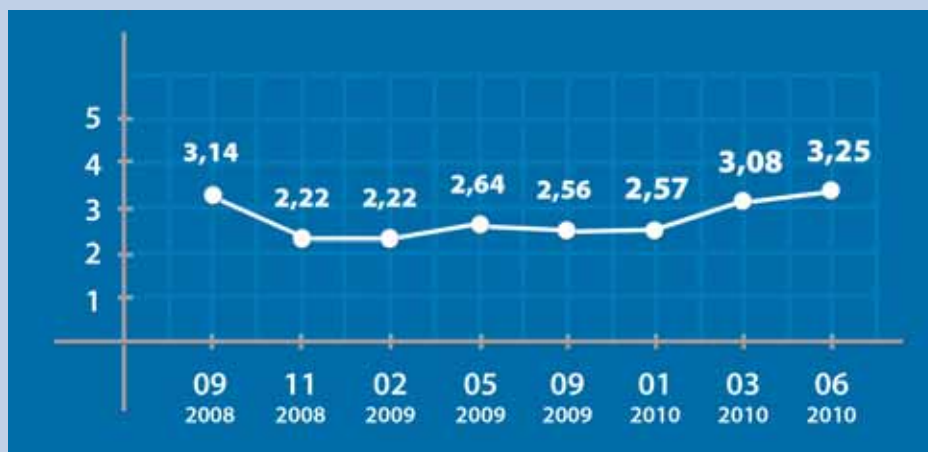
EBA Investment Attractiveness Index - 8th Wave Results

Today, the EBA released its 8th Investment Attractiveness Index score which shows a small increase for the second consecutive quarter to 3.25.

The Index aims to assess the overall investment attractiveness of Ukraine and 113 CEOs from EBA members companies participated in the survey between June 1st and June 18th 2010. The score is assessed as the mean value (from 1 to 5) on the following five questions:

5. What are your expectations of the business environment of your primary industry over the next three months?

Since the index was launched in September 2008, the score remained at a disappointing level below its initial score of 3.14 however the gains made during this quarter have pushed the score to its highest level yet and whilst this move is small, it is move in the right direction for the second consecutive round and should be welcomed. Looking in more detail at the specific questions one can see that largest gain was in the perceived profitability for new market entrants in the coming months however, this was offset but a lower-than-previous



1. What do you think about the investment climate in Ukraine?
2. How would you estimate the investment climate for your company in Ukraine at the moment compared to the previous three months?
3. What are your expectations of the investment climate in Ukraine over the next three months?
4. In your opinion, would it be profitable for new entrants to invest in Ukraine over the next three months?

score for expected dynamics of the investment climate in the next quarter.

When asked 'what changes have taken place in the investment climate under the new President of Ukraine' the opinions were mixed and equally distributed with one third of respondents reporting no change, one third reporting some change and one third reporting negative trends – mostly regarding tax and legislative policy. 21% of respondents stated that increased stability and predictability as a result of the elections had favourably impacted the investment climate but scores show that investors remain cautious and expect that the situation will not improve any further in the next quarter.

	1st wave	2nd wave	3rd wave	4th wave	5th wave	6th wave	7th wave	8th wave
Investment Climate in Ukraine	3,1	2,3	2,0	2,3	2,2	2,1	2,7	3,8
Investment Climate Dynamics: last 3 months	2,8	1,8	2,1	2,7	2,5	2,6	3,2	3,2
Investment Climate Dynamics Expectations: next 3 months	3,1	2,2	2,2	2,8	2,6	2,8	3,4	3,0
Profitability for new entrants: next 3 months	3,4	2,3	2,4	2,7	2,6	2,5	2,9	3,3
Investment Climate of Primary Industry: next 3 months	3,3	2,5	2,4	2,7	2,9	2,8	3,2	3,1
General EBA Index	3,14	2,22	2,22	2,64	2,56	2,57	3,08	3,25

REGIONAL News

The New Tax Code will Hit Ukrainian IT Sector

EBA regional offices have warned that a new version of the Tax Code of Ukraine, approved in its first reading by the Verkhovna Rada on the 17th of June 2010, increases pressure on IT consultants and IT companies working with foreign clients. Worried about the additional tax burden, the EBA IT Committee has voiced concerns that this will impact the volume of exported software development services and make Ukraine less competitive compared with other countries which have powerful state support. The committee are worried that the cancellation of tax privileges for Software Developers will lead to an out-flow of talent from the country. Deputy Chairman of the EBA Kharkiv Branch Board and EBA IT Committee member Eduard Rubin explained that "Our top-priority goal is to defend the high-technological sector from excessive tax pressure which could simply kill the sector. Once losing its IT potential Ukraine will find it difficult to restore it in future"

Whilst committee members don't deny the need for changes to the tax regime, they believe these changes should be introduced smoothly with the state support. Evidence from abroad (where emerging IT sectors often receive significant support) shows that these countries understand the peculiarities of the IT sector. If these changes go ahead, the IT sector in Ukraine is at risk of being throttled before its been able to flourish.

We look forward to your feedback at

office@eba.com.ua

Editorials

Speak up, Hillary

U.S. Secretary of State Hillary Clinton has a tough challenge on her July 2 visit to Ukraine. She needs to criticize everything that is wrong with President Viktor Yanukovich's administration – including its disdain for democracy, a free press, transparency and undertaking a genuine anti-corruption fight, as opposed to targeting only political opponents for investigation.

But Clinton needs to do so in a way that also conveys the benefits to Ukraine's leaders of working with the West and adopting democratic principles.

It could be a hard sell, since the United States and the European Union are hopelessly mired in their own internal problems and everyone knows that Ukraine is, at best, a second-tier concern for both.

But vigorous diplomacy matters. And Clinton can deliver it in person as well as anybody else. She should make it clear to Yanukovich that, while Ukraine is not a forgotten part of Russia's internal zone of "privileged interests," support from Washington, D.C. will be conditioned on the administration's genuine and measurable commitment to democracy and free-market economic reforms.

She should send the same message to everyone she meets: that Yanukovich's commitment to fundamental democratic principles is being closely watched, and that the recent backsliding is unacceptable.

Her persuasive skills will be challenged, since the Obama administration has not leveled much criticism of the Kremlin's atrocious human rights record, dating back through the decade of Vladimir Putin's rule. The same monopolization of power and conflicts of interests are appearing in Ukraine under the Yanukovich administration. The president's team not only controls the executive, administration and judicial branches of government, but Yanukovich-friendly billionaires control the major media outlets.

To the extent that the recent weakening of free speech in Ukraine is self-inflicted through self-censorship, strong and loud moral support from Clinton may help some publishers, journalists and news media owners to find their courage again to speak the truth.

Clinton must make sure that her message is still ringing in Yanukovich's ears when Russian President Dmitry Medvedev comes to Ukraine to celebrate Yanukovich's birthday on July 10.

We would also hope that Clinton encourages U.S. Ambassador John Tefft to be more visible and vigorous in defense of liberty and democracy in Ukraine. His low profile comes at a bad time. With Ukraine's democratic fate hanging in the balance, all -- from ambassadors, tourists and businesspeople -- need to strongly, publicly and repeatedly show Ukrainians that they care.

Ukraine emerged as a beacon of democracy from the rubble of the Soviet Union. Its flame of freedom is not burning as brightly as it should. Clinton must make a stand on behalf of all Americans to ensure it isn't extinguished altogether.

Little respect

"Fuck, bitches. I can't get past." This was reportedly the reaction of Volodymyr Yatsuba, minister of regional development and construction, on arriving at a government meeting and not being able to get through a crowd of journalists on June 30.

Yatsuba's outburst gives insight into the mindset of Ukraine's officials, who have repeatedly shown they believe themselves to be above what they see as the riff-raff. They are the untouchables to whom the law does not apply, in the literal sense for parliamentary deputies. The rules aren't for them – whether those are rules of the road or the unwritten rules of common courtesy.

Don't get in their way, or you will be sworn at – or worse.

They drive Mercedes with tinted windows to obscure who is inside (which should be illegal). They may hesitate to run you over at the crossing – but only because it could make them late or dent their precious fenders. They are the kings who regard everyone else as slaves.

If the untouchables don't respect Ukrainians, then how do they serve them? If they think Ukrainians are "bitches," do they really have enough conscience not to steal from these people?

Yanukovich says he wants to take Ukraine toward Europe. But Europe doesn't just exist on paper, or in institutions, or laws. Europe is in the mind. Europe is the please and the thank you. Europe is the waiting patiently for others. Europe is the sorry for my mistake.

Who can forget former British Prime Minister Gordon Brown's groveling apologies when he insulted a constituent with his microphone still turned on? Yes, he was concerned about his ratings, but that's because society demands respect, and he knows he is accountable for his words and actions.

Yanukovich can promise all the reforms he wants, but Ukraine won't change until the country gets its biggest overhaul – of the mentality of the untouchables.



NEWS ITEM: U.S. Secretary of State Hillary Clinton is stopping over in Kyiv for a brief visit on July 2, more than a year after her visit to Russia in the same capacity. During her first visit to Russia she presented Foreign Minister Sergei Lavrov with a gift-wrapped "reset" button, saying it symbolizes a new stage in the U.S.-Russia relations. It was not clear what message Clinton would be coming to Kyiv with, however. She is set to meet with President Viktor Yanukovich and his government members, as well as with opposition leader Yulia Tymoshenko and members of the civil society.

For Mariyka Feduschak, exoneration comes when Soviet rule ends

Editor's Note: This is the third installment of a series that reviews the files that Soviet authorities kept on the paternal aunt of Kyiv Post journalist Natalia A. Feduschak. Her aunt, Mariyka Feduschak (1924-2004) was exiled to a Siberian labor camp for treason during the Josef Stalin era. The Soviets alleged Mariyka was a member of the Organization of Ukrainian Nationalists and aided its military wing, the Ukrainian Insurgent Army, but was allowed to return to her native village of Buchach, Ukraine, in 1956. The first two installments reviewed the reasons for her arrest, including the purchase of a Ukrainian-language typewriter. She was also subject to several false accusations during police interrogations. This installment looks at Mariyka's attempts to be rehabilitated, with the help of the author's grandmother, who died in 1977. The author will have a personal postscript in the July 9 issue. The first two installments can be read at "Mariyka Feduschak and national history," http://www.kyivpost.com/news/opinion/op_ed/detail/70930 and "Mariyka Feduschak gets prison time for crimes she did not commit," http://www.kyivpost.com/news/opinion/op_ed/detail/70051/.

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→ My grandma, Mariyka's mother, died in 1977 after writing many fruitless pleas to Soviet authorities

LVIV, Ukraine – Mariyka's file contained four letters, dated 1954 and 1955, from my grandmother, Anna, addressed to high-ranking Soviet officials in Kyiv and Moscow, begging for my aunt's release. Each letter was written by someone else. Anna was largely illiterate, and the most she could do was scribble her last name at the end of each letter, which she did with great care and obvious difficulty.

My heart stopped the first time I saw Anna's signature. I had met her once in 1974, when at age 11, I accompanied my father to Ukraine for what was to be a farewell journey home. He was 46, dying of cancer and wanted to see his family one last time. The only memory that remains of my grandmother is of a woman, dressed in black, sitting on a

stool next to my father under the apple tree at the Buchach family home. She is clutching his hand.

What struck me most about grandma Anna's letters was her emotional nakedness and lack of pride. Widowed, with two sons living in faraway Canada and two in the ground, she took the only tactic she could with → **18**

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Where's the economy going under Azarov?



MYCHAILO WYNNYCKYJ

If I were to paraphrase one of the most common questions that I am asked these days, it would be: "So what is this new government really planning?"

Few businesspeople believe that a government headed by former chief tax inspector Mykola Azarov could possibly be reformist, and hence the disbelief when they hear my answer: "expect radical reforms." Disbelief becomes somewhat less pronounced when I explain what is meant by "radical" and what the current government seems to understand by the term "reforms."

The term "radical" refers to a stark change of course from that taken by the previous government of Yulia Tymoshenko, which itself shifted "radically" from its Kuchma-era predecessors.

Kuchma's selective capitalism

Under President Leonid Kuchma, in power from 1994-2005, the Ukrainian economic model was clearly producer-based: overt and covert subsidies were provided to industries and companies deemed "strategic," taxes were collected on a selective basis, privatization was open only to the loyal and privileged few.

The result: Ukraine became an export-oriented economy, and since foreign direct investment (FDI) was not encouraged, the country became one of the few in Eastern Europe (not counting Russia) with a significant domestic big business sector.

Orange consumer boom

Then came the 2004 Orange Revolution, which overturned a rigged election in favor of Viktor Yanukovich, and the subsequent coming to power in 2005 of President Viktor Yushchenko and Prime Minister Yulia Tymoshenko.

During the Yushchenko-Tymoshenko era, the economic model shifted from one focused on supporting export-oriented financial-industrial groups to one focused on stimulating gross domestic product growth through mass consumption. To paraphrase President George W. Bush after 9/11: in the post-Orange Revolution period, the most patriotic thing you could do was to go shopping.

During 2005-2008, Ukraine attracted more FDI than in the previous 15 years combined. Much of that money went to finance cheap loans to consumers, and to offset the trade deficit created by import-hungry Ukrainians. Indeed, if it hadn't been for the global financial crisis, the consumer-oriented gross domestic product-growth model implemented by Yushchenko and Tymoshenko likely would have continued.

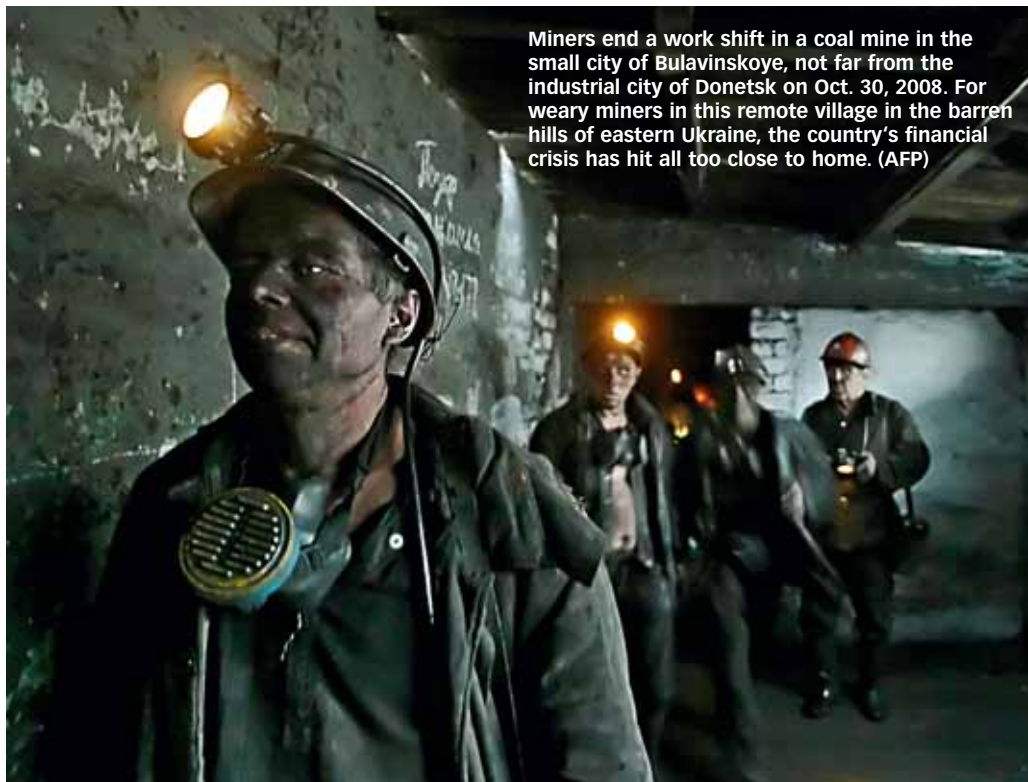
After all, if one discounts 2009, the average Ukrainian's living standards improved dramatically during the post-Orange Revolution era: over 12 percent of the country's families bought a new car during this period (even more bought used cars, washing machines and TV sets – not to mention real estate), pensions more than doubled, real wages increased by almost 50 percent.

However, regardless of previous achievements, sudden economic downturns have a tendency to lead to changes in governments. In 2010, Ukrainians obtained a "new" government – full of Kuchma-era politicians with very few new faces. Not surprisingly, the term "reform" for this new-old team denotes a process of shifting the economy back to a producer-based model.

What's coming?

Expect a return to tax exemptions for "strategic" exporters. Expect a return to the rhetoric of "Donbas – the region that feeds the nation" (Donetsk and Luhansk, in fact, are net receivers of central government financing if one includes coal and energy subsidies); expect Ukraine's financial-industrial groups to strengthen both economic and political positions.

In his election campaign, Yanukovich promised to bring Ukraine into the club of the 20 most economically developed countries in the world within 10 years. Reading between the lines, one can expect that the development indicator the president's team



Miners end a work shift in a coal mine in the small city of Bulavinskoye, not far from the industrial city of Donetsk on Oct. 30, 2008. For weary miners in this remote village in the barren hills of eastern Ukraine, the country's financial crisis has hit all too close to home. (AFP)

will use will be nominal gross domestic product per capita (Ukraine is currently 45th in the world, according to the International Monetary Fund). If we use gross domestic product per capita with the purchasing power parity index – a more accurate gauge of spending power – a jump to the top 20 will be too difficult. On the measure of gross domestic product per capita on the purchasing power parity scale, Ukraine was 98th in the world in 2009.

For the reader who is not overly technical in economic terminology, here's the simple explanation: the economy will grow. But the rich will get richer and the poor will stay poor. Russia has gone down this path. Indeed, its nominal gross domestic product per capita is double that of Ukraine's, but the economic disparities of our northeastern neighbor are also significantly more pronounced than ours.

Trailing the tigers

Notwithstanding the likely fiddling of some numbers, the Azarov government, to their credit, is taking very seriously the president's pre-election promise to stimulate GDP growth substantially and quickly. How are they going to accomplish this goal? The simple answer is: by emulating the example of the four "Asian tigers" of the 1980s and 90s.

Incidentally, those tigers – South Korea, Hong Kong, Singapore or Taiwan – were noted for their respect for democratic values (including freedoms of speech, press, assembly, etc.) during the periods when their gross domestic product was growing most rapidly. However, they were noted for building economies where business and government learned to "cooperate" for the sake of their countries' developmental goals.

Another interpretation might be that business and politics in these countries became so intertwined that the line between corruption and common business practices was effectively erased. Whichever interpretation one prefers, the policy implications are the same: subsidies, tax preferences and privileged access to contracts for the chosen few (particularly exporters); a harsh environment for those who choose not to tow the government's line.

In South Korea (the largest of the four Asian tiger economies), the collaborative economic model led to the development of large "chaebol" financial-industrial groups whose brands are known throughout the world today: Samsung, LG, Hyundai.

In Singapore (the country that Azarov has identified on the record as his personal developmental model for Ukraine), similar large businesses developed in close cooperation with family members of the island state's long-time leader Lee Kwan Yu.

Due to its status as a temporary colony of Britain, Hong Kong was a special case, and Taiwan seems to have developed differently – creating its own "oligarchic" businesses in close cooperation with the ruling KuoMindan Party, but also allowing the island's independent, and highly competitive small business sector to thrive without "support" from the state.

Whether the Azarov government chooses to emulate the laissez-faire example of Taiwan or rather the intensely collaborative model of South Korea (Kuchma was a fan of the Korean model) remains to be seen. Within the current cabinet, Vice Premier Sergiy Tigipko seems to be a lonely voice favoring liberalization of the country's business climate in addition to "reform."

The cost of growth

But if the recently proposed draft tax code is any indication, Tigipko seems to be losing. According to this document (already adopted in first reading by parliament), local authorities will have the right to decide which businesses in their jurisdiction will be required to pay income taxes, and which will be exempt. One can only gasp in amazement. At least Kuchma made these decisions centrally!

Decentralization, Yanukovich-style, will dramatically increase corruption at the local level by stimulating businesses to "cooperate" with local officials. Those which choose not to enter into a synergistic relationship with their local "chynovnyk" will be subject to frequent visits by police, fire, tax, health inspections (anecdotal reports from colleagues in various regions seem to indicate that these are already on the rise), and will carry a steadily increasing fiscal burden in the form of both direct taxation, and indirect licensing fees, permits, levies, fines, etc. After all, someone is going to have to pay for those special few who will be deemed too "strategic" to carry the full social burden.

The climate for small and particularly for medium-sized businesses in Ukraine is set to deteriorate rapidly and drastically. On the other hand, "stability" Azarov-style is likely to be welcomed by Ukraine's large conglomerates – particularly those focused on export markets (i.e. metals and chemicals sectors).

Indeed, these businesses have already obtained what they most wanted from a Yanukovich presidency – cheap gas. (The fact that gas prices were bartered in exchange for 20 more years of a Russian Black Sea Fleet presence in Crimea does not seem to bother Ukraine's eastern-based big businesses).

Businesses focused on domestic customers should note: stability for Azarov means stable wages for workers, limited loan availability, and in some cases price controls. In other words, businesses that provide goods and services to a domestic clientele can expect competition to increase (particularly from competitors with connections) while consumer spending remains relatively flat.

So what is an independent business owner to do? Simple: find a "roof," someone in authority to shield you, or find an exit strategy. Unfortunately, the viability of alternative strategies seems to be increasingly doubtful. That's the Asian way, and now it's also the Ukrainian way... Good luck to us all!

Mychailo Wynnyckyj is director of the doctoral school at Kyiv-Mohyla Academy and chairs the presidents' masters in business administration program at Kyiv-Mohyla Academy's business school. He can be reached at mychailo@ukma.kiev.ua



VOX populi

WITH KATERYNA GRUSHENKO

How do you assess the relationship between Ukraine and the United States and will Hillary Clinton's visit change anything?



Vira Tsergun

Librarian

"The relationship scores a 6 out of 12 and it's Ukraine's fault. Our presidents

contradict each other – one [Ukraine's former President Viktor Yushchenko] said that Holodomor was genocide, the other [incumbent President Viktor Yanukovich] says it wasn't. The U.S. is simply tired of ever-changing policies and inside showdowns".



Ivan Kuchernuk

Engineer

"Ukraine moves in the opposite direction from the civilized world. I doubt Hillary's visit

would change anything. It will take time for people to realize who we elected [as president] and I hope Ukraine will make a better choice next time."

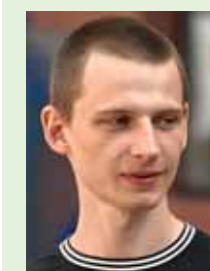


Andriy Petrenko

Radio technician

"I would describe the relationship as peaceful and neutral – neither love, nor

discord. Clinton's visit won't change anything because I don't think Ukrainians want any change."



Ruslan Vaysarovich

Street vendor

"The relationships are lousy. The U.S. is not interested in improv-

ing the economy of the country. Ukraine can't offer much to the U.S., but Russia can, so now they are friends."



Olesya Vasylenko

Journalist

"Under Yanukovich, Ukraine leans towards Russia and America

closed its doors to us. Is it good or bad? It's both because one door is closing and the other one is opening. The relationships got worse because we now support Russia in the competition between Russia and the U.S."



Ukraine to hunt for oil in Sri Lanka

President Viktor Yanukovich (right) welcomes Sri Lankan President Mahinda Rajapaksa to Kyiv for a three-day visit on June 30. The presidents agreed that Ukraine will take part in oil exploration and the development of oil deposits in Sri Lanka. Yanukovich announced the formation of an intergovernmental commission on trade and economic cooperation and a Ukraine-Sri Lanka business council. The leaders signed a number of agreements, including on tourism and military technical cooperation. (AP)

Agricultural company Nibulon attracts \$50 million loan

Andriy Mykhailiuk, head of the finance department at agricultural company Nibulon (left), Oleksiy Vadaturskiy, general director of Nibulon (center) and Andre Kuusvek, head of the European Bank of Reconstruction and Development in Ukraine announce the signing of a \$50 million loan agreement on June 17. Nibulon will use the funds for major infrastructure projects, including the building of grain elevators. Loans from the EBRD to other agricultural companies are also pending final approval, including \$50 million to MHP, \$10 million to Astarta and \$50 million to Mriya. (UNIAN)

→ On the move

Send On the Move news to grushenko@kyivpost.com, or contact Kateryna Grushenko at 234-6500. Send business photos and press releases to: news@kyivpost.com, or contact the newsroom at 234-6310.



SERHIY STEPANOV was appointed coal mining director of DTEK, one of the leading fuel and energy companies in Ukraine with coal extraction

and energy generating plants in Donetsk, Dnipropetrovsk, Luhansk and Zaporizhia regions. Before joining DTEK, Stepanov worked as chief operating officer of Vorkutaugol, part of Severstal Resources, one of the largest Russian producers of coking coal. Stepanov started his career in 2001 as a principal specialist in Yukos RM's strategic planning department, and later he worked at the Boston Consulting Group. In 2005-2007, he was the head of the president's office at Siberian-Urals Aluminum Company. In May 2007, Stepanov joined Severstal Resources as the head of the project office. Stepanov graduated from Lomonosov Moscow State University, majoring in finance and credit.



BORYS LOBOVYK joined the tax and legal department of Ernst & Young as a manager. Lobovyk has six years of successful experience in

a number of Ukrainian law firms. Prior to joining Ernst & Young, he worked as a non-equity partner at Konnov & Sozanovsky law firm, managing commercial law practice and advising clients on issues pertaining to commercial law, labor law, debt financing and mergers and acquisitions transactions. Lobovyk graduated from Taras Shevchenko National University of Kyiv with a master's in international law.



ALEXANDER ULANOV was appointed partner and managing director of the Boston Consulting Group's Kyiv office. Alexander Ulanov joined the BCG

New York office in 1999 as a consultant and until 2004 worked on a variety of projects in the U.S., Latin America and Europe. In 2004 he left the company to start a private equity fund in Latin America focused on transportation and logistics. In 2006 Alexander resumed his career at BCG and in 2008 became a member of the BCG leadership team in the Commonwealth of Independent States and the director of BCG Kyiv. His key areas of expertise include operations, crisis management and turnarounds as well as organization redesign. While in the U.S., Ulanov also led numerous projects in media marketing strategy. Ulanov holds a bachelor's degree from Princeton University. He carried out graduate work and served on the faculty at Yale University.



KATERYNA KARDASH has been appointed chief executive officer of Key Language School, which offers language training, exam preparation

courses, translation and proofreading services. Prior to joining the school, she was employed as director of VIP clients in Integrites law firm. Kardash's expertise includes consulting, risk identification and negotiations with financial risk insurance companies of Ukraine, Europe and the U.S. Kardash is also a board member of the Swedish Ukrainian Business Club.

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Business Sense

WITH ALEXANDER VALCHYSHEN
ALEXANDER.VALCHYSHEN@ICU.UA



Editor's Note: Business Sense is a feature in which experts explain Ukraine's place in the world economy and provide insight into doing business in the country. To contribute, contact chief editor Brian Bonner at bonner@kyivpost.com

China's flexibility on currency rate may help Ukraine

China's central bank made a historic move on June 16 by deciding to allow for more exchange rate flexibility for its national currency, the renminbi. It had been pegged at a rate of 6.83 to the dollar since mid-2008.

Following the Chinese central bank's decision, the renminbi has strengthened to 6.80 against the dollar, with more appreciation ahead over the next couple of years due to existing economic fundamentals if the authorities allow the currency full flexibility on the foreign-exchange market.

The move toward greater exchange-rate flexibility marks a turn by the Chinese authorities away from industrialization and toward domestic consumption.

On the whole the move may be positive for Ukraine's economy, as China continues to grow as an important and more powerful consumer of Ukrainian goods, from food to machinery. However, it could leave Ukraine's steel sector with slim growth prospects as the pace of industrialization in emerging economies is likely to slow.

Internationally, the move provides assurance that policymaking on steering the global economy out of the deep recession will be coordinated by major current economic powers, including China.

The Chinese exchange rate has been a source of tension between China and the United States, which accuses Beijing of creating prolonged imbalances in international flows of trade and capital. The U.S. views the renminbi as artificially undervalued, giving China huge trade advantages and large surpluses.

Further escalation of trade disputes or trade wars now appears to have been averted, perhaps timed for the recent G-20 meeting in Canada. The tone of that meeting was consequently quite conciliatory, although the exchange rate topic remained high on the agenda.

This is good news for Ukraine because its economy is considerably dependent on exports and, thus, sensi-

→ China continues to grow as an important and powerful consumer of Ukrainian goods, from food to machinery and, of course, steel

tive to any abrupt and disorderly developments on the international commodity or capital markets.

The move also marks a shift by the Chinese authorities in the medium term towards a more domestic-oriented economy that does not rely solely on external demand from the U.S. and the European Union. The question mark remains, however, over whether Chinese authorities are capable of mastering an orderly cooling of the domestic economy and reorienting it towards greater internal consumption and less industrialization.

The risk for Ukraine is if this shift turns out to be unsuccessful and hurts the country's major sector of steel, then it would have a negative impact on steel prices and hence on Ukraine's economy, which still relies heavily on steel exports for foreign-currency inflows.

When China brings to an end the massive stimulus package that has helped drive its continued economic surge, the domestic steel market is likely to cool down somewhat. But our scenario is that it will not have a disruptive impact on Ukrainian trade overall.

Ukraine is in a strong position to benefit from the new cycle in the global economy that is starting to materialize, where emerging market consumers, led by China, are gaining more purchasing power over certain items, primarily food.

Therefore, we think that during this

new economic cycle, Ukraine's economy will make adjustments, with its steel sector stagnant and agriculture and machinery more buoyant in the medium term.

Consumption in Asian emerging economies will lead to additional demand for food and locally produced goods and services. For instance, energy consumption is likely to increase; hence demand for low-cost machinery by the energy sector will be met by Ukrainian producers as well.

This could boost specialized capital goods producers in Ukraine, such as energy equipment manufacturer Turboatom and Zaporizhtransformator, which makes power transformers, as well as the crucial agriculture sector.

The demand for agricultural products will likely offset the moderately negative effect of the Chinese foreign currency policy move on the steel price. This will allow the hryvnia to appreciate to Hr 7.8 to the dollar at the end of the year.

The shifting pattern in the Chinese economy and its effect on Ukraine will also cause a shift in the employment market. Students and people seeking professional retraining should look at the agricultural and specialized machinery sectors, as professions associated with these are set to grow in demand in the coming years.

Alexander Valchyshen is head of research at Investment Capital Ukraine, a Kyiv-based investment bank. He can be reached at alexander.valchyshen@icu.ua.

Summer adoption of new tax code not a done deal, insiders say

BY SVITLANA TUCHYNSKA
TUCHYNSKA@KYIVPOST.COM

The government is wavering over whether to push parliament to hastily adopt its controversial tax code or postpone it until September in order to make major amendments which business community leaders say are essential.

With parliament set to enter its summer recess in mid-July, the government is faced with a dilemma: Try to push the code through a second reading in parliament, or take more time on a document that opposition politicians and business leaders have criticized as deeply flawed.

Iryna Akimova, deputy head of the presidential administration, said President Viktor Yanukovich has major suggestions on the code, but hinted it would be passed before the parliament takes its summer break. "However it's up to the parliament to decide now," she added.

The government is keen for passage of the code, which is heavily criticized by experts as oppressive and skewed in favor of big business. It passed a first reading in parliament in June. Passage of the legislation in July would mean that the tax changes could take place by January.

Members of parliament say the pro-presidential coalition received an order from the government to push the code through at any price. "They say they will assure their colleagues who are critical about the code that changes will be made after the vote," said one coalition lawmaker, speaking on condition of anonymity. Another source close to senior Party of Regions officials said "the likelihood of parliament backing up the code before July 15 is around 70 percent."

But forcing the code through might not be an easy task. "We have already registered 2,200 suggestions from members of parliament, about 80 percent of which came from members of the coalition," said Serhiy Teryokhin, an opposition deputy from the Bloc of Yulia Tymoshenko and head of the parliamentary committee on fiscal and customs policy.

Even some coalition lawmakers

→ Question is whether lawmakers will listen to criticism of proposal

believe the code will have to be delayed until September. Volodymyr Rybak, deputy leader of the Party of Regions, suggested that the code will not pass second reading by the scheduled start of parliament's summer recess on July 16. "There are still too many questions that have to be worked out with business. ... And we will do that," Rybak said.

Iryna Horina, an economist and lawmaker from the Party of Regions said recess may be delayed "until we work out all disputed issues. If there are major disputes, and we are not able to reach a consensus, the draft will be delayed until September."

Many experts think the code will have cosmetic changes before second reading. "It will soften the most outrageous points: restricting privileges of tax inspectors and decreasing fines which they had suggested raising tenfold. Maybe they also will eliminate street market workers from the list of those who cannot enjoy single tax," said opposition lawmaker Mykola Katerynychuk from Our Ukraine, who has worked on his own version of tax code.

Oleksandr Zholud, an economist at the International Centre for Policy Studies, a Kyiv-based think tank, said the code might be changed more substantially after being passed, an idea already suggested by Prime Minister Mykola Azarov. "This will depend on the ability of business community to pressure the government and make it listen," Zholud said.

Kyiv Post staff writer Svitlana Tuchyńska can be reached at tuchyńska@kyivpost.com

In case you missed them, read the last five Business Sense columns by experts online at kyivpost.com



June 25 with **Igor Korsunsky**, managing partner for Invest-Ukraine.com: "Kyiv still lacks office space, contributing to higher prices"



June 4 with **Ron Barden**, lead partner with the tax and legal department at PricewaterhouseCoopers Ukraine and **Igor Dankov**, senior manager with the tax and legal department at PricewaterhouseCoopers Ukraine: "Overhaul of value-added tax system needed urgently"



June 18 with **Max Panfilov**, corporate business director of Grata Consulting Group: "Wind, solar energy projects offer big investment hope"



June 11 with **Andriy Lobatch**, senior project manager at the Foundation for Effective Governance: "Abuses rampant in bankruptcy law"



May 28 with **Andriy Dmytrenko**, director of equity sales at Dragon Capital: "Stock market takes investors on bumpy ride as economic uncertainty remains"

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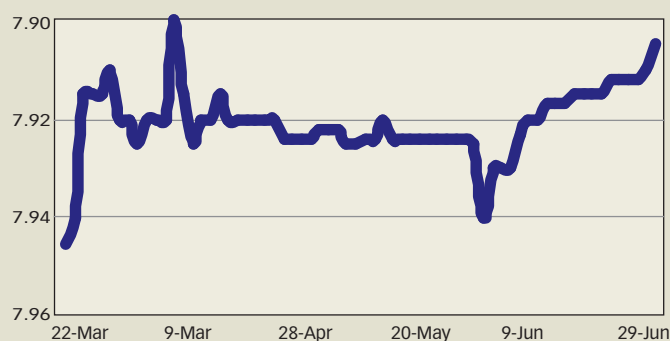


Dragon Capital

Central bank hints at stronger hryvnia

The hryvnia should be allowed to appreciate if inflation in June remains below 1 percent, Valeriy Lytvynskiy, chief advisor to the governor of the National Bank of Ukraine, said. His comments came on the heels of an Economy Ministry report that predicted consumer prices would rise by up to 0.5 percent in June, suggesting the central bank is indeed considering letting the currency appreciate. Despite weakening global steel prices, the Ukrainian foreign exchange market has enjoyed a surplus of foreign currency in June, which likely reflected a slowdown in imports to the country as well as a seasonal rise in sales of foreign cash by households during the vacation season. The NBU, however, kept the hryvnia's exchange rate to the U.S. dollar virtually unchanged during the month, letting it strengthen only marginally, from 7.94 to 7.90 per dollar.

Hryvnia Market Exchange Rate to U.S. Dollar



Sources: NBU, Bloomberg

Ukraine plans Eurobond roadshow for July 7-14

The Ukrainian government plans to hold a roadshow to market its new Eurobond on July 7-14, visiting the U.S. and the U.K., foreign newswires reported. Based on its previous statements, the government is looking to sell a 10-year bond of up to \$1.5 billion yielding between 6 and 7 percent. While issuing a long-term bond looks a reasonable decision for the government from the point of view of its debt maturity schedule, achieving such low yields will be very difficult in current volatile markets. The longest-dated Ukrainian sovereign Eurobonds maturing in 2017 presently yield 7.8-8 percent, and analysts estimate investors would demand the government offer up to 8.5 percent on its new bond.

Government expects to harvest 45 million tons

The Ukrainian Agriculture Ministry expects domestic farmers to harvest 45-45.5 million tons of grain in 2010, almost unchanged compared to last year. The Ministry also outlined Ukraine's export potential in the coming marketing year (July 2010-June 2011) at around 21 million tons, in line with the current marketing year, out of which about 4 million tons have already been contracted to China. However, the government is concerned export conditions there might change as China plans to impose import quotas on Ukrainian grain. Ukraine is also worried about increased grain stocks in Russia, currently estimated at 26 million tons.

VAT Refund Arrears

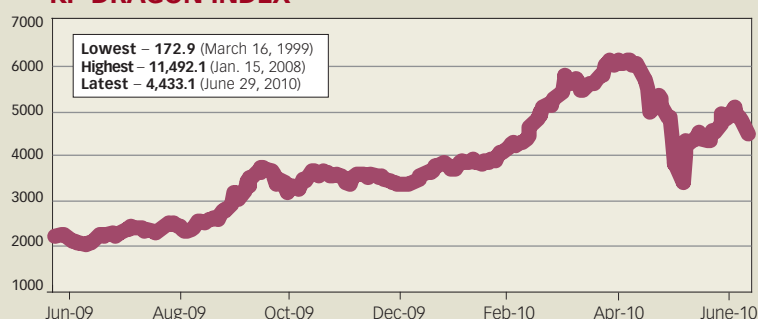


Source: Presidential Administration

Companies apply for Hr 18 billion of VAT bonds

Eligible Ukrainian exporters applied for UAH 17.7 billion worth of special government bonds being issued to repay overdue value-added tax (VAT) rebates. This represents 91 percent of the Hr 19.4 billion of VAT refunds which the government recognized as its legitimate overdue debt to exporters as of May 1 and offered to exchange for bonds. Officials earlier reported total VAT refund debt as of May 1 at Hr 27 billion. The five-year VAT bonds will carry a 5.5 percent coupon and be repaid in 10 percent installments every six months. Concurrently with restructuring its VAT arrears, the government is working to set up a system for automatic VAT refunding from the state budget to prevent further amassing of debts. Some of the largest foreign investors in Ukraine have complained over years about the VAT refund problem, with the country's biggest steel producer, ArcelorMittal Kryviy Rih, stating recently it alone was owed Hr 2.5 billion.

KP-DRAGON INDEX



The KP-DRAGON Index, launched by Dragon Capital and the Kyiv Post in 2000, tracks the performance of the 20 most liquid stocks on the Ukrainian market, serving as an indicator of investors' attitude to Ukrainian assets.

Stocks of London-listed Regal Petroleum tumble after news breaks that Ukraine freezes license

Kyiv Post Staff – Shares in Regal Petroleum dropped 30 percent this week after the environment ministry suspended two of the Ukraine-focused explorer's key gas licenses.

Viktor Boyko, minister of environment and natural resources, said on June 29 that he had signed an order to suspend the licenses in December due to a number of violations, and had received no answer in four attempts to contact the company since.

London-listed Regal, which is developing two fields in the Dnipro-Donets basin in north-eastern Ukraine, said it received on May 21 an order dated March 30 from Boyko requiring it to rectify "certain matters ... in relation to Regal's compliance with certain legislation." The company said it was in discussion with senior government officials, including from the ministry of environment and natural resources, and said that it "is not required to suspend operations whilst these ongoing



Natural gas development in the natural-resource rich Poltava Oblast. (Yaroslav Debelyi)

discussions continue."

The complications are the latest for a foreign energy company after

London-listed Cadogan Petroleum had its licenses in Ukraine disputed in 2008 by the Ukrainian authorities.

European Union approves 500 million euro loan

Kyiv Post Staff – The European Union has agreed to disburse a loan of up to 500 million euros to Ukraine to help fight the economic crisis.

The decision by the EU Council, the bloc's main decision-making body, on June 18 is the final stage of the approval process, after the European Parliament passed a similar decision on May 18. The funds are intended to complement Ukraine's program with the International Monetary Fund,

which is currently under negotiation.

An IMF mission arrived in Kyiv on June 21 and is expected to stay until June 2 for discussions on a lending program of up to \$19 billion. Negotiations have stumbled on Ukraine's budget debt, which analysts say could exceed the 53 percent forecast in the budget.

The EU's decision comes after Russia's state-controlled VTB Bank gave Ukraine a \$2 billion loan in June to cover the budget deficit.

World Bank questions government budget targets, urges major reforms in pensions, utilities and taxes

(Reuters) – The World Bank warned Ukraine on July 1 that its 2010 budget – designed to secure a fresh International Monetary Fund loan – may be overly optimistic and urged the government to enact unpopular reforms such as raising tariffs on utilities.

Fiscal policy is a key issue in Ukraine's talks with the IMF on a new \$19 billion loan program, which have dragged on for months as the fund questioned the government's forecasts and called for faster tightening.

An IMF mission is currently in Kyiv for what the government hopes will be the conclusive round of discussions on the loan which would stabilise government finances and help Ukraine's economy recover from a 15 percent slump last year.

The World Bank also questioned government forecasts on July 1.

"We believe that there is an underestimation of (the) deficit because there is an overly optimistic assumption on the revenues side, particularly on VAT (value-added tax) revenues," World Bank program coordinator Pablo Saavedra, who is based in Ukraine, told reporters.

"Our own projections would yield a deficit well over 8 percent of GDP (not counting the cash deficit in Naftogaz or bank recapitalisation costs)," the bank said in a statement.

The bank urged the government, which targets a deficit of 53 percent of GDP this year, to "tackle underlying fiscal structural imbalances" through "corrective measures" to ensure stability and sustained growth.

"These measures include parametric adjustments in the pension system, energy tariff increases for utilities and households, the curtailment of tax exemptions and loopholes in the enterprise profit tax (such as existing double taxation treaties)," it said.

Analysts say the government of President Viktor Yanukovich, who

→ World Bank echoes IMF concerns that budget deficit projections are too optimistic

came to power in February, may be reluctant to hike tariffs on utilities – a move sure to hit the government's popularity – at least before regional elections due in October.

The IMF last year suspended Ukraine's \$16.4 billion rescue program because the former administration of Viktor Yushchenko, who was at odds with his government, reneged on promises of financial restraint.

The government has said it expects the current IMF mission to stay in Kyiv until July 2.

According to the World Bank, with corrective measures and an IMF loan in place Ukraine could achieve a budget deficit of 6.0 percent this year, including subsidies to state energy company Naftogaz.

"A key factor for our outlook is renewed cooperation with the IMF and it is a critical condition," World Bank economist Ruslan Piontkivsky told a briefing.

"If this does not happen, risks will of course be higher."

Russian firms seen rushing to Ukraine

LONDON (Reuters) – Russian firms are gearing up for corporate acquisitions in Ukraine after this year's election of a more Moscow-friendly government in Kiev, a lawyer involved in some of the biggest recent Russian M&A deals told Reuters.

Andrey Goltsblat, managing partner at Goltsblat BLP, a joint venture with UK law firm Berwin Leighton Paisner, said he is seeing an upsurge of inquiries from companies eyeing potential targets across the Ukrainian border.

"Ukraine has become more interesting because of the political situation. Russian businesses are looking for strategic M&A opportunities there. There are a number of discussions going on and we will be seeing some M&A deals soon," Goltsblat said during a recent visit to London.

Goltsblat, whose firm has advised on Russian deals by foreign corporates such as Mars, Danone and LG, said banking, metals and telecoms were the sectors Russian companies are studying in Ukraine.

While no major deals have happened yet, Russia's biggest lender Sberbank plans to buy a top-10 Ukrainian bank and Prime Minister Vladimir Putin has suggested a merger between gas monopoly Gazprom and Ukraine's state-run Naftogaz, though such a move was ruled out by Kiev. Russian companies are also targeting expansion in oil-rich neighbour Kazakhstan, Goltsblat said, citing the prospective purchase by Sberbank of a stake in BTA Bank.

Russia's TNK-BP is also in talks to buy Kazakhstan's Pavlodar refinery and a number of Kazakh companies are expected to come up for privatisation.

Goltsblat said 2010 would see an increase from 2009 levels of M&A, but in contrast with past years when Russia's cash-rich oil and metals firms prowled the world in search of buys, companies are now mostly seeking targets closer to home.

He said the financial crisis had reduced the attraction of Europe and the United States for Russian companies, as harsh austerity steps and huge debt burdens across much of the developed world mean sluggish or zero growth for years to come.

On the other hand, Kazakhstan's economy is expected to grow by up to 7 percent this year, Russia by around 5 percent and Ukraine by around 4 percent.

"You can't generate cashflow in Europe now," he said. "The real opportunities are in Russia or in other emerging markets."



MMK Ilyich is one of Ukraine's three largest steelmakers. (AFP)

Akhmetov takes control of top steel mill Ilyich

Staff and wire reports – Ukraine's largest mining and metals group Metinvest will take over its local competitor MMK Ilyich by purchasing a share issue, Ilyich said on Thursday.

"After the placement of the new issue, 75 percent of shares will belong to Metinvest," Ilyich said in a statement.

Metinvest is owned by Rinat Akhmetov, Ukraine's richest man, who promised to invest \$2 billion in top-three steelmaker Ilyich.

The move came after steelmaker MMK Ilyich earlier this week signed a 25-year deal with Metinvest to purchase iron ore, pellets and coke. Last month both sides confirmed talks were underway on a merger.

Ilyich has in recent weeks come under what Boyko called a "raider attack," after two businessmen claiming to represent a Russian group of investors said they had taken over the company.

The company has for a long time had problems securing raw material supplies, as well as receiving value-added tax rebates.

Analysts say the move is a huge boost for Ilyich.

"This is very positive for the company as it badly needs fresh capital to resume its modernization program which it suspended two years ago hit by the crisis," said analysts at Dragon Capital, a leading Kyiv investment bank, in a note.

"The acquisition of MMKI will give Metinvest access to a high-value

added flat rolled product range, making it one of the world's 20 largest steel companies," they added.

Ukraine's steel sector is undergoing a wave of consolidation. Earlier this year, a group of Russian investors acquired a stake in the Industrial Union of Donbas, which controls Alchevsk Steel and Dzerzhinsky Steel. Metinvest had shown an interest in buying Ukraine's six largest steelmaker Zaporizhstal, but local media reported that it had been outbid by an unnamed group of Russian investors.

With the Ilyich deal, the sector looks set to come under the control of three groups: Metinvest, multinational ArcelorMittal (which owns Ukraine's largest steel mill, ArcelorMittal Kryviy Rih) and Russian investors.

Business Sense



WITH TATYANA DZYADOK

Editor's Note: Business Sense is a feature in which experts explain Ukraine's place in the world economy and provide insight into doing business in the country. To contribute, contact chief editor Brian Bonner at bonner@kyivpost.com

'New, improved' tax code has bad news for business

The latest news on the legal front is that the draft tax code may be adopted on July 9.

As is usually the case with new laws, the draft code provides certain novelties that appear both interesting and disturbing for foreign investors and Ukrainian businessmen alike.

First, the good news: the draft code will decrease the profit tax from the current 25 percent to 17 percent and abolish 10 local taxes and duties. Now there will be four mandatory taxes (on land, immovable property, advertising and trade patent); the rest of the taxes and duties will be deducted at the discretion of the municipal administration. As always, we note a significant risk that the discretion of the local administration may become excessive (after all, the main goal of local tax administrations is to fill their quotas to the maximum).

Second, the draft code provides for the introduction of tax holidays for small-scale businesses. These holidays call for a zero-percent unified tax for natural persons, who carry out commercial activity and render personal services with revenue not exceeding Hr 300,000 per year, as well as for legal entities with income that does not exceed Hr 100,000 per year. If ultimately implemented, such holidays will run from Jan. 1, 2011 until Dec. 31, 2015.

The third, and perhaps most important development concerns all legal entities with revenues of up to Hr 2.7 million per year, who should apply for a unified tax rate of only 6 percent.

The bad news for everyone, including employers and employees, is the increase in the personal income tax rate. The draft code will increase the income tax of persons, whose monthly income exceeds Hr 13,000, placing this category of taxpayers under a 20

→ Nation's lawmakers want tax code that helps them fill state coffers

percent rate. This increase answers the question of whether there will be a return to the glory days of receiving salaries via "black cash envelopes" rather than a more recent further push by the employers toward fully legalizing payment of salaries. Thus, while an increase to 20 percent was intended to put money into the state's coffers, it may have the opposite effect.

Further, the draft code proposes an introduction of a 5 percent tax on income from deposits and savings on current and bank-card accounts. Clearly, the legislators are trying to find any way to replenish the Ukrainian budget. However, taking into account that the majority of the deposits are merely savings of average citizens rather than significant contributions of principal investors, this measure may lead to further mistrust in the banking system and a deterioration in banks' relationships with their core customers.

Tatyana Dzyadok is a lawyer at the Kyiv-based legal practice of Frishberg & Partners. She specializes in corporate law, labor law and company registration.



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Swissotel deal boosts plans to build Kyiv's tallest skyscraper

BY OKSANA FARYNA
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The bid by Ukrainian property developer KDD Group to construct the tallest building in Kyiv received a boost in late June when international hotel operator Swissotel signed an agreement to manage the five-star hotel planned for the yet-to-be-built center.

The deal should help KDD to secure financing – which has been in short supply for developers since the financial storm first hit Ukraine in 2008 – to complete the Sky Towers project by 2012.

The twin glass towers, rising to 165 meters and 210 meters, will be located on Prospekt Peremohy near the railway station and will dominate other Kyiv skyscrapers, including the giant Parus business center at 136 meters. The smaller tower will house the hotel, with class A offices occupying the taller one.

“Financing of the project is secured independently of the signed agreement, but the partnership with a famous international hotel operator makes an improvement of financing conditions more likely,” said Nataliya Oleksiyenko, KDD’s director of marketing communication and public relations. “Such cooperation opens possibilities to attract international investments with the help of foreign export agencies, which we are currently in negotiations with.”

KDD is in negotiations on extending its credit facility with the State Export-Import Bank of Ukraine (Ukreximbank), and other investors. As of July 1, the developer had already spent \$87.4 million of the initial \$160 million credit on the project. To complete the 34-story hotel, the developer needs to spend \$122 million and another \$171 million for the 47-storey office tower. The total



Sky Towers,
Peremohy Prospect, 2012

Residential and office complex
on 7A Klovsky Uzviz, 2010

Continental/Esplanada,
1 Sportyvna Square, 2010

Parus,
2 Mechnykova, 2007

Rodina Mat statue, 1981

Kyiv Pechersk Lavra, 1744

When completed, Sky Towers will be much higher than other tall structures in Kyiv

cost of the project will reach \$380.3 million.

Swissotel Hotels & Resorts is owned by Fairmont Raffles Hotels International, a leading global hotel company with 94 hotels and resorts worldwide, including Singapore and Shanghai, Chicago and London, under the Raffles, Fairmont and Swissotel brands.

Plans envision that the Swissotel Kyiv will feature 513 guest rooms and suites, 14 serviced residences, 4,000 square meters of conference space, as well as a 3,000-square meter spa. It will also include a number of restaurants and bars, and will offer an eight-storey underground parking area. The whole complex will cover approximately 225,000 square meters.

Meinhard Huck, president of

Swissotel Hotels & Resorts, said the hotel was a major step in the company’s expansion in Eastern Europe, following on from the hotel it runs in Moscow.

“The Ukrainian metropolis is also one of the most important transport points and centers of communication in Eastern Europe – an environment in which superior quality international hotel chains are still in short supply,” he said.

That situation looks set to change.

With construction slated to be completed in 2012, Swissotel is just one of several hotel chains hoping to capitalize on the Euro 2012 soccer championship, which will see thousands of tourists flock to Kyiv. Five other international companies are working on projects in Kyiv, according to the

international real estate consultancy Knight Frank. They include the five-star Fairmont Grand Hotel, four-star Holiday Inn, three-star Ibis, five-star Hilton and Sheraton Riverside Plaza.

However, none of them will be as tall as Swissotel Kyiv, which aims to dominate Kyiv’s skyline.

One challenger for the mantle of tallest building in Kyiv – the Mirax Plaza complex on Hlybochytska Street, which was slated to hit 170 meters – was halted by its Russian developer in 2008 due to financial troubles, and its future remains unclear.

Meanwhile, work is plowing ahead on the Sky Towers. The technologically tricky underground works are almost completed. Almost three years have been spent building iron and concrete basement walls, which drop down to

53 meters underground. The rest of the building should shoot up quickly, experts say, with the help of advanced construction technology.

KDD’s next step is to secure financing for the rest of the project. If the hotel is to be ready for the soccer tournament’s kickoff in 2012, KDD has around three months to attract more funds, according to Yevhen Hrebenuk, senior equity analyst with Troika Dialog Ukraine.

“If they enter the active stage of construction works, if there is financing, then it is realistic to finish the project in two years,” he said.

If financing is delayed, and “they don’t put the project into full production till the fourth quarter of this year, then it will be hardly realistic,” he added.

Five Ukrainian brothers charged with smuggling adults to U.S. for forced labor

PHILADELPHIA (AP) — Five Ukrainian brothers have been charged with smuggling desperate young adults from their homeland and forcing them into bondage cleaning stores and offices, authorities in Philadelphia said Wednesday.

The Botsvnyuk brothers promised jobs paying \$500 a month and free room and board, but instead paid crews little or nothing for their 16-hour days, the indictment charged.

The men lured about 30 victims from Ukraine from 2000 to 2007, smuggled them to Philadelphia through Mexico, and used or threatened physical and sexual violence if they resisted or tried to escape.

Four of the brothers have been arrested – one in Germany, two in Canada and one in Philadelphia. The fifth man is being sought in Ukraine.

“The victims in this case entered this country with dreams of great opportunity only to find themselves living a nightmare,” U.S. Attorney Zane Memeger said at a news conference. “No one trying to immigrate to this country should have to endure such mistreatment.”

The Philadelphia-based suspect, 35-year-old Stepan Botsvnyuk, had an initial court appearance scheduled Wednesday afternoon. It was not immediately clear whether he had a lawyer.

An overseas tip sparked the investigation in 2005, but authorities said they had to overcome language and trust barriers as they worked with victims. The group includes young Ukrainian men desperate for work after finishing military service and a woman who was told her young daughter

→ “It’s sad but true... They are trapped in lives of misery.”

– FBI agent Doug Lindquist

ter would be forced into prostitution in Ukraine if she fled, the FBI said. About eight victims are now cooperating.

There is no evidence the retailers and other employers, who typically hired cleaning crews through subcontractors, knew of the abusive working conditions, Memeger said.

The victims are expected to get temporary visas so they can stay in the U.S. legally while the court case unfolds,

and can later apply for permanent residency, officials said.

The Department of Justice pursues about 60 human trafficking cases each year, officials said. Memeger said he did not know how much money the Botsvnyuks amassed through their alleged scheme, but prosecutors will eventually seek forfeiture of their assets.

“It’s sad but true – here in this country, people are being bought, sold

and smuggled. They are trapped in lives of misery – often beaten, starved and forced to work long hard hours for little or no pay,” said FBI agent Doug Lindquist, who heads a counterterrorism unit in Philadelphia.

The brother arrested in Germany, 51-year-old Omelyan “Milo” Botsvnyuk, raped one of the victims and threatened to force the young daughter of another victim into prostitution, authorities charged.

The brothers housed the victims in deplorable conditions and insisted they work until they pay off smuggling debts of \$10,000 to \$50,000, prosecutors said. Some escaped despite threats to their families back home.

The investigation was conducted by the U.S. attorney’s office, the FBI, Immigration and Customs Enforcement, Interpol, and other agencies.

Murky gas deals show corruption

→1 During a July 1 press conference where she revealed new and crucial details about alleged multi-billion-dollar gas scams under way, Tymoshenko – with fire in her eyes – told the Kyiv Post that she fully intends to bring up such alleged massive corruption during her scheduled meeting with Clinton.

"I will hand her the documents in English, myself," Tymoshenko said, insisting again that no amount of politically-motivated investigations are enough to silence her fight against the corruption that threatens the sovereignty and fiscal stability of Ukraine, as well as the energy security of Europe.

But the authorities in Kyiv don't seem at all bothered that Clinton or other Western leaders might criticize their shadowy gas games, or recent police action against Tymoshenko loyalists.

"They aren't worried about Western censure because they think Washington and Brussels are afraid to push Ukraine into Russia's arms," said Vadym Karasyov, a political analyst and adviser to former President Viktor Yushchenko.

Last week's jailing of ex-customs chief Anatoly Makarenko and the house arrest of the former deputy head of state oil and gas company Naftogaz, Ihor Didenko, are meant to demonstrate restraint to the West and to serve up scapegoats to the Ukrainian people, Karasyov said.

Tymoshenko, who ordered Makarenko and Didenko in 2009 to seize the disputed gas, has challenged the government to arrest her instead, insisting such subordinates were merely following orders. But the authorities, nonetheless, are unlikely

to take the bait, fearing that arresting Tymoshenko could turn her into a martyr, and invigorate a sleepy opposition movement.

"These [individuals arrested] are just bureaucrats, not politicians. If they persecute her, she wins, because she's a former premier and presidential candidate," according to Karasyov.

Fight the power

Despite her former political standing, Tymoshenko is up against the nation's top TV channel (Inter TV), a number of powerful government officials in the energy ministry and elsewhere, and the Security Service of Ukraine (SBU), the spy agency that is the successor to the Soviet KGB. All entities are stacked with Firtash associates.

During a briefing held on June 25, SBU chief Valery Khoroshkovsky, who manages the assets of Inter television, confirmed that a criminal case had been opened against former Naftogaz executive Didenko on June 10 for grand larceny, and that Makarenko had been jailed for criminal negligence in his duties as customs chief.

While still serving as deputy head of the SBU last year, Khoroshkovsky ordered a raid on Naftogaz headquarters, shortly after RosUkrEnergo had its monopoly abolished by Tymoshenko.

Firtash has acknowledged an interest in Inter, in addition to his nearly 50 percent stake in RosUkrEnergo, which used to monopolize Ukraine's billion-dollar gas import business with Russia until Tymoshenko cut her own deal with the Kremlin.

Subsequent to the Tymoshenko-Putin deal, monopoly gas importer RosUkrEnergo, whose other half is owned

by Gazprom, had 11 billion cubic meters of its gas (valued at \$2.6 billion) seized by Ukraine's state gas company Naftogaz. Putin was quoted at the time as accusing RosUkrEnergo's Ukrainian owners, seen as close associates of incumbent President Viktor Yanukovich, of financing politics at home.

Earlier this year, after Tymoshenko lost her bid for the presidency against Yanukovich, whom Firtash is widely believed to have supported, the tables began to turn. Under Yanukovich, close associates of Firtash were placed in key positions at Naftogaz, its subsidiaries as well as the energy ministry, including the appointment of Yury Boyko, who once sat on RosUkrEnergo's board, as energy minister.

With Firtash associates representing the government in the highest of positions, and still close to Firtash himself, many observers joined Tymoshenko in questioning whose interests these associates would defend: Ukraine's or their own? The answer for many came on June 8, when the an arbitrator in Stockholm ordered state-owned Naftogaz to return the 11 billion cubic meters of gas to Swiss registered RosUkrEnergo, plus an additional 1.1 billion cubic meters of gas as compensation and an earlier damage awarded on March 30 for \$200 million for contractual violations.

During a recent television appearance, Tymoshenko drew attention to blatant conflicts of interests that, she claims, led to Ukraine losing the vital lawsuit: "In the Stockholm court, there was on the one hand Yanukovich, Firtash and [Energy Minister Yury Boyko] representing RosUkrEnergo, while on the other side, the state was represented by Yanukovich, Boyko and Firtash, who is in essence the shadow prime minister."



After getting squeezed out of the gas trade by his nemesis, ex-Prime Minister Yulia Tymoshenko, billionaire Dmytro Firtash is riding high again in the administration of President Viktor Yanukovich. (Courtesy)

She further questioned why the new government under Yanukovich had fired members of the legal team representing Naftogaz against RosUkrEnergo.

Kyiv-based law firm Magisters, which contributed to that team, confirmed that it had been dismissed by the government shortly after the new government had been formed.

Then, on July 1, Tymoshenko presented journalists with documentation that indicate Naftogaz, under the Boyko-led Energy Ministry, caved in to the arguments of RosUkrEnergo in Stockholm. Equally indicting is recent evidence published by Tymoshenko, a photo copy of a sales contract between Naftogaz and Gazprom, indicating that the Ukrainian government had paid in full for the 11 billion cubic meters of gas, before taking possession of it.

Serhiy Pashinsky, a lawmaker in Tymoshenko's parliamentary faction who sits on the legislature's fuel and energy commission, said Gazprom was paid \$1.7 billion. "[Gazprom Deputy CEO Alexander] Golubev signed for Gazprom and Didenko signed for Naftogaz," he said.

But it remains unclear what legal right Russia's all-powerful and state-controlled gas giant Gazprom may have had to resell gas held in Ukraine's storage by RosUkrEnergo.

This is one of many key details in the case that nobody appears willing to answer. Gazprom's press service, for example, wasn't talking. Didenko's personal assistant said he was unavailable.

Meanwhile, Serhiy Lyovochkin, the head of the presidential administration and widely considered to be part of the Firtash faction in Yanukovich's ruling coalition, insisted that the administration was taking a hands-off approach to the affair.

"We aren't going to interfere in this matter, and we don't consider it's necessary to comment," he told journalists.

Viktor Pynzenyk, a former finance minister who had a bitter falling out with Tymoshenko, confirmed that Ukraine owed nothing to the Russians or RosUkrEnergo. But he nonetheless accused Tymoshenko of mucking things up.

"Gazprom was paid in full for all of the gas, so Ukraine doesn't owe anyone, but the previous government failed to iron out the transfer of the gas in a court of law, and just seized it," Pynzenyk said.

With such secrecy, billions of dollars and Ukraine's already-stretched finances at stake, the need for more transparency in such dealings is vital. Perhaps Clinton will have a word with Yanukovich about these primitive disputes.

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Pifer: If Ukraine stays democratic, nation 'will come out right in end'

→ **1** By acting in the national interest, Pifer said the Ukrainian president will have to decide whether his administration will create a climate that is open to investors, predictable, reduces corruption and strongly follows the rule of law. Ukraine has been anything but that kind of place for most of its 19 years as an independent nation.

"I am not sure they have to solve every crime in the past," Pifer said. "This goes to the motivations of those who are running the country. [Acting in the national interest] may require sacrificing the interests of people around the leadership who are corrupt or may suffer if they face more competition" in the economy.

Without naming names, Pifer expressed doubts about whether some on Yanukovich's leadership team are capable of or interested in the reforms that would strengthen a free-market, rule-of-law-based democracy. He did, however, single out Deputy Prime Minister Serhiy Tigipko as a bright spot in the administration's lineup. "Certainly Serhiy Tigipko knows how to do it [reform]," Pifer said. "He certainly wants to do it."

One such market reform would be to end the subsidies on the price that Ukrainian households pay for natural gas. While such a step would be politically unpopular, Pifer said, it would benefit the nation in the long run if the higher prices promote increased domestic production of natural gas — thereby reducing heavy reliance on Russian imports — and if they curbed wasteful energy consumption. The best time for an administration to make such tough policy decisions, he said, is now — early in Yanukovich's term, so that the president can show the benefits of the policy before the next election.

Pifer said that it is "partly true" that "Ukraine is still making up its mind" about its foreign policy direction, although the majority of Ukrainians seem to agree on the direction they want the nation to take. Most Ukrainians

→ Motives of some of Yanukovich inner circle still worry

polled are pro-European Union, Pifer said, while they are opposed to joining the NATO military alliance. "Most Ukrainians don't want to rejoin Russia, but they don't want to have bad relations with Russia," Pifer said.

The former ambassador, now a senior foreign policy fellow with the Brookings Institution in Washington, D.C., said he doesn't agree with sentiment that improved U.S. relations with Russia means that U.S. relations with Ukraine will suffer. Yanukovich's strong and quick tilt to Russia is "not the course I would choose or Washington would choose, but it seems to have the support of the elite and the public; so the [Obama] administration has to figure out a way to work with that. I have tried to push back when people say Yanukovich is a pro-Russian politician. He pursues policies that Moscow would appreciate."

But Pifer thinks that Yanukovich has Ukraine's national interests foremost in mind, although the priorities of some of the president's leadership team are "hard to sort out."

"If Ukraine remains a democratic state, I am comfortable it will come out right in the end," Pifer said. "People in power in Ukraine understand the Western angle gives them balance, vis-a-vis Moscow," unlike Belarusian President Alexander Lukashenko, "who doesn't have Western connections," Pifer said.

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Detention of German foundation head seen as blow to free speech

BY MARK RACHKEVYCH
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The 10-hour official detention of Nico Lange, a political scientist who leads the German-based Konrad Adenauer Foundation in Kyiv, is seen as the latest blow to speech and press freedoms under the administration of President Viktor Yanukovich.

Upon arrival in Kyiv, Lange was kept in a holding cell at the international airport in Boryspil on June 26 with other deportees before high-level government intervention finally cleared his entry. Lange had written critically of Yanukovich's first 100 days in office.

Isolated incident? Perhaps. But there are numerous isolated incidents that are starting to form a worrisome pattern about the administration's disdain for democratic speech, especially if those speaking are critical of the president and his team, which took power on Feb. 25.

"The current trend smacks of a creeping 'Putinization' of the country, as Yanukovich has been using state tools — including agencies such as Security Service of Ukraine (SBU) — to silence critics by muzzling media," Peter Zalmayev, a Kharkiv native who is the director of the New York-based Eurasia Democracy Initiative. "Most recently, two TV channels known for their independent stance have come under severe pressure and may soon have to go off the air — TVi and Channel 5. The guy who's said to be behind this particular episode is [Security Service of Ukraine] SBU chief Valery Khoroshkovsky, who, at the same time, is the channels' direct competitor by virtue of being the owner of Ukraine's largest media group, Inter. The conflict of interest we are dealing with here is mind-boggling."

Other incidents include:

- Four TV stations have written open letters in recent months expressing concern over interference and censorship in their news coverage and reporting.
- On June 29, Freedom House, a New York-based democracy monitoring organization, issued an unenthusiastic report called "A Decade of Democratic Regression in the for-



- mer Soviet Union".
- On May 18, a rector of a Lviv university was asked to sign a letter addressed to him from the SBU, the successor agency to the Soviet KGB, in an apparent attempt to crack down on students participating in peaceful protests. The rector, Father Borys Gudziak, refused.
- On May 25, Kommersant-Ukrayina journalist Artem Skoropadskiy, a Russian national, had an informal meeting with an alleged SBU officer who advised him to refrain from maintaining close ties with right-wing Ukrainian political parties and hinted at his possible deportation.
- On June 23, two unknown assailants — who claimed to be law enforcers — entered the apartment of a high-profile women's rights group leader on the eve of a planned street protest against Security Service of Ukraine pressure against civil society groups.

Lange's incident sparked a backlash from the German government, and came on the heels of other statements of concern from officials representing many nations.

"We've received alarming reports about pressure on journalists," U.S. Ambassador to Ukraine John Tefft said on June 24. "We believe that the police should investigate these facts and that the government should carefully monitor and react to any threats to press freedoms."

Two days after Lange's ordeal, Germany's spokesman Christoph Steegmans said: "We hope that the proven and important work of German foundations in Ukraine will remain unhindered in the future and that

Ukraine adheres to European Union standards in this area.

Yevhen Zakharov, chairman of the Ukraine Helsinki Group, a human rights organization founded on the eve of the Soviet Union's collapse said: "This is part of a trend of the SBU harking back to the Soviet times when it was omnipotent and touched every corner of human life. The facts show the SBU is influencing the activity of civil society, of discouraging protests, they're embarking on preemptive acts to influence every sphere of life."

The Freedom House report of June 29 said: "Ukraine is confronting new challenges to the democratic progress it has achieved in recent years ... However, the election of Viktor Yanukovich as president in early 2010 and the initial signs of authoritarianism that have accompanied it suggest that the durability of the country's democratic changes over the past several years will soon be tested."

Meanwhile, Ukraine's Foreign Ministry on June 29 communicated to foreign embassies that international foundations promoting Ukraine's democratic development need to be reminded of the "importance of adhering to the respective statutory tasks of their organizations and with Ukrainian laws."

Oleh Voloshyn, the Foreign Ministry spokesperson, explained: "We wanted to remind them that there is a fine line between political activity and political support. Yes, one can teach how to go about building political parties, but one shouldn't provide political advice or consultation or behave like a political strategist."

SBU spokesperson Myrna Ostapenko did not answer numerous phone calls.

As for Lange, the director of the Konrad Adenauer Foundation, he hopes that his detention was one big misunderstanding that won't be repeated. "It's an unfortunate situation to be a part of such a big affair, I really hope it's all a huge misunderstanding, the work of the Konrad Foundation has been misunderstood, I just want others to help Ukraine get closer to European standards," Lange said.

Kyiv Post staff writer Mark Rachkevych can be reached at rachkevych@kyivpost.com

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SEMI FINALS

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7 : 1

PROFIN BANK

26 June

13:30

Arsenal-Sandora

2 : 5

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THIRD PLACE

27 June

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Arsenal-Sandora

10 : 4

PROFIN BANK

FINAL

27 June

14:00

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Detention signals SBU return to KGB roots



ALEXANDER J. MOTYL and TARAS KUZIO

The 10-hour detention on June 26 in Kyiv's Boryspil Airport of Nico Lange, Ukraine director of the Konrad Adenauer Foundation – together with a range of new policies directed at the opposition and journalists – signifies a return to pre-August, 1991 KGB tactics. The foundation's mission is to promote freedom, liberty, peace and justice.

This worrying development shows the degree to which Ukraine's young democracy is threatened by a return to neo-Soviet semi-authoritarianism.

The only time a foreigner was prevented from entering Ukraine under President Leonid Kuchma was in 2000 when Jed Sunden, owner of the Kyiv Post, Korrespondent and other publications, was detained but then, like Lange, allowed to enter the country.

In the Soviet Union, the KGB had blacklists of foreigners and it would seem from the Lange detention that the Security Service of Ukraine (SBU) has, for the first time in Ukraine's two decades of independence, drawn up similar KGB-style lists of Western analysts.

The co-author of this article, Taras Kuzio, was on the KGB blacklist and was expelled from Moscow's Sheremetyevo Airport in April 1990 on his way to attend the inaugural congress of the Ukrainian Helsinki Union. These KGB blacklists

disintegrated at the same time the KGB disintegrated after the failed August 1991 hard-line putsch.

Will Western academics and experts now be prevented from visiting Ukraine, as before August, 1991?

The return to KGB-style tactics is aided by the SBU's cooperation with the Russian Federal Security Service (FSB) and the re-definition of what constitute threats to the Ukrainian state. The current authorities have adopted the Russian-Belarusian threat perception that sees the West, especially the United States, as the main threat to Ukrainian national security.

Anti-Americanism resurfaced in Ukraine in response to the Kuchmagate crisis – including the release of secretly recorded audiotapes implicating the ex-president in plotting numerous crimes, allegations he has denied. This sentiment led to the rise of Viktor Yushchenko and Our Ukraine, which won the 2002 parliamentary elections.

But this anti-Americanism was tempered by Kuchma's support of NATO membership. He twice sought membership action plans in 2002 and 2004 to join the military alliance. And Ukraine sent the third largest contingent of troops to support the U.S.-led coalition forces in Iraq in 2003.

Today, Yanukovich's re-orientation towards Russia and anti-Westernism is no longer tempered by pro-Western foreign policies, as they were when he was prime minister under Kuchma in 2002-2004.

In effect, we now have the "Putinization" – or state control – of the media (as Natalia Ligachova, editor of the *Telekritika* media watchdog has

written) and of Ukraine's security forces. The Lange detention is confirmation that independent Ukraine, for the first time in its 20-year history, is pursuing a single-vector pro-Russian foreign policy, and not Kuchma's multi-vectorism.

Yanukovich is the first president to oppose NATO membership and not to see it as a stepping stone to European Union membership (as all Eastern European countries did). But, how serious is the claim that Ukraine seeks EU membership? If one really wants to join the EU, one doesn't spoil relations with Germany by detaining one of its analysts. Nor does one pursue semi-authoritarianism if one is serious about European values.

Ukraine has given away its "NATO card" to get Moscow to respect Ukraine's sovereignty and territorial integrity. Damaging relations with Germany and undermining Ukraine's integration into the EU, ahead of Yanukovich's August visit to Berlin, is tantamount to giving away Ukraine's "EU card."

The SBU under Yushchenko was never reformed into an institution under democratic control and continued to be an extension of the presidential apparatus. The lack of reform in the SBU is evident in the speed with which it has quickly returned to KGB-style operating tactics under Yanukovich.

Alexander J. Motyl is professor of political science at Rutgers University-Newark. Taras Kuzio is a senior fellow in the chair of Ukrainian studies at the University of Toronto and adjunct research professor in the Institute for European and Russian Studies at Carleton University, Ottawa. He edits Ukraine Analyst. He can be reached at tkuzio@rogers.com

What foreigners should do if detained

Western experts traveling to Ukraine would do well to heed the following rules if detained by the authorities:

- 1) Do not sign any Ukrainian document.
- 2) Do not let them have your passport or other form of identification.
- 3) Call your embassy or consulate immediately. Ensure you have names, mobile telephones and emails of embassy personnel with you.
- 4) Telephone, text or email Ukrainian and Western politicians and journalists immediately when you are denied entry. Ensure you have names, mobile telephones and emails contacts of Ukrainian parliamentary deputies, journalists and NGO leaders. Bring contact numbers of Western journalists living in Kyiv (Reuters, Associated Press, Financial Times, Wall Street Journal, Kyiv Post).
- 5) Ensure you have a mobile telephone with a built-in camera and email and/or texting capability. Make sure it is fully charged and bring one extra battery. Ask another Westerner in line at passport control to take a photo or video of you and send these to Ukrainian or Western journalists.
- 6) Ensure you have some cash with you for essential purchases. Most facilities in Kyiv's Boryspil airport do not take credit cards.
- 7) You do not know when you will see your luggage. Include basic toiletries in your hand luggage.
- 8) Bring reading and writing material with you. Detention can be for up to 10 hours. Keep a log of what is taking place and what is being said. Use this log to write a blog and/or article afterwards. Publicity is good for your plight.
- 9) Use twitter or texting to keep people informed. To save time, prepare a mailing list on your mobile phone of key people (embassy/consulate officials, Western/Ukrainian journalists, Ukrainian politicians and NGO activists) you would wish to keep informed of your plight.
- 10) Before traveling to Ukraine, ask your colleagues for contact details of a Kyiv-based lawyer whom you could telephone if you are detained.

Femen's activists say they are being harassed by SBU, but will not give up



ANNA HUTSOL
FEMEN.UA@GMAIL.COM

Femen always thought we'd become the porn stars of Ukraine's politics, but never could we have guessed that the Security Service of Ukraine (SBU) would start to chase us, and that pseudo-law enforcers would threaten us with physical violence. That's because we live, are living and will continue to live in a democratic society.

At 1 a.m. on the eve of an event called "Democratic bitches against the SBU pressure on civic organizations and media" on June 23, two unknown people claiming to be law enforcement officers forced their way into my apartment. They threatened to "break the legs" and "tear off the heads" of anyone who participated in the event. They knew the addresses of all the Femen movement's main activists.

They held me for two hours and forced me to call our press secretary to make corrections to the press release for the event. In the course of the conversation they kept changing their demands. In the end they demanded that we take out the paragraph from the press statement with a reference to "preventative talks" that SBU workers had with the organization's activists.

The government's feverish response to Femen's actions has reached its peak and now the SBU summons activists to "preventative chats" – a practice that was common in the era of ex-President Leonid Kuchma, and whose roots go even deeper into the Soviet system of total control over citizens.

Just like then, the SBU has turned into an

instrument of pressure, instead of an instrument to defend state interests.

To be honest, this is something that should have been expected ever since power was taken by a clan of brutal aging machos, who hold their women behind closed doors, assigning them the role of servants (or secretaries, or deputies). Bare women's breasts scare them more than the bandits: It seems they know what to do with the bandits, but not bare breasts.

The language of force, the only one they can understand, is not acceptable to us. That's why after the midnight threats we decided to act democratically and go public about all instances of pressure.

It was scary. But wouldn't any woman be afraid if a strong man raised his hand against her? But staying silent would be like accepting defeat in this case, and a total collapse of democracy in Ukraine.

On June 23 we came out to the SBU building, and before the watchful eyes of many photo and television journalists we addressed the Ukrainian community as well as Viktor Yanukovich as the guarantor of the Constitution to protect us from pressure and threats.

The situation spiraled downward the next day as we found an ad on the Internet, saying: "A respectable organization is collecting information about the girls who took part in Femen's actions for money." In the cafe where we're usually based and where we know almost all visitors, we spot strange people that look like they're shadowing us.

There is a major question about the professionalism of today's SBU chief and his institution after the daily newspaper *Segodnya* wrote on June 19, citing sources close to Khoroshkovsky, that the bullying of Femen is the work of former SBU managers who are currently in opposition.

In other words, if one of the Femen activists is injured or killed today, tomorrow they will say that



Activists of Ukrainian women's movement Femen bear the acronym of the Ukrainian Secret Services (SBU), reading "SBU-bitches," on their underwear as they block the entrance to the SBU building during a protest in Kyiv on June 23 against lawlessness in the country. (Yaroslav Debelyi)

it's a "provocation of the opposition."

Being an independent force, Femen has managed in the last two years to raise awareness on the issues of sex tourism and prostitution to the national level. But also with our enthusiasm, however Soviet this may sound, we revived public social activity in Ukraine, which had been discredited by paid-for demonstrations that are still used as an instrument in power struggles. We shall not allow anyone to discredit us any further.

We're proud of our activists who were not afraid to come to the SBU after the threats, and

who decided to go to the end. They have balls bigger than all our government members combined. They have matured enough to become a true political force that can resist the current or any other authorities that fail to act in accordance with the laws of democracy.

Anna Hutsol is the leader of Femen, a non-profit organization that promotes women's issues. She can be reached at femen.ua@gmail.com. A chat with one of Femen's activists on TVi with Roman Skryppin can be seen at: http://www.youtube.com/watch?v=FTX5oUfjUlk&feature=player_embedded

Here's the message that Clinton should deliver to Ukrainian nation



STEVEN PIFER

A recent visit to Ukraine yielded two narratives regarding developments under President Victor Yanukovich, now in his fourth month in power. The first narrative — seemingly the dominant one in the West — holds that Yanukovich is turning the country back to Russia's geopolitical orbit and restoring a more authoritarian political system. Perhaps, there are worrying signs.

Yanukovich's enthusiastic engagement with Moscow has proceeded at a breathtaking pace: holding as many meetings with the Kremlin leadership as with all other foreign leaders combined; extending the stay of the Russian Black Sea fleet in Crimea; and exploring a range of deals that would dramatically increase the presence of Russian companies, including parastatals, in the Ukrainian economy. Domestically, stories circulate about government pressure on the media, and the Security Service of Ukraine (SBU) appears to have reverted to the old ways.

A second narrative, however, paints a more nuanced picture.

Senior Ukrainian officials have said that, while Yanukovich attaches priority to repairing relations with Russia, Kyiv seeks a balance between Russia and the West. Some interesting indications have emerged over the past six weeks. Ukraine's parliament overwhelmingly voted to approve the annual plan of military exercises on Ukrainian territory, most of which involve NATO forces. The Ukrainians have reiterated their interest in an association agreement and a free trade arrangement with the European Union. And Moscow cannot be happy that Kyiv has ruled out joining the Russian-led Collective Security Treaty Organization and the Russia-Kazakhstan-Belarus customs union, or that Yanukovich has declined to recognize South Ossetia and Abkhazia, the breakaway regions of Georgia.

The Russians have shown little subtlety the past three months in rushing to build their influence in and over Ukraine. They may have overplayed their hand. Ukrainian officials are reportedly unhappy with Moscow's overbearing attitude as well as with the



Activists of the youth civil initiative Freedom of Speech stage a protest in front of the Ukrainian Security Agency in Kyiv on June 25. The T-shirts proclaim support for freedom of speech. (AP)

continued Russian drive — despite improved relations with Kyiv — to build the South Stream pipeline to move gas around rather than through Ukraine. Does Kyiv really want to be dependent on Moscow?

Yanukovich has certainly acted rapidly to consolidate political power following his February election. There are grounds for concern, but it is too soon to say there is a systematic attempt to roll back democracy. When publishers restrain their editors from criticizing the government because they wish to curry favor with the new leadership, that does not augur well for a robust, independent media. But it is different from the government dictating editorial lines. Likewise, some media disputes may represent business interests competing to win control of particular media outlets more than they signify challenges to freedom of the press.

None of this is to say that Ukraine's foreign and domestic policies do not bear careful scrutiny. They do. But it is premature to conclude which

narrative best captures the reality in Ukraine or to base Western policy on the assumption that Ukraine's leadership has turned away from democracy and the West and back toward Russia.

Secretary of State Hillary Clinton will make a timely visit to Kyiv on July 2. She should build four themes into the message that she brings:

- First, Ukrainian officials say they want to balance relationships with Russia and the West, but Kyiv appears to have leaned dramatically toward Moscow the past few months. Ukraine should give greater attention to developing relations with Europe and the United States. If so, the West will work with Ukraine to build robust and substantive relationships.
- Second, disturbing reports are coming from within Ukraine regarding media pressure, efforts to assert control over the judiciary and SBU activities. It is important that Kyiv understand that a rollback of democracy would severely damage Ukraine's

image in — and relations with — the West.

- Third, Ukraine appears to be doing many rapid deals with the Russians. That is Ukraine's prerogative. But Kyiv should be careful: the West will not be able to help if Ukraine negotiates away some of its sovereignty.
- Fourth, genuine reform of the Ukrainian economy remains critical. It will improve living standards and give Kyiv greater wherewithal to pursue foreign policies of its own choice rather than out of necessity.

The West cannot be indifferent to what happens to Ukraine. Secretary Clinton can put down important markers as to how Ukraine's relations with the United States and Europe should develop.

Steven Pifer, the U.S. ambassador to Ukraine from 1997-2000, is a senior fellow for foreign policy at the Brookings Institution in Washington, D.C. The article can be read online at http://www.brookings.edu/opinions/2010/0630_ukraine_pifer.aspx

Clinton visit a great opportunity to chart new U.S.-Ukraine direction



ANTHONY T. SALVIA

Early in his administration, President Viktor Yanukovich emerged as the surprising star of Barack Obama's nuclear proliferation summit in Washington, winning favorable comments by erstwhile U.S. critics who entertained decidedly low expectations of the new Ukrainian president. In doing so, Yanukovich opened the door to a new relationship with Washington based on mutual respect and Ukraine's balance of interests between East and West. Secretary of State Hillary Clinton's visit to Kyiv in early July is an opportunity for the Obama administration to get the U.S.-Ukraine relationship off to a fresh new start.

Early signals for the relationship were not promising. In March 2009, Clinton reiterated support of a key policy initiative held over from the Bush administration — Ukrainian accession to the North Atlantic Treaty Organization (NATO). It seemed that inertia rather than change and fresh thinking would be the hallmark of Obama's foreign policy vis-a-vis the countries of the ex-Soviet Union.

In view of later developments, that first impres-

sion may have been inaccurate. No doubt strongly influenced by Washington's need to "reset" relations with Moscow, and the accession to office of Yanukovich, a new approach to Kyiv has proved unavoidable for Washington.

It seems Clinton understands that. Asked about the April 2010 agreement between Kyiv and Moscow to extend the presence of the Russian Black Sea Fleet at Sevastopol — an action that would have enraged the Bush Administration — Clinton coolly termed it part of a "balancing act" by Kyiv: "I think given Ukraine's history and Ukraine's geographic position, that balancing act is a hard one, but it makes sense to us..."

Clinton, thus, has come to a realistic perception of Ukraine's position, in marked contrast to the previous U.S. administration, which seemed at times almost deliberately blind to obvious political realities. In view of her own record of support for "humanitarian interventionism" (the Democrats' equivalent of Republican "neo-conservatism") in the Balkans and the Middle East, her apparent openness to new realities is a pleasant and somewhat unexpected development.

The secretary will travel from Kyiv to Krakow to attend the 10th anniversary celebration of the so-called "Community of Democracies." That community is the brainchild of former U.S. Secretary of State Madeleine Albright, the personification of everything that went wrong with U.S. policy in the Bill Clinton and George W. Bush years as the U.S. sought to impose "benevolent global hegemony"

— in the name of "democracy," of course — around the world. It was "democratism" that landed Ukraine in a state of suspended animation for five years. Now a decade old, this fossil of a bygone era in U.S. foreign policy should be laid to rest once and for all.

So let's hope Clinton's stopover in Krakow is only a rhetorical parenthesis as she conducts real business in Kyiv, Yerevan, Baku, and Tbilisi. Coming on the heels of the Barack Obama-Dmitry Medvedev "hamburger diplomacy" in northern Virginia just prior to the Toronto G8 and G20 meetings, it is no accident that Clinton has been dispatched to the capitals (excepting Yerevan) once assigned leading roles in the previous U.S. administration's efforts to strategically encircle Russia, in part through the absurd and now-moribund GUAM organization (Georgia-Ukraine-Azerbaijan-Moldova).

Obama has abandoned the policy towards Russia that underlay GUAM: "President Medvedev and I are deliberately trying to avoid framing U.S.-Russian relations in zero-sum terms," he said, referring to the notion that what is good for one of the powers is ipso facto bad for the other. Accordingly, Yanukovich should receive Secretary Clinton in the expectation that U.S. policy will continue to respond to the balanced, prudent and realist course he has set for Ukraine. It may be too much to expect that she will withdraw NATO's invitation to Kyiv to join the Alliance, issued in 2008 at Bucharest. Great powers do not like to

admit mistakes, but hope springs eternal. At the same time, Yanukovich can take the opportunity to tell his American visitor that GUAM is a dead letter. And perhaps both can agree on U.S. cooperation with Kyiv, Moscow, Berlin, and Paris on a new security architecture for the whole pan-European realm.

Yanukovich and Clinton should also address important matters of joint economic cooperation. The recent announcement of a new agreement between the Overseas Private Investment Corporation (OPIC) and the Ukrainian Development Network (UDN) to provide financing for small and medium-sized enterprises doing business in Ukraine is a positive development. So too Kyiv's recent announcement of a significant privatization of state assets.

The bottom line is that freed from a sterile and counterproductive geopolitical agenda, U.S.-Ukrainian partnership can now be placed on a constructive track. The OPIC agreement and Kyiv's privatization plans indicate the direction in which Ukraine needs to go. Secretary Clinton's task in Kyiv is to expand U.S.-Ukrainian cooperation according to a new, refreshingly realist bilateral agenda.

Anthony T. Salvia is executive director of the Kyiv-based American Institute in Ukraine. Previously he served as an appointee of President Ronald Reagan to the U.S. Department of State and as Radio Free Europe/Radio Liberty in Munich and Moscow. The organization's website is www.aminuk.org



SOUTH AFRICA GAME WALL CHART

FOLLOW WITH

ALL THE TIMES STATED ARE KYIV, EASTERN EUROPEAN SUMMER



TEAM RANKINGS

- 1 SPAIN
- 2 BRAZIL
- 3 NETHERLANDS
- 4 ITALY
- 5 PORTUGAL
- 6 GERMANY
- 7 FRANCE
- 8 ARGENTINA
- 9 ENGLAND
- 11 CAMEROON
- 13 GREECE
- 14 UNITED STATES
- 15 CHILE
- 16 IVORY COAST
- 17 MEXICO
- 18 SWITZERLAND

GROUP C

21:30 12 JUNE RUSTENBURG	ENGLAND 1	1 USA
14:30 13 JUNE POLOKWANE	ALGERIA 0	1 SLOVENIA
17:00 18 JUNE J'BURG (JEP)	SLOVENIA 2	2 USA
21:30 18 JUNE CAPE TOWN	ENGLAND 0	0 ALGERIA
17:00 23 JUNE PORT ELIZABETH	SLOVENIA 0	1 ENGLAND
21:00 23 JUNE PRETORIA	USA 1	0 ALGERIA

GROUP A

17:00 11 JUNE J'BURG (JSC)	SOUTH AFRICA 1	1 MEXICO
21:30 11 JUNE CAPE TOWN	URUGUAY 0	0 FRANCE
21:30 16 JUNE PRETORIA	SOUTH AFRICA 0	3 URUGUAY
21:30 17 JUNE POLOKWANE	FRANCE 0	2 MEXICO
17:00 22 JUNE RUSTENBURG	MEXICO 0	1 URUGUAY
17:00 22 JUNE BLOEMFONTEIN	FRANCE 1	2 SOUTH AFRICA

GROUP D

21:30 13 JUNE DURBAN	GERMANY 4	0 AUSTRALIA
17:00 13 JUNE PRETORIA	SERBIA 0	1 GHANA
14:30 18 JUNE PORT ELIZABETH	GERMANY 0	1 SERBIA
17:00 19 JUNE RUSTENBURG	GHANA 1	1 AUSTRALIA
21:30 23 JUNE J'BURG (JSC)	GHANA 0	1 GERMANY
21:30 23 JUNE NELSPRUIT	AUSTRALIA 2	1 SERBIA

GROUP B

17:00 12 JUNE J'BURG (JEP)	ARGENTINA 1	0 NIGERIA
14:30 12 JUNE PORT ELIZABETH	KOREA REP 2	0 GREECE
17:00 17 JUNE BLOEMFONTEIN	GREECE 2	1 NIGERIA
14:30 17 JUNE J'BURG (JSC)	ARGENTINA 4	1 KOREA REP
21:00 22 JUNE DURBAN	NIGERIA 2	2 KOREA REP
21:00 22 JUNE POLOKWANE	GREECE 0	2 ARGENTINA

ROUND OF 16

17:00 26 JUNE PORT ELIZABETH	1ST GROUP A URUGUAY	GAME 49 2 1	2ND GROUP B KOREA REP
21:30 26 JUNE RUSTENBURG	1ST GROUP C USA	GAME 50 1 2	2ND GROUP D GHANA
17:00 27 JUNE BLOEMFONTEIN	1ST GROUP D GERMANY	GAME 51 4 1	2ND GROUP C ENGLAND
21:30 27 JUNE J'BURG (JSC)	1ST GROUP B ARGENTINA	GAME 52 3 1	2ND GROUP A MEXICO

QUARTER FINALS

GAME 57 17:00 02 JULY PORT ELIZABETH	WINNER OF GAME 53 NETHERLANDS	WINNER OF GAME 54 BRAZIL
GAME 58 21:30 02 JULY J'BURG (JSC)	WINNER OF GAME 49 URUGUAY	WINNER OF GAME 50 GHANA

SEMI FINALS

21:30 06 JULY CAPE TOWN	WINNER OF GAME 58	WINNER OF GAME 57
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FINAL

21:30 10 JULY PORT ELIZABETH	THIRD PLACE	21:30 11 JULY J'BURG (JSC)
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LOW THE WORLD CUP pulse AND KyivPost

REAL TIME. UPDATED AT 15:00 ON THURSDAY 1 JULY 2010

GROUP E

14:30 14 JUNE J'BURG (JSC)	NETHERLANDS 2	0 DENMARK
17:00 14 JUNE BLOEMFONTEIN	JAPAN 1	0 CAMEROON
14:30 19 JUNE DURBAN	NETHERLANDS 1	0 JAPAN
21:30 19 JUNE PRETORIA	CAMEROON 1	2 DENMARK
21:30 24 JUNE RUSTENBURG	DENMARK 1	3 JAPAN
21:30 24 JUNE CAPE TOWN	CAMEROON 1	2 NETHERLANDS

TEAM RANKINGS:

- 19. SERBIA
- 20. URUGUAY
- 21. AUSTRALIA
- 22. NIGERIA
- 26. ALGERIA
- 28. DENMARK
- 29. PARAGUAY
- 31. SLOVENIA
- 33. SLOVAKIA
- 34. GHANA
- 37. HONDURAS
- 43. JAPAN
- 52. KOREA REP.
- 82. NEW ZEALAND
- 85. SOUTH AFRICA
- 86. KOREA DPR

**ПРИЄДНУЙСЯ
ТА ВБОЛІВАЙ**

GROUP F

21:30 14 JUNE CAPE TOWN	ITALY 1	1 PARAGUAY
14:30 15 JUNE RUSTENBURG	NEW ZEALAND 1	1 SLOVAKIA
14:30 20 JUNE BLOEMFONTEIN	SLOVAKIA 0	2 PARAGUAY
17:00 20 JUNE NELSPRUIT	ITALY 1	1 NEW ZEALAND
17:00 24 JUNE J'BURG (JEP)	SLOVAKIA 3	2 ITALY
17:00 24 JUNE POLOKWANE	PARAGUAY 0	0 NEW ZEALAND

GROUP G

17:00 15 JUNE PORT ELIZABETH	IVORY COAST 0	0 PORTUGAL
21:30 15 JUNE J'BURG (JEP)	BRAZIL 2	1 KOREA DPR
21:30 20 JUNE J'BURG (JSC)	BRAZIL 3	1 IVORY COAST
14:30 21 JUNE CAPE TOWN	PORTUGAL 7	0 KOREA DPR
17:00 25 JUNE DURBAN	PORTUGAL 0	0 BRAZIL
17:00 25 JUNE NELSPRUIT	KOREA DPR 0	3 IVORY COAST

ROUND OF 16

17:00 28 JUNE DURBAN	1ST GROUP E NETHERLANDS 2	GAME 53 1	2ND GROUP F SLOVAKIA
21:30 28 JUNE J'BURG (JEP)	1ST GROUP G BRAZIL 3	GAME 54 0	2ND GROUP H CHILE
17:00 29 JUNE PRETORIA	1ST GROUP F PARAGUAY 0*	GAME 55 0	2ND GROUP E JAPAN
21:30 29 JUNE CAPE TOWN	1ST GROUP H SPAIN 1	GAME 56 0	2ND GROUP G PORTUGAL

*PEN. 5 : 3

GROUP H

14:30 16 JUNE NELSPRUIT	HONDURAS 0	1 CHILE
17:00 16 JUNE DURBAN	SPAIN 0	1 SWITZERLAND
17:00 21 JUNE PORT ELIZABETH	CHILE 1	0 SWITZERLAND
21:30 21 JUNE J'BURG (JEP)	SPAIN 2	0 HONDURAS
21:30 25 JUNE PRETORIA	CHILE 1	2 SPAIN
21:30 25 JUNE BLOEMFONTEIN	SWITZERLAND 0	0 HONDURAS

QUARTER FINALS

GAME 59 17:00 03 JULY CAPE TOWN	WINNER OF GAME 52 ARGENTINA	WINNER OF GAME 51 GERMANY
GAME 60 21:30 03 JULY J'BURG (JEP)	WINNER OF GAME 55 PARAGUAY	WINNER OF GAME 56 SPAIN

SEMI FINALS

21:30 07 JULY DURBAN	WINNER OF GAME 59	WINNER OF GAME 60
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FINAL

FINAL

WORLD CHAMPIONS





NEWS ITEM: Femen, a female activist organization known for its topless protests against sex tourism, prostitution and other social ills, complained this week that the group's members are being harassed by the Security Service of Ukraine (SBU). They sought protection from the prosecutor's office. The organization's leader, Anna Hutsol, said she was threatened before a June 23 protest in front of the SBU building. Femen's trademark protests have attracted a lot of attention from the media since the organization started its activities two years ago. The group is now planning to become more heavily involved in politics.

Letters to the editor

Time to learn to be free

Dear Editor:

I read with great interest the column about Slavic Ukrainian attitudes, independence and creativity ("Inside Out with Yuliya Popova: Slavic attitudes come to fore when mixing with foreigners").

Our USA/USA Program (www.ukrainianscholarships.org) has helped talented students from Ukraine earn full four-year college scholarships for nearly 20 years. So I have seen significant change in the attitudes that Popova describes in some students. But she remains essentially correct.

The students from Ukraine even today are not likely to be spontaneous. Rather, they tend to be focused. They do everything to establish themselves academically (a positive), or financially (often negative), or simply physically (nearly always bad) in the West.

They often do not seem to understand the freedom that they have or the premise on which the program is built. Some make it clear that we are stupid for helping them attain freedom.

Many also fail to understand the premise of meritocracy. Some students seem to resent the program since they have to

work very hard to attain their goals. Life in Ukraine would have been easier for them. They often feel that they have to be alone in order to work hard and are not successful in forming support groups larger than two people. They fail to understand that voluntary group activity often leads to greater individual success.

Interestingly, if they earn a scholarship, some Ukrainian students immediately feel superior to other equally talented students and do not want to associate with them.

Many of our students eventually adjust to freedom and do not want to return home. Few students feel that they can bring 'freedom' back to Ukraine. Often they have not become totally free themselves. Others simply still resent the now better understood restrictions at home. Some even frown on freedom in the abstract but not for themselves.

But in the long term, I am confident our gifted students will bring back more than a whiff of freedom back to Ukraine.

Bohdan A. Oryshkevich,
New York City

Feduschak: Aunt Mariyka suffers for decades in Siberia as relatives die

→4 the authorities: she pleaded for them to return the only blood relation she had any hope of ever seeing again – Mariyka, incarcerated in the Siberian ruggedness – and amplified her gratitude to the Soviet system and its righteousness.

"As her mother, I believe her arrest and sentencing is a certain mistake, and too much (illegible) for me, a simple western Ukrainian woman, a worker in the kolhosp fields, but I believe this is a mistake that can be corrected," Anna wrote on June 24, 1954, to Tovarysh (Comrade) Strokach, the minister of internal affairs of the Ukrainian Soviet Socialist Republic.

"This is in your power and in your competence. Tovarysh Minister, only you can interest yourself in the case of my daughter, Mariyka, and review her case, review the accuracy of the accusations against her, and investigate how I live by myself, alone in my old age... If to some extent she did, unknown to me, commit an anti-state and not well-considered step, then she already has paid for it over the course of six years with real punishment. That real punishment will become a significant school and an unforgettable lesson for her in this life so she never makes mistakes in life, but in the future works honestly and loyally for the good of our Socialist Fatherland as a true Soviet citizen."

Anna's next letter to the minister, dated Nov. 8, 1954, took a similar tone. She wrote Mariyka could never have gotten involved in activities of an "anti-state character" and begged he return "her only daughter."

Strokach evidently ignored Anna's letters because, on Feb. 21, 1955, she wrote to Tovarysh Bulhanin, O.M., head of the Soviet Union's Council of Ministers in Moscow, in which she argued her daughter's innocence: "In all the letters my daughter writes to me from the place of her incarceration, she constantly stresses that she definitely carries no blame before the Soviet state and people, and, as they say



The Feduschak family circa 1930: From left, back row: Grandmother Anna's sister; Anna, grandmother; Mykhailo, uncle; Mariyka, aunt; and from left, front row: Stah, grandfather; Mariya, great-grandmother and on her lap, Taras and Bohdan; Mykhailo, great-grandfather; Hilko.

among the people, fell under the 'hot (illegible)' slander of separate individuals, was detained, judged and exiled. As her old mother, unable to work and widowed, I also cannot believe that my daughter, to whom the Soviet authorities, as a resident of western Ukraine, gave the opportunity to obtain a profession...could occupy herself with anti-state activity. Moreover, my convicted daughter loved her profession and was deeply interested in her work."

In a June 26, 1955, letter, this time to the minister of internal affairs of the USSR, Tovarysh Kruhlov in Moscow, grandma wrote she could not say whether or not her daughter had committed "any kind of crime." Her letter indicated Mariyka had been freed from the labor camp, but still faced certain "restrictions" and wanted to return home. She did so in 1956 after serving 7.5 years of a 10-year sentence.

The only time Mariyka spoke for herself in the file, rather than through the words of an investigator scribbled in the middle of the night or her mother in pleading letters, was in 1967. The Soviet Union was celebrating its 50th anniversary and Mariyka asked her case be reviewed and she be rehabilitated.

In a March 3, 1967, letter to the Supreme Court of the Ukrainian Soviet Socialist Republic, Mariyka outlined the case against her. She reiterated that she thought the typewriter she purchased in 1946 was for one of the enterprises in Buchach and she could not fathom "that with my services and later with this typewriter some dark anti-state elements would use it not for the intended services, but their own low, worthless actions for printing some anti-state leaflets, etc."

"Today, I have a family, a husband who works as the head of a department in the Buchach sugar factory... two children – in one word, we have created a healthy Soviet family that loves work and deeply respects the Soviet state, which provided it with such possibilities to work honestly and fully for the good of our Socialist Fatherland. Not looking at everything that is good, it is very unfortunate for me to understand that today, even in the celebratory year of the 50th anniversary of Soviet power, I am heavily branded that I was once convicted to long years of imprisonment...for treason of the Fatherland – which I never betrayed or will betray – because I

lived before, will live in the future, and will (educate) my children as its dedicated citizens...and will go in step with all the worker Soviet people."

Several months later, one Vasyliiev, an assistant prosecutor in Lviv region, deemed Mariyka's case should be reviewed and outlined the measures to take to determine if she was indeed guilty. One of those steps included establishing the fates of my father and uncle, who the Soviets had accused of being members of OUN-UPA, (Organization of Ukrainian Nationalists-Ukrainian Insurgent Army) and who left Buchach in 1946.

Point 9 of Vasyliiev's May 31, 1967, document instructed investigators to "determine the fate of the Feduschak brothers and in part establish if they really belonged to the UPA gang. If any of them are alive – question them regarding the criminal activities of their sister. If any of them have been convicted – provide their cases to this case."

I don't know if there was any follow-up done since there was no further mention of either my father or his brother in the rest of Mariyka's file.

The KGB and appropriate authorities did their work: key witnesses in Mariyka's case were again grilled and 10 KGB departments were reviewed, in addition to the Lviv Oblast's Administration for Securing Social Order (which still exists in Russia) to find "operative materials."

A.Z. was questioned on July 21, 1967. On the surface, his testimony should have been enough to cast doubt over Mariyka's guilt: He told investigators he didn't remember Mariyka, but wouldn't recant his original charges against her in 1947. Furthermore, he said he didn't know why the typewriter had been purchased. Despite his testimony, on Aug. 28, 1967, the local KGB supported the original ruling against Mariyka.

That was not, however, the end of the story. In a Nov. 5, 1967, document marked "Secret," E. Starikov, the

assistant prosecutor of Lviv Oblast complained to Tovarysh Kyrsta, A.F., head of the investigative department of the regional KGB office, that the recent investigation had been shoddily conducted.

"The main question – was FEDUSCHAK tied with activities of OUN and did she know that she is acquiring the typewriter by the request of OUN participants, has not been determined during the course of the additional investigation," he wrote sharply.

He said the KGB had done a bad job in trying to determine the fate of K.L., the OUN leader on whose alleged orders the typewriter was purchased; the KGB in Buchach had said he was "liquidated" in 1947, but a year later affirmed he was a member of the OUN "gang."

Starikov also noted Mariyka had been sent to a labor camp without a trial.

Less than two months passed when Mariyka was handed her final verdict – the Soviet authorities, this time conclusively, reaffirmed the original case against her and she was denied rehabilitation (Dec. 15, 1967 and Dec. 27, 1967, respectively).

Mariyka's file lay dormant for nearly 24 years. Then, in July 1991, one final document was added to it.

Less than two months before Ukraine declared independence from the Soviet Union, on June 18, 1991, A.H. Kyshnarev, an assistant to the region's prosecutor, rehabilitated Mariyka.

His ruling was almost as abrupt as the one that sent her to Siberia 43 years before.

"To admit that Feduschak Mariyka Stahovna's repression by an extrajudicial organ was unfounded and falls under rehabilitation," Kyshnarev wrote in clearing her name. "Provide a document of rehabilitation."

Kyiv Post staff writer Natalia A. Feduschak can be reached at feduschak@kyivpost.com



Find your perfect beach in Kyiv

Trukhaniv island is among the top popular locations in Kyiv for cooling off summer heat. (Ukrinform)

BY ALEXANDRA MATOSKO
MATOSKO@KYIVPOST.COM

It's hot, sweaty and dry – and so are you. The sun is mercilessly burning your head and the air is dead. When you can't escape one of these typical summer days in Kyiv, the best remedy may be to stretch out on a beach bed with an icy drink in hand, or to find a sea breeze to tickle your skin, as waves softly roll in the background. →24



Inside Out

WITH YULIYA POPOVA
POPOVA@KYIVPOST.COM

A nation has to love its culture, history before others will

Saint Andrew's Descent, a quirky winding hill where artisans sell paintings and embroidery in Kyiv, is often compared to Parisian Montmartre. Sharing crooked cobble streets, history-strewn architecture and amazing vistas, they are charming time capsules.

Of course, it's unfair to compare French artistic reputation to that of Ukraine. While Paris is glutted with grand galleries and cozy art nooks beyond the Montmartre, Kyiv would struggle to kindle an artist in you. After St. Andrew's and a couple of churches, we send foreigners away to visit Odesa and Lviv. And it's not because we don't have much to celebrate, it's because we don't know how. In this sense, France offers a great lesson on protecting art and history.

Growing up, French boys and girls attend schools with names like Claude Debussy or Honore Balzac. I went to school #1 in Cherkasy named after Vladimir Lenin but it quickly shed the communist association when the Soviet Union fell through. Most high schools have kept numerical names to this day though, and only the selected few call themselves lyceums and gymnasiums, also remembering poets or country leaders in their names. Kyiv Mohyla Academy is arguably the only higher institution in the country requiring an applicant to pass entrance tests on the history of the establishment.

Academically, our schools do just fine on Ukrainian literature and world history. But when it comes to field trips, teachers would limit students' exposure to poet Taras Shevchenko's grave in Kaniv and Kyiv Pechersk Lavra monastery at best. And that already would be a voluntary act on their behalf because the education policy does not encourage any cultural outings.

So, if we are not even interested in our students learning about culture and traditions, I doubt we can do a good job promoting this in the tourist sector either.

Take the case of the French. They consider an artistic profession a respectable calling and pump money into the industry, which attracts millions of tourists each year. Along the Seine, multiple green stalls are affixed to the embankments where street vendors sell art reprints, posters and small souvenirs. These metal boxes look as unfitting as mayor Leonid Chernovetsky's green toilets along Khreshatyk Street. But just as Kyiv needs toilets because of unlimited beer drinking on the street despite official bans, →25

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'Trypilske Kolo 2010. Fire' festival

A celebration of music, folk arts and healthy lifestyle, "Trypilske Kolo 2010. Fire" festival, will take place daily through July 4 in the town of Rzhyschiv in Kyiv region. With the motto, "We light up hearts," the event bans smoking and alcohol on its territory, thus propagating healthy lifestyles among Ukrainians. The name of the festival derives from its location – Trypilske Field, which, in its turn, is named after the nearby village of Trypillya – famous as the sight of archaeological findings that date back to 5th century B.C. and came to be known as Trypillya Culture. The various folk-related entertainments will include theater plays, performances, dance school master classes and folk bands concerts, as well as screenings of Ukrainian film festivals, a fire show and various contests and competitions. On the July 2-3 evening, the guests will enjoy modern Ukrainian music. The first "Trypilske Kolo" festival was held in 2008.

Rzhyschiv (76 kilometers from Kyiv), July 1-4. Tickets Hr 80 for two days, for kids – Hr 25. For more information go to <http://tkfest.com.ua/eng>. Festival marshrutkas will depart from Vydubychi metro: July 2 – 9 a.m. till 1 p.m. and 3:50 p.m. till 5:30 p.m.; July 3 – 8:30 a.m. till 3 p.m. and July 4 – 9 a.m. till 1 p.m. Return trips – daily 5 p.m. till 10 p.m. A ride is Hr 25.



Vijay Iyer Trio

American jazz band Vijay Iyer Trio will play for Kyivans at Tchaikovsky National Music Academy on July 6. The band, made up of a pianist, drummer and double bass player, is a perfect example of a modern jazz trio – while staying faithful to the traditions of the great jazzmen such as Thelonious Monk, Duke Ellington and Andrew Hill, it features pronounced modern influences. The band leader, pianist and composer Iyer, is a son of Indian immigrants who was born and raised in New York. He is mostly a self taught-pianist. While doing work for his Ph.D. in physics at the University of California, he pursued his passion for jazz. Now in his 40s, Iyer has taken part in various projects, from classical jazz piano trios to avant-garde duets. Also, Iyer has played with such jazz celebrities as John Zorn, Roscoe Mitchell, Steve Coleman and Amiri Baraka. Iyer's band members, Stephan Crump on double bass and Macrus Gilmore on drums, are also in great demand. Crump has recently released a new solo album, while the 23-year old Gilmore is called a young genius. Despite his youth, he has already worked with Chick Corea, Dave Douglas, Ravi Coltrane, Clark Terry and others icons. The trio have been performing and recording for five years now, but their breakthrough came with the release of "Historicity" album in 2009.

Tchaikovsky National Music Academy (1/3-11 Horodetskoho). July 6, 8 p.m. Tickets Hr 80-200. To book call 095-111-55-77 or go to www.jazzinkiev.com.



'Kozak Night 2010'

"Kozak Night" party, held annually by the Kyiv Lions Club, is dedicated this year to the Ukrainian holiday of Ivana Kupala. The event is a place for foreigners and locals to mix and celebrate ancient Ukrainian traditions while raising money for charities at the same time. The common dress code at "Kozak Nights" includes folk costumes, such as vyshyvankas – or the traditional embroidered shirts. Participants will play games, go horseback riding and get the chance to take in a fair of Ukrainian arts and crafts and a fire show, while sampling traditional treats and drinks. There will be a live music program. Ivana Kupala, or Ivan's Day, is a pagan holiday annually celebrated on July 7. Initially the holiday was dedicated to the summer solstice which honored the pagan god Kupalo. But with the adoption of Christianity, it began to be celebrated on the birthday of Ivan (John) the Baptist, hence the double name. Kupalo derives from the verb "kupatysya" – "to bath" in Ukrainian, and the celebration involves a great many rites based mainly around water, fire and herbs. On Kupala night, it's customary to stay up all night and dance around and jump over bonfires. Herbs and flowers gathered on Ivan's Day are dried and kept. They are meant to have strong healing abilities. Unmarried girls would lay wreaths with burning chips or candles on the river waves to see if they are happily married, and homeowners would put nettle on the threshold and windowsills to protect themselves against witches.

Zhukov Island. July 10, 4 p.m. Transfer by shuttle buses from Shooters bar (22 Moskovska). July 10, 4 p.m. Tickets \$150 for adults, \$50 for children (adult program starts at 7 p.m.). For details contact Ozzy at ozzy@happydays.kiev.ua and Masha at masha-event@happydays.kiev.ua or 050-313-1005.



American Independence Day Picnic

The Chamber of Commerce in Ukraine is once again celebrating American Independence Day with a charitable picnic on July 3 on Spartak Stadium. More than 4,000 guests attended the event last year and this time an even bigger crowd is expected. As usual the attendees will be entertained by a variety of activities and performances: live music, DJ sets, contests, children's playgrounds, fireworks, Grand Raffle, and of course catering from some of the best city restaurants. Apart from that, the picnic is a simply a great opportunity to celebrate the major American holiday for U.S. citizens residing in Ukraine and anyone else, willing to join, while enjoying the outdoors, playing games and socializing.

Spartak stadium (105 Frunze). July 3, 4 p.m. Tickets Hr 70; Advance tickets Hr 100 include admission and five Picnic Bucks. To book, contact Sivtlana Oliinyk at 490-5800.



Bi-2

The last time Bi-2 visited Ukraine in April, they played an ambitious gig with the National Symphonic Orchestra of Ukraine at the Opera House. This time the band is coming to present soundtrack album to the new Russian comedy "O Chem Govoryat Muzhchiny" (What Men Talk About), released last March. The film is the creation of Moscow comic theater Kvartet I, and Bi-2 has collaborated with its troupe for 10 years. One of the best known mainstream rock bands in Russia, Bi-2, was founded in Belarus in 1989. Then its two frontmen, Lyova (Yehor Bortnik) and Shura (Aleksandr Uman), spent the next 10 years in Israel and Australia, before returning to Russia in 1999, when Bi-2 promptly recorded an album. A song from it, "Polkovniku Nikto Ne Pishet" ("No One Writes to Colonel"), was featured as the title soundtrack in the Russian blockbuster "Brat 2" (Brother 2), jumping them to the top of the charts in Russia.

Arena Concert Plaza (2A Basesna, 492-0000). July 9, 9 p.m. Tickets from Hr 150. To book call 331-4434.

Movies



"Mr. Nobody" (outnow.ch)

ZHOVTEN

26 Konstantynivska, 205-5951, www.zhovten-kino.kiev.ua

Mr. Nobody – July 2-7 at 7:10 p.m., 9:10 p.m.

I Don't Want To Sleep Alone – July 2-7 at 4:50 p.m., 6:50 p.m.

dialogue in the film is scarce as it is narrated mostly through sounds and scenes carefully orchestrated by Tsai.

MR. NOBODY

Language: English
Fantasy Drama/Canada/Belgium/France (2009)

Directed by Jaco Van Dormael
Starring Jared Leto, Diane Kruger, Sarah Polley and others

These days American actor Jared Leto is more often seen recording songs, shooting music videos and performing with his alternative-rock band 30 Seconds to Mars, than acting in films. However, he made an exception for Belgian director Jaco Van Dormael to star in this weird tale of a man with a very suggestive name – Nemo Nobody. Nobody leads an ordinary life with his wife, Elise (Polley) and their three children, until one day he wakes up as an old man living in the year 2092. Moreover, he turns out to be both the oldest living human and the only mortal still remaining – since in this future society nobody dies anymore. But what Nobody himself cares about is to know whether he has lived the right life, loved the woman he was meant to love and had the children he was meant to have.

I DON'T WANT TO SLEEP ALONE

Language: Taiwanese, Malay, Mandarin, Bengali

Drama/Malaysia/China/Taiwan/France/Austria (2006)

Directed by Ming-liang Tsai

Starring Kang-sheng Lee, Chiang-chyi Chen, Norman Atun and others

Malaysian director Ming-Liang Tsai, known for his minimalist approach, masterful use of light and exploration of sex as a passionless desire, here probes the theme of loneliness and people's way of avoiding it at all costs. In the center of the film is director's favorite actor, Kang-sheng Lee, who became known as his alter-ego. Lee plays two characters, which can be seen

as manifestations of one and the same person. In the credits he's listed as playing "a paralyzed guy" and "a homeless guy." As homeless guy he gets beat up by thugs while wondering the streets of Kuala Lumpur. A Bangladeshi immigrant worker Rawang picks him up from the street, takes him home, nurses him and sleeps next to him, happy to have someone to care for. Nearby lives the paralyzed guy – he is son of a café owner and a waitress provides care for him. She also pleases him at the orders of the boss. When the homeless guy recovers enough to walk, he wanders into the cafe and catches the eye of the waitress. Sex and violence linger in the air, while the city fills with mysterious haze. The



"I Don't Want to Sleep Alone" (outnow.ch)

Live Music



Michael Jackson tribute concert to be held at Art Club 44 on July 4. (drugoi.livejournal.com)

ART CLUB 44

44B Khreshchatyk, 279-4137, www.club44.com.ua

Concerts traditionally start at 8 – 10 p.m.

July 3 Boobamara, free admission

July 4 Tribute to Michael Jackson: "This Is It" movie at 7 p.m., concert, 9:30 p.m., Hr 50

July 5 The Hustler, Carte Blanche, Hr 50

July 6 Summer Jazz Night Drum Battle, Hr 50

July 7 Yevgeniy Arnautov Jazz Band, free admission

July 8 Denis Doncov Jazz Band, Hr 30

DOCKER'S ABC

15Khreshchatyk, 278-1717, www.docker.com.ua

Concerts traditionally start at 9:30-10 p.m.

July 2 Chilibombers, Chill Out, Hr 70

July 3 T7 (Tribute to 'Kino' Band), Mr.Och & His Root Boys, Hr 50

July 4 Nochnoy Kvartal, free admission

July 5 Foxtrot Music Band, free admission

July 6 More Huana, Hr 20

July 7 The Magma, Hr 30

July 8 Angie Nears, Hr 30

DOCKER PUB

25 Bohatyrskya (Heroyiv Dnipro metro), www.docker.com.ua

Concerts traditionally start at 9:30-10 p.m.

July 2 Lampasy (Russia), Mr.Och & His Root Boys, Hr 70

July 3 It Vinta, Red Rocks, Hr 70

July 4 Vostochny Express, free admission

July 5 Lemmons, free admission

July 6 Tres Deseos Latino Party, free admis-

sion
July 7 Rockin' Wolves, free admission
July 8 Animals Session, free admission

BOCHKA PYVNA ON KHMELNYTSKOHO

4B-1 Khmelnytskoho (Teatralna metro), 390-6106, www.bochka.com.ua

Concerts traditionally start at 9-10 p.m.

July 2 Bahroma Pop-Rock Band, Hr 40

July 3 Che Orchestra, Hr 60

July 4 Osimira Etno Show (Belarus), Hr 50

July 7 Miroslav Kuvaldin Project: Reggae Summer Dance, Hr 20

July 8 Kvadragesima, Hr 40

PIVARIUM

31 Prospekt Peremogy, 391-5285, http://www.pivarium.com.ua/

Concerts traditionally start at 10 p.m.

July 2 Joker's

July 3 Vytivky

July 4 G-Sound

Other live music clubs:

PORTER PUB (4 Kostyolna, 278-0490, www.porter.com.ua)

DRAFT (1/2 Khoryva (Kontraktova Ploshcha metro), 463-7330).

KHLIB CLUB (12 Frunze, www.myspace.com/xlibclub).

CHESHIRE CAT (9 Sklyarenko, 428-2717).

JAZZ DO IT (76A Velyka Vasykivska (Chervonoarmiytska), 599-7617).

O'BRIEN'S (17A Mykhaylivska, 279-1584).

DAKOTA (14G Heroyiv Stalinhgradu, 468-7410).

U KRZHKI (12/37 Dekabrystiv, 562-6262).

Compiled by Alexandra Matoshko and Svitlana Kolesnykova

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World in Ukraine

Editor's Note: The Kyiv Post continues its "World in Ukraine" series with a look at America as the United States approaches its Fourth of July Independence Day holiday. The newspaper will highlight Ukraine's ties with France, Muslim countries, Germany and India in coming months.

Where are U.S.-Ukraine relations heading?

→1 "There is not really an articulated policy toward Ukraine," said former U.S. Ambassador to Ukraine William B. Taylor Jr., who served from 2006-2009. "Obama has a general sense of who and what Ukraine is. He knows the strategic importance of Ukraine. The Obama administration treats Russia on its own, treats Ukraine on its own."

Ukraine was once on "the priority list" of both former U.S. Presidents Bill Clinton and George W. Bush. The Clinton notion back then was that Ukraine would be a cornerstone of European security and stability on the new eastern frontiers of NATO. For Bush Jr., Ukraine became a success story in promoting global democracy and part of his Kremlin-deterrent package.

"Neither of these ideas fit Obama's foreign policy strategy," said Serhiy Kudelia, assistant professor of political science at Kyiv-Mohyla Academy. "Stability on NATO's eastern frontier is being guaranteed primarily through a 'reset' in U.S.-Russian relations. Obama also distanced himself from Bush's democracy promotion agenda, viewed as a mere pretext for U.S. intervention in the countries' internal affairs around the world."

Many pro-Western Ukrainians feel the chill.

"The Ukrainians I'm speaking with are kind of assuming that the U.S. has given up on Ukraine," said Nadia Diuk, vice president of the U.S.-based National Endowment of Democracy. "They don't see strong moral or financial support. Many here were used to

the former U.S. administration's loud stance on "freedom."

But there is a positive side to not being a bargaining chip between the Russian and American superpowers.

"With the reset of Ukraine-Russia and the U.S.-Russia relations, Ukraine is not any more a mechanism for the United States to restrain Russia," said Oleh Voloshyn, Ministry of Foreign Affairs spokesman. "Ukraine also does not have to hide under the U.S. umbrella every time Russia poses a challenge to Ukraine. It is time to concentrate our relations on economics, humanitarian cooperation, trade and business, etc."

Unfulfilled potential

America's role in Ukraine's foreign trade has never been high – with an estimated \$1.5 billion in trade turnover, a paltry sum in the grand scheme of global investment.

"One of the biggest disappointments was the inability to accomplish business goals we planned on to reach in Ukraine. From the business point of view, it is refreshing to have some order now [with the President Viktor Yanukovich administration]," said Reno Domenico, head of Democrats Abroad, Ukraine and President of Sterling Business School.

American businesses, however, are still waiting for action. "The business community remains cautiously optimistic that the talk of reform will materialize into concrete actions and steps," said Jorge Zukoski, head of the Chamber of Commerce in Ukraine.

One positive signal is the return of the U.S. Overseas Private Investment



U.S. President Barack Obama holds a meeting with his Ukrainian counterpart, Viktor Yanukovich, at the Washington Convention Center as part of the Nuclear Security Summit in Washington, D.C. on April 12. (AFP)

(OPIC) to Ukraine, aimed to encourage private investment by providing risk insurance. "OPIC being back and active in the market sends a clear signal that Ukraine is in fact open for business," Zukoski said.

Many doubt whether Ukraine and the United States – with so much language, culture and geography dividing them – can truly become close.

"Government can plan on intensifying cooperation as much as it wants,"

Kudelia of Kyiv-Mohyla Academy said. "However, Ukraine is not even in the second or third tier countries for the United States. Clinton's visit is a mere act of politeness."

Andry Ignatov, deputy director for development at the Institute of World Policy, expects the Ukrainian government to help in anti-terrorism efforts and participate in military exercises with the United States and other nations.

And, of course, Ignatov said Ukraine

is likely to be in the middle of U.S.-Russia relations, trying to strike a middle course, as always. "Ukraine also will try and balance between U.S. and Russian energy projects in gas transportation and nuclear energy, aiming at exploiting the capacities of both," Ignatov said.

Kyiv Post staff writer Nataliya Bugayova can be reached at bugayova@kyivpost.com. Staff writer Mark Rachkevych contributed to this report.

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Stratfor's Friedman: 'Simplest thing the U.S. can do is to send Hillary Clinton'

BY NATALIYA BUGAYOVA
BUGAYOVA@KYIVPOST.COM

Here are excerpts from a Kyiv Post interview with George Friedman, an American political scientist and founder of the Stratfor global intelligence firm and author of several books, including the bestseller, "The Next 100 Years."

Prospects of U.S.-Ukraine relations

"U.S.-Ukraine relations will depend completely on Ukraine right now. The recent [presidential] election has produced a government which is moving away from confrontation with Moscow and moving closer to Moscow. The question is how close Ukraine will have to move. One scenario is that Ukraine remains autonomous and has bilateral relations with both Russians and with other countries.

"The second scenario is that Ukraine moves more comfortably into the Russian orbit and focuses relations on Russia. In this case, the question is whether the United States wants to be seen by the Russians as intruding in the bilateral relations, whether the United States wants to compete with Russia for Ukrainians, can it compete and whether it is in its national interests?

"Russia is looking closely at the region, particularly after the 2004 Orange Revolution. They are feeling very vulnerable. Russia had a very important reset – the reset of relations with Ukraine. The question is whether Ukrainians believe they somehow can 'have a cake out of it and eat it too': [meaning] to have bilateral relations with Russians and, nevertheless, cooperate with Americans too. They possibly can, but this is not the question of U.S. - Ukraine relations. It depends on Russia-Ukraine relations."

About Ukraine's policy

"Let's put ourselves in the position of Russia: They saw a major neighbor whose internal politics pushed it to become part of a hostile military bloc. If I were a Russian leader, I can't imagine how that could be in Russia's interest. And I would have had responded.

"Ukraine expected that the U.S. would perform a miracle and provide an umbrella in case the Russians try to



George Friedman

frighten Ukraine. Ukraine discovered this is not something that the United States can provide: It is busy elsewhere with other issues ... What was possible in 1995 was not possible in 2005. The Russians achieved it.

"Now Ukrainians have to decide how many risks they are willing to take with the Russians, how much they want to resist getting closer to Moscow and what the risks are of the Russian response and possibility that Russians will temper their response to maintain good relations with the U.S. With American forces in Afghanistan and Iraq, Russians read [that] they have a

wind of opportunity to rectify relations not only with Ukraine, but with other former Soviet Union republics. They move rather quickly to consolidate their relationships: for instance, the union with Kazakhstan and Belarus. Will they be pressing Ukraine to become a member of it and what will that mean?

"Decisions have to be made in Kyiv. However, after the 2004 Orange Revolution, Ukrainians are engaged in fantasy about how the world works. The question is whether, at this point, the Ukrainian political system arrived at the level of maturity so it is able to sort out the relations to its best advantage or it will continue to take unrealistic positions."

U.S. abandonment

"The national interests are not flat. There is a hierarchy, which is not

arranged according to what the U.S. wants it to be, but what it is dealing with at the time.

"Now, when the U.S. is involved in the Mideast to such extent, it cannot afford confrontations with Russians: Russians can ship weapons to Iran, Syria, they can destabilize situation in Afghanistan, etc. The U.S. would not want to destabilize Ukraine-Russia relations and risk the Russian response: We have people fighting in those countries and simply cannot afford it.

"American policy would be to deny that it is making such a choice, because we cannot publicly admit it. And the simplest thing the U.S. can do is to send [U.S. Secretary of State] Hillary Clinton. It costs a few thousand dollars for the flight and hotel room. She will make few speeches, but she has nothing she can promise." →26

U.S.-Ukraine Facts

- Foreign direct investment from U.S. to Ukraine: \$1.4 billion
- Percent of U.S. foreign direct investment into Ukraine as a percentage of nation's total: 3.5 percent
- Companies with U.S. capital on the Ukrainian market: 1,545.
- Major areas of involvement: agriculture, trade and financial sector.
- U.S. aid to Ukraine: more than \$3 billion since 1992. The United States remains the largest foreign technical assistance donor to Ukraine; 2010 aid figure: \$123 million
- Bilateral trade: 2009 – \$1.5 billion; 2008 – \$4.75 billion
- Bilateral trade with U.S. as a share of Ukraine's overall foreign trade: 2009 – 1.8 percent; 2008 – 3.1 percent.

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A summertime guide to Kyiv's best beaches

Public (Red Umbrella)
Private (Blue Umbrella)

Chervona Kalyna
Chortoriy
Veselka
Central
Trukhaniv
Molodizhny
Dytyachy
Peredmistseva Slobidka
Zoloty
Telbin
Sonyachny

Olmecca Plage
Venetian
Kokos
R&B Beach Cafe
Sun City

Sunbathe in the city center on Trukhaniv
Go bungee jumping at Venetian beach
Get a boat ride at Molodizhny beach
Calm and cozy Telbin Lake

→19 In Kyiv, you may not be able to realize this dream in full. Despite its many charms, the city is clearly no tropical paradise. But we have rivers, ponds and lakes cushioned by a few sandy beaches. Sadly, most of these places are not clean or safe enough to provide a pleasant rest. So, to help you find a beach that satisfies all your needs, here's an overview of the city's beaches, including free public options and private beach clubs.

Beach facts

Only three of the city's public beaches — Dytyachy (Children's) in Hydropark, Chortoriy in Druzhby Narodiv Park and Veselka on Veselka Lake — received sanitary passports from city epidemiologists this month. On the other hand, it's quite an achievement compared to the last few years, when none of the beaches got any certification whatsoever.

The sanitary passport certifies that a

→ While only three of the Kyiv public beaches are officially open for the season, many more popular spots exist for fun, swimming and suntanning alongside the mighty Dnipro River

beach is clean, disinfected and treated against ticks. It has drinking water fountains, showers, changing booths, garbage bins, first aid stations and toilets. A few more public beaches are still awaiting this certification, but so far it's just these three.

The Kyiv City Administration, however, announced that a total of 12 beaches opened for fun and play on June 9. You can find their exact locations on the map that accompanies this story in print.

Apart from Dytyachy, Chortoriy and Veselka, these include Sonyachny on Sonyachne Lake, Pushcha-Vodytsya on the Horenka River, Verbny on Verbnе Lake, Central Beach on Trukhaniv Island, Venetian and Molodizhny in Hydropark, Peredmistseva Slobidka and Zoloty on Peredmistseva Slobidka Island, and the Telbin Lake.

Most of them, however, are still considered "riverside recreation zones," which means if you want to go into the water, you do so at your own risk.

Finally, the risk is all yours if you step onto the banks of the remaining 50 lakes, canals and ponds, which have not been combed through by doctors or ecologists. Those include Holosiyivsky, Didorovsky, Sovsky and Myshelovsky ponds, ponds in Teremki-2 area and lakes Nyzhny Telbin, Vyrlytsya, Ponomarevskie, Tyahlove, Bobrovnya, Hnylusha, Kruhle, Berizka (Hydropark), Petrivske and Blakytne, basins on Bazhana prospect and others.

Free and public

The beach that was the first to get its sanitary permit, Dytyachy is not just for children as its name suggests (exit Hydropark metro, turn right before the Venetian bridge). But it's so well-equipped that it's safe to bring children along. It has bio-toilets for Hr 2 per visit and a free public toilet, but those are quite repulsive in most cases. Beach beds and umbrellas are available for rent for Hr 15 and Hr 10 per day

respectively.

The other "healthy" beach with a passport, Chortoriy is rather minimalist (exit Petrivka metro, bus across Moskovsky bridge, Druzhby Narodiv Park stop). It has only five changing booths, a public toilet and a small sports ground. However, there are also large roofed zones to shade you from the sun, an aid station and a lifeguard base to keep you safe, and a few cafes to quench thirst.

The beach on the Telbin Lake has a lot of extra features (exit Livoberezhna metro, take marshrutka No. 559, Shumskoho str. stop). Apart from 10 changing booths, three bio-toilets and a children's playground, there are nets for playing volleyball, basketball and football as well as tennis tables. There are no modern chaise lounges, but old-fashioned wooden beds which cost Hr 20 per day for adults and free for children under seven. There're no umbrellas for rent, but there are →25

Kyivans have public, private beach options

→ 24 many trees around to keep you from getting a sunburn.

Solnechny (Sunny) beach lingered in dirt and neglect for the past five years. Luckily, last month it was finally cleaned and supplied with a toilet and a sports ground. Now it also has eight changing booths, bio-toilets, and a children's playground. And for extra fun you may go for a boat ride (Hr 25 per hour) or a catamaran (Hr 30 per hour).

The main benefit of the beach on the Verbne Lake (15-minute walk from the Petrivka metro) is its exceptionally clean water – courtesy of the six underground springs. A thick line of trees along the bank provides plenty of shade. The beach also has changing booths, two bio-toilets, a drinking water fountain, a children's playground and a sports area.

Pushcha-Voditsa is the only lake-side recreation zone in Kyiv tucked away from the busy residential areas. Located on the site of a few health resorts, it boasts a rather clean beach and water. There are free beach beds (first-come, first-served) right under the trees and changing booths. You can also get a drink or a snack at the several nearby cafes and kiosks, or rent a boat or a catamaran for Hr 30-40 per hour.

Party at private beaches

Hydropark's Sun City is one of the oldest Kyiv beach clubs offering a paid patch of sand by day and a disco by night. It's also located closer to

→ Those looking for decent beach beds, clean sand and a riverside bar may find private beaches are the best option

Hydropark metro than any other paid beaches in the same area. On weekends admission is Hr 40, the rest of the week – Hr 30. The price includes a beach bed and an umbrella. When bored with swimming and sunbathing, you may go down the inflatable water slide (Hr 4 per slide) or ride a water scooter (Hr 200 for 10 minutes).

R&B Beach Cafe (Hydropark metro, Venetian beach zone) technically has free admission, but doesn't allow people with their own food or drink. So what you don't pay for with the ticket, you'd spend at least on some drinking water (about Hr 20 for a small bottle), a beach bed (Hr 25) and an umbrella (Hr 10).

Newly opened Kokos summer-club is also located in the Hydropark's Venetian beach area. The admission fee is roughly Hr 20, while a beach bed and an umbrella combination will cost you an extra Hr 30. The place is still under development, so a water slide, showers and changing booths have yet to arrive.

Olmecca Plage has replaced Opium and UAM Beach Club this summer (exit at Hydropark metro, cross Venetian beach on foot, then walk ahead). Entrance is Hr 50, which includes a beach bed, an umbrella,

and a mattress. But for Hr 200, you'll be treated as a VIP guest with an additional towel and a swimming pool.

Perhaps the most luxurious riverside rest of all is offered at the new Trukhaniv complex, located on the bank of Matviyevsky bay (Trukhaniv island, on the left side of the Pedestrian bridge, 279-8029, <http://trukhaniv-ostrov.com.ua>). It occupies a vast area and has plenty of amenities: a private beach, two large pools – the biggest is 25 meters long, and a 30-meter-long water slide. It has everything for playing badminton, darts, table tennis, beach volleyball and mini-football. You can get it all for just Hr 100 per day. Mind the fact that the complex has conference and banquet halls, and a disco bar, so it's often closed for private events. Be sure to call first and ask if the beach and pools are open for guests.

Chervona Kalyna restaurant (exit Petrovka metro, bus across the Moskovsky bridge, Druzhby Narodiv park stop) admits visitors to its small beach for Hr 50 (beach bed is included). You can also rent tennis tables complete with rackets and balls for Hr 70.

Kyiv Post lifestyle editor Alexandra Matoshko can be reached at matoshko@kyivpost.com

Popova: Nation devouring its own history

→ 19 Paris relies on its stalls to sell art work to swarms of tourists.

Each country has its own priorities, and sadly Ukraine is bigger on alcohol than art. Consider the saga of St Andrew's descent, coiled up by merchants and artists since 18th century.

Around 2006, authorities announced its souvenir trade too chaotic and called for rearrangement. In other words, they want art trade replaced with restaurants, hotels and banks for a quick fill-in of state coffers and private pockets. To enact it, city lawmakers made a small amendment to the lease rules by equating artists and businesses. It meant that a painter who previously paid \$5 per square meter in his gallery could no longer compete with a hotel that was ready to pay \$100.

Artists often deal with arson attempts, electricity cutoffs, and locks changed overnight. There have been forceful takeovers and legal battles. Smaller vendors were required to change makeshift tents with metal kiosks. At one point, one wing of the market place that sold paintings completely disappeared. Given that St Andrew's is one of the most popular art venues in Ukraine, one can only imagine what happens to smaller bohemian nooks.

Ukraine's artistic community keeps petitioning as high up as the president's offices but there are obviously not many art connoisseurs there either.

When I was telling this story to Muriel, a French vendor who sells prints of 1900's art-deco posters, she was shocked. Working across the Notre

→ Ukraine remains bigger on alcohol than art, as any walk through the city shows

Dame de Paris cathedral, she told me she was in the business for 30 years. No one has ever threatened her job. Once though, the French government tried to cut special unemployment benefits to art workers, like her. In 2003, artists rebelled against the plan by cancelling art festivals, striking on the streets and threatening to disrupt International Film Festival in Cannes.

Ukraine is big on protests too but rarely do they have impact. The St Andrew's community, although supported by famous actors and artists, represents the nostalgic glance backwards with no purchase on the immediate presence. The commercial use of heritage places makes more sense as far as jobs and paying taxes go. But on the other hand, you can't take history and culture away from its people. Places like Montmartre, St Andrew's and their likes shape national identity.

And if the state keeps devouring its own history, I would not be surprised if many more Ukrainians choose schools de Victor Hugo for their offspring.

Kyiv Post staff writer Yuliya Popova can be reached at popova@kyivpost.com

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Then Ukrainian President Viktor Yushchenko (R) shows former U.S. President Bill Clinton his Ukrainian art collection in his country home in Mezrodichi on Nov. 27, 2005. Clinton came to Kyiv on a one-day trip to sign an agreement between the Ukrainian government and the Clinton Foundation, under which the foundation will provide Kyiv assistance for programs aimed at combating AIDS and tuberculosis. (AFP)



Independence Day

On July 4, the main American holiday – Independence Day – is celebrated. It commemorates the adoption of the Declaration of Independence on July 4, 1776, in which the nation declared its sovereignty and separation from the Kingdom of Great Britain.

Independence Day Picnic

The Chamber of Commerce in Ukraine continues the longstanding tradition of annual charitable American Independence Day Picnic in Kyiv which will be held on July 3. Events include live musical entertainment, DJs, contests, children playgrounds, fireworks, a grand raffle and, of course, tasty food and cold beverages.

When: July 3, 4 p.m.

Where: Spartak Stadium, 105 Frunze Street

More information: www.chamber.ua

Useful links:

- American Chamber of Commerce in Ukraine: www.chamber.ua
- US embassy in Ukraine: <http://ukraine.usembassy.gov/>
- American Councils for International Education, Kyiv <http://www.american-councilskiyv.org.ua/>
- USAID in Ukraine: <http://ukraine.usaid.gov/>
- U.S. commercial service, Ukraine <http://www.buyusa.gov/ukraine/en/>

Stratfor's Friedman: Ukrainians never ask 'about their own intentions' in foreign policy

→23 What does Ukraine want?

"Ukrainians are always asking questions about American intentions and Russian intentions, but never about their own intentions. They are completely focused on what other players are doing. Hillary is coming and it would be good if Ukrainians try to make her interested in what they want.

"Ukrainian maturity, in which they

disguise what they would want to do within the context of what it currently possible, so they make the best situation out of it, just isn't there.

"Clinton comes. Many will think it is a major event. Hillary goes many places. 'When we can't send troops, we send Hillary.' For me as observer, it's still unclear what Ukraine's foreign policy is.

"It seems it consists of going with whatever forces seem to be more

powerful and having wishes that are completely unconnected to Ukraine's political situation or power.

"One does not notice Ukrainians thinking the following way: 'We don't want to fall into Russian arms. We are not going to search for help from Americans or Germans, etc.

Therefore, we are going to build our own military forces.' This is not discussed in Ukraine.

"Ukraine expects that other countries will subordinate their national interests in order to benefit Ukraine. It is not the way the world works."

What's next?

"If I would form Ukraine's foreign policy, I would suggest that it accepts the benefits of relations with Russians, while expecting an outside power partner to protect Ukraine's economy.

This expectation is not likely to happen. The only thing that can happen is something we don't expect, which is the united Ukrainian response: balance economic relations with Moscow and a strong political-military force. Ukraine is, after all, a major country. But then, Ukrainians do not want to spend money on military."

Kyiv Post staff writer Nataliya Bugayova can be reached at bugayova@kyivpost.com



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Next Steps...

The opening game for the Ambassador's Trophy was won by the Kiev Cricket Club ("KCC"). The League's competition begins on July 24, 2010 through August 29, 2010 with games at the "Voskhod" stadium at 6 Privokzalna Street, Kyiv. Please let us know if you would like to play. To register, you can: call **Olena Maksymenko**, BUCC Events Coordinator, +380 (44) 490-6000, e-mail at bucclondon@aol.com

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Valeriya Dmytrenko rose from the singing contest People's Star to honoring Michael Jackson with other celebrities



Singer Vitaly Kozlovsky trying to moonwalk



Honoring Michael Jackson

Eurovision song contest participant in 2010 Alyosha and DJ Pasha cheering the crowds



Opera singer Volodymyr Hryshko



Singer Andriy Kishe

→ It has been exactly one year since Michael Jackson abruptly passed away. His fans all over the world, including Ukraine, paid tribute with flowers, vigils and music. Ukrainian singers paid their respects to the man who changed the face of pop with a concert in October Palace at Independence Square. Some donned a fedora and others a sparkling glove – parts of the Jackson's signature looks. All performed their favorite songs by Jackson and described how much he influenced their careers. Jackson, an electric, enigmatic but largely troubled icon, died on June 25, 2009, at age 50 as he was preparing for a series of comeback concerts in London. His personal physician, Dr. Conrad Murray was charged with involuntary manslaughter in Jackson's death, for administering the powerful anesthetic to Jackson to help the pop star sleep. (Yaroslav Debelyi)



ManSound band



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Fagot of TNMK



Para Normalnykh duet

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Kateryna Bezyuk (L) and Alex Sikorsky (middle) of Interdean and Tatiana Borisova of BENE

Germans throw a summer party



The meat kept coming as guests were rolling in

The German embassy could not wait for the annual Oktoberfest and threw a summer picnic on June 25 for other diplomats and German and Austrian business community. Some 200 guests showed up to quench the summer heat with excellent German beer and traditional sausages. Live jazz band was entertaining the revellers. (Yaroslav Debelyi)



Joerg Scheller, sales director at OBI Ukraine



Stuntmen enacting an ancient battle for Kyiv between nomadic tribes and Slavic warriors



Stuntmen do it for real

Stuntmen giving a master-class for wanna-be diehards

Park Kyiv Rus looked like an action film set during the First International Stuntmen Festival on June 26-27. In Kyiv suburbs, stuntmen from Eastern Europe, the UK, the U.S., and Canada have been turning the earth upside down. Explosions, car and motorcycle stunts, and medieval fighting attracted a professional audience of filmmakers, producers, actors and sponsors. The common folk could also watch the show and even participate in some masterclasses. (Ukrainian photo)

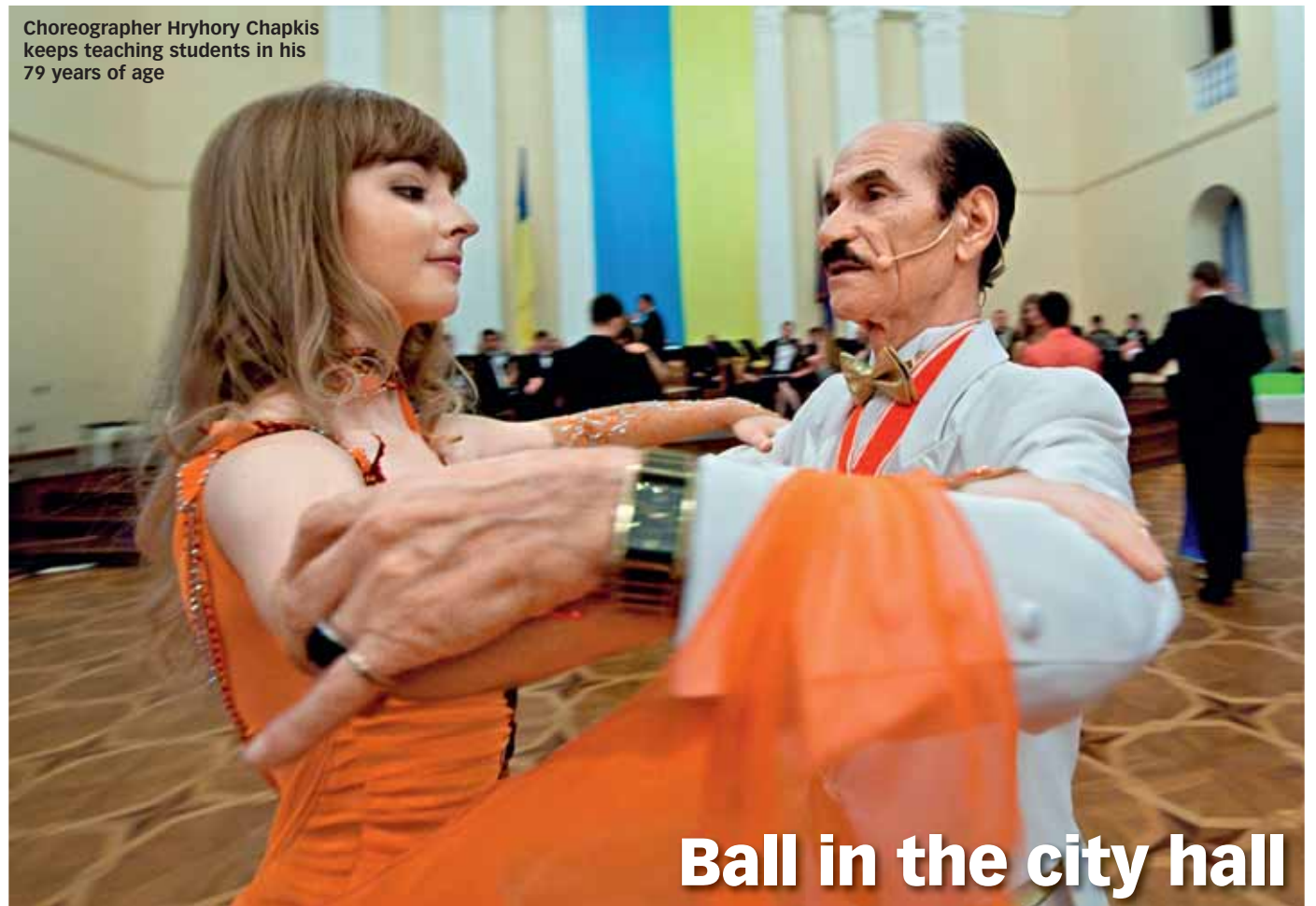


Pain and risk are a part of the job

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Actress Olha Sumska hosted the ball with her actor-husband



Choreographer Hryhory Chapkis keeps teaching students in his 79 years of age

Ball in the city hall



Deputy and major real estate developer Lev Partskhaladze partied in the office - Kyiv city hall



Vlada Litovchenko owns a model agency and a children's charity fund



A nearly red-carpet was rolled out for top graduates of technical colleges

➔ Kyiv Rada threw a fancy reception to honor best students of vocational colleges on June 24. Future drivers, hairdressers and mechanics attended a classy evening in parliament called the Golden Ball. Graduates with top marks trotted in ballroom dresses for the occasion. Mayor Leonid Chernovetsky did not make it to the dance floor, but his deputies did. Celebrities and politicians mingled with technical schools' graduates in attempt to raise the prestige of their professions and encourage others to enter it. Ukraine's most famous and perhaps oldest choreographer, Hryhory Chapkis, was encouraging the youth to pick up dancing as a hobby. He graduated railway transport college before making dancing his top job. (Ukrainian photo)

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U.S. Embassy and the Centers for Disease Control and Prevention in Ukraine are looking to fill the position of

Public Health Specialist/ Strategic Information Advisor

Basic Function of Position:

Under the President's Emergency Plan for AIDS Relief (PEPFAR), CDC is the USG agency designated to assist with HIV/AIDS strategic information (surveillance, health information systems, and monitoring and evaluation [M&E]) in Ukraine. The Technical Program Management Specialist (Strategic Information) is the HIV/AIDS M&E and surveillance portfolio manager and public health technical advisor responsible for providing technical expertise and assistance.

The specialist is a senior program specialist and key public health technical advisor responsible for HIV/AIDS Strategic Information (SI) activities within the agency in country. Job holder works at a project management level with the Committee, other Ministry of Health entities, implementing partners, non-governmental organizations, contractors and grantees to provide technical assistance that will ensure the coordination of the design and appropriate, high quality implementation and strengthening of strategic information, TB/HIV, and antiretroviral therapy programs as defined in the Country Operational Plan (COP).

Required Qualifications:

Education (successful candidate should possess one of the following degrees): a) Doctor of Public Health (DrPH) or host country equivalent; or b) Doctor of Medicine (MD) (complete higher medical education with diploma); or c) PhD or host country equivalent (candidate of science and/or above) in public health policy, epidemiology, biostatistics, demography, or behavioral science;

Experience: Three years of mid- to senior-level public health experience in the management and development of epidemiological surveillance and/or large scale surveys of HIV/AIDS prevention, treatment, or care programs is required. One additional year of experience at the managerial level is required;

Languages: Level IV (fluent) in English, Ukrainian and Russian is required.

The compensation is set at 50.250\$ (gross per year). Final salary rate will commensurate with experience of successful candidate, and will grow as the candidate acquires experience. We also offer excellent benefits package.

Full position description is available from <http://ukraine.usembassy.gov/job-opportunities.html>. Interested applicants should fax or mail their resume and letter of interest in English to the Embassy Human Resources Office, U.S. Embassy, 4 Hlybochys'ka St., fax # 490-4085 or email to: KyivHR@state.gov

The deadline for submitting applications is **July 25, 2010 at 6 P.M. Kyiv time.**



U.S. Embassy and the Centers for Disease Control and Prevention in Ukraine are looking to fill the position of

Public Health Specialist/Laboratory Advisor

Basic Function of Position:

Under the President's Emergency Plan for AIDS Relief (PEPFAR), CDC is the USG agency designated to assist with HIV/AIDS laboratory and blood safety strengthening in Ukraine.

The Public Health Specialist (Laboratory Advisor) serves as a senior scientific and technical advisor to agency officials, Ukraine Ministry of Health, implementing partners and non-governmental organizations (NGOs) in the planning and strengthening of laboratory and blood safety programs and activities. Responsibilities include program development, monitoring, reporting and close collaboration with partners to ensure that all research and analysis in laboratories and that blood transfusion service practices are carried out in accordance with program objectives and internationally recognized best practices. Partners include other agencies, Committee on HIV, TB, and Socially Dangerous Diseases, other Ministry of Health (MOH) entities, International Organizations (IO) and Non-Governmental Organizations (NGO) involved in treatment of HIV/AIDS and other diseases in country

Required Qualifications:

Education (successful candidate should possess one of the following degrees): a) Doctor of Medicine (MD) (complete higher medical education with doctoral diploma) or b) PhD or host country equivalent (candidate of science and/or above) in biology, microbiology, chemistry, or related field;

Experience: A minimum of five years of work in public health laboratory testing procedures and systems is required. Two additional years of managerial experience is required;

Languages: Level IV (fluent) in English, Ukrainian and Russian is required.

The compensation is set at 50.250\$ (gross per year). Final salary rate will commensurate with experience of successful candidate, and will grow as the candidate acquires experience. We also offer excellent benefits package.

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Please send your CV and a cover letter at: office@eba.com.ua by 18 July 2010



United Nations Population Fund (UNFPA)

UNFPA is looking for qualified candidates to fill the following Kyiv based position:

Assistant Representative

The Assistant Representative substantively contributes to the design, development and management of innovative and responsive country programme and projects.

Duties and Responsibilities:

- Participates in policy dialogue with Government counterparts, UN and other development partners to facilitate the incorporation of UNFPA's programme priorities and ICPD agenda into national plans and strategies, UN systems initiatives and development frameworks.
- Provides substantive input into the design and formulation of programmes and projects.
- Promotes a results based approach by ensuring effective monitoring and evaluation and oversight of programmes.
- Advises and reports on achievement of programme and project results and documents lessons learned and best practices through evaluation. Promotes knowledge sharing.
- Effectively networks with UN partners, donors and government and builds strategic alliances with institutions and individuals relevant to UNFPA's mandate and strategic agenda. Facilitates development of joint programmes and joint programming and other collaborative efforts with UN agencies. Contributes to the resource mobilization strategy Assists the government and other executing agencies in the coordination of assistance for population programmes.

Required Skills and Experience:

- Masters degree in health, population, demography and/or other related social science field.
- Minimum five years increasingly responsible experience of managing programmes in reproductive health, population and development, and gender equality at national level. Proven initiative-taking and team-leading skills. Excellent strategic planning, analytical, negotiating, communications and advocacy skills. Dedication to the UN principles and demonstrated ability to work harmoniously in the multi-national and multi-cultural environment required. Exposure to international working environment is an asset.
- Fluency in oral and written English, Ukrainian and Russian.

For corporate information please visit www.unfpa.org
Please apply and get more details on position at http://jobs.undp.org/cj_view_job.cfm?job_id=17741
Closing date for applications is July 15, 2010.



United Nations Population Fund (UNFPA)

UNFPA is looking for qualified candidates to fill the following Kyiv based position:

HIV/AIDS Programme Officer

Duties and Responsibilities:

- Develop and facilitate implementation of a detailed HIV/AIDS prevention action plan with focus on at risk youth, sex workers, condom programming and intensified country actions to address women and girls;
- Support and strengthen interagency coalitions and collaborations on HIV/AIDS with UNAIDS co-sponsors and other development partners;
- Leverage policy and technical support from Government, UN and non-UN organizations working in Ukraine. Ensure linkages between HIV and programme activities in the areas of Reproductive Health, Gender and Population and Development;
- Conduct evidence based advocacy, policy dialogue and provide support to national programme implementation, monitoring and evaluation.
- Assist in the review and evaluation of HIV/AIDS programmes, and provide technical support on HIV/AIDS related issues at key stages of the UN programming processes;
- Assist in resource mobilization efforts for HIV prevention programmes;

Qualification Requirements:

- Master's Degree in Public Health or social sciences, communication, education.
- At least 7 years of progressively responsible experience in HIV/AIDS or STI prevention programmes and advocacy interventions.
- Proactive and optimistic approach to challenges.
- Ability to work in a team.

Excellent oral and written English, Ukrainian and Russian languages (subject to testing).

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Kyiv Post Soccer League celebrates 10th year

1

The 10th annual Kyiv Post Soccer League tournament ended on June 27 with the ISTIL Group (orange) beating runners-up UNIQA by a score of 7-3 (1). The 16-squad tournament had support from the Football Federation of Kyiv.

JTI Ukraine player (yellow with stripes) sidesteps Gary Robert, the British Council's team captain (2).

Arsenal-Sandora (blue) has a shot blocked up close by ProFin Bank's goalkeeper at the Bannikova Stadium in central Kyiv (3).

An Imperial player (orange) steps on the ball with a UniCredit Bank defender not far behind. The six-man mini-football squads also pitted Bank Forum (white) against YUG Contract in this serious fixture (5). (6)/

Three Ernst & Young midfielders (red) surround a Wine Bureau maneuvering footballer (white). Horizon Capital team's Curtis Bjelajac looks on as his teammate heads the ball away from their zone (7).

The competition's partner was Zelmer, a Polish appliance company.

*Story by Mark Rachkevych
Photos by Serhiy Zavalnyuk*



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