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Surviving On 30 Hryvnias A Day

Ukraine's monthly minimum wage is Hr 907, or \$115. The wage dictates pensions, student aid and other social benefits – all set at similarly meager levels. Two million Ukrainians live on this amount. What is poverty like? Five volunteers agreed to try for a month; only one lasted. Here are their stories.

BY MARIA SHAMOTA AND OLESIA OLESHKO

They can't chat with their friends over a cup of coffee. They can't afford meat. They can't buy new shoes before the old ones fall apart. What they can do is eat a lot of cheap noodles and bread. They sleep in order not to feel hungry. That means they sleep a lot. They don't live. They survive. →10



Ivan Misyats goes shopping for potatoes at a market in Vyzhgorod near Kyiv. Misyats participated in an experiment to live for a month on Hr 30 hryvnias per day, the Ukrainian minimum wage. Only one of five volunteers was successful. (Yaroslav Debelyi)

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- Profiles of new generation of protest leaders. Page 13.
- European Union sets tough conditions for Ukraine to get visa-free travel. Page 15.

Ukrainska Pravda exposes presidential estate scandal

OBY MARK RACHKEVYCH
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President Viktor Yanukovich lives in a house surrounded by a multi-million dollar estate with its own bowling alley, enormous clubhouse, soon-to-be-built tennis court, a near-by hunting ground and shooting gallery.

Yanukovich's story – and he's sticking to it – is that he only owns a house on the estate and a tiny patch of land around it. The president says he doesn't know who owns the surrounding territory of 138 hectares, equal to 24 Shevchenko Parks – where massive construction and development is taking place. Nothing improper here, says the administration.

But an investigation by the popular news website, Ukrainska Pravda, and one of its investigative journalists, Serhiy Leshchenko, has revealed how Yanukovich went from occupying a modest state-owned house to becoming the entire estate's de facto lord of the manor. The website says the presidential administration didn't answer its inquiries.

In a country where pensioners struggle to get by on a meager \$100 per month, the story of how the president took control over the Mezhyhirya estate may – in the opinion of Ukrainska Pravda and others – go down in the annals of Ukraine's history as a case study of grand-scale corruption.

Leshchenko's articles revealed complicity at the highest levels of government, including former President Viktor Yushchenko and ex-premier Yulia Tymoshenko, in relinquishing government-ownership over the estate's property and for allowing the leasing of land there without competitive bids or auction. →16

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Tomorrow's News

Yanukovich going to Moscow for another round of meetings with Medvedev

Friday, Nov. 26

President Viktor Yanukovich will visit Moscow on Nov. 26 to attend the fourth meeting of the Ukrainian-Russian interstate commission, the presidential press service has reported, quoting Presidential Administration head Serhiy Lyovochkin.

Lyovochkin said that talks will center on the development of bilateral political relations, the implementation of joint high technology projects, as well as humanitarian matters.

The statement said particular attention will be paid to introducing comfortable border crossing conditions for their country's citizens as part of the agreements reached by the heads of states in Hlukhiv [a town in Sumy Oblast] on Sept. 17.

The Russo-Ukrainian commission last met in Kyiv on May 17 during Medvedev's official visit to Ukraine.

Both presidents will also hold a separate meeting outside the commission talks.

Trial date set for officers charged in student death

The first judicial hearing in the May 18 police-custody death of university student Ihor Indylo starts on Dec. 1 in Kyiv's Desnyansky District Court, according to Kyiv's prosecutor's office.

A Shevchenko District police inspector and an on-duty officer are being charged with excessive force and gross dereliction of duty, actions which allegedly lead to the death of Indylo in their custody.

Human rights activists and the victim's mother, Liudmyla Indylo, allege police viciously beat the student and let him die without seeking medical assistance in time.

Kyiv police are sticking to their original version: They allege that Indylo wasn't beaten by anyone and that he fell twice to the ground on his own, once in the dormitory where police apprehended him, and a second time at the police station while in an inebriated state.

Wednesday, Dec. 1



Demonstrators shout slogans in front of police officers during a protest in front of a police station on June 10 in Kyiv. The demonstration was sparked by the violent death of a Kyiv student on May 18 shortly after being detained by police. (Ukrainian photo)

Outdoor ice skating rink to open soon on Independence Square

Kyiv's outdoor ice rink will open for the winter season on Dec. 3 on the south end of Independence Square, according to WM-Ukraine, the company hired by the city to install and operate the ice rinks.

The 90-person capacity 20x30-meter rink will be open daily to the public from 8 a.m. until 11 p.m. The combined fee for admission and skate rental will cost between Hr 10 to Hr 35 depending on the time and day for a 45-minute skating session.

Admission and skate rental will be free for orphaned children, children residing in state-run boarding homes and schools and children from low-income families, the company announced.

There will also be a concession stand selling tea and mulled wine, a changing area, car parking as well as other amenities.

This is the third year in a row that WM-Ukraine has won a bid to install an ice rink in Kyiv. It will also operate one in the courtyard of Arena City but didn't provide a date when it will open.

Ice skaters could join tax protesters on Independence Square when the rink opens on Dec. 3. (Oleksiy Boyko)



Friday, Dec. 3

Organization to honor those who fight human trafficking in Ukraine

Thursday, Dec. 2

The International Organization for Migration Mission in Ukraine will honor individuals and organizations that have made outstanding efforts to combat human trafficking in Ukraine on International Day for the Abolition of Slavery, Dec 2.

This will be the international organization's fifth combating human trafficking awards ceremony and will take place at the Kyiv Academic Puppet Theater.

Interior Minister Anatoliy Mohyliyov, Minister for Family, Youth and Sports Ravil Safiullin, U.S. Ambassador John F. Tefft and other European Union delegation officials and ambassadors will take part in the awards ceremony.

Awards will be given to Ukrainian law-enforcement and government officials, civil-society organizations and private enterprises that have shown particular dedication in fighting human trafficking in the past year.

Compiled by Mark Rachkevych

Top Ukraine court rules in favor of RosUkrEnergo

(Staff and wire reports) — Ukraine's Supreme Court on Nov. 25 upheld an arbitration court ruling that state-owned energy company Naftogaz is required to return natural gas worth nearly \$3 billion to a company owned by Russia's state-controlled Gazprom and businessmen close to President Viktor Yanukovich.

An international arbitration court in June ruled that Naftogaz must transfer 12.1 billion cubic meters of gas to RosUkrEnergo, 50 percent owned by Gazprom and 50 percent owned by Ukrainian billionaire Dmytro Firtash and partner Ivan Fursin.

The controversial RosUkrEnergo monopolized the lucrative business of supplying Ukraine with gas from 2006 through 2008 until being cut out of the business in early 2009 by then-Prime Minister Yulia Tymoshenko.

As prime minister, Tymoshenko described the company's role as non-transparent and argued that it acted as a "parasite" on Ukraine's energy market, earning huge profits for business interests close to Yanukovich. But since she narrowly lost February's presidential

election to Yanukovich, RosUkrEnergo has gradually but steadily moved to regain the disputed gas volumes, which Ukraine acquired in early 2009 as part of a compromise with Gazprom that ended a two-week energy standoff.

All attempts by Naftogaz to appeal court rulings against its favor, which would cost it \$2.8 billion under the current price, have failed so far. The Supreme Court ruling means there are no other venues to challenge it.

"The appeal by Naftogaz has been rejected," the Supreme Court's spokeswoman said.

Government officials had not, as of late Nov. 25, confirmed whether the gas had already been transferred from Naftogaz to RosUkrEnergo. But the move was expected to be cleared in coming days.

Meanwhile, members of the opposition do not believe that the government did its best to defend Naftogaz in court, suspecting it has all along played on RosUkrEnergo's side.

"The government used the legal system to siphon big sums of money

→ After court ruling, a \$3 billion windfall for Firtash firm

out of the taxpayers' pockets to satisfy the interests of a private company," said Serhiy Vlasenko, a lawmaker and member of Tymoshenko's political camp. According to Vlasenko, the government made no real attempt to defend itself in court against the Swiss-registered gas intermediary.

Tymoshenko has — while prime minister and now as opposition leader — repeatedly claimed that Firtash and Fursin are close associates of Yanukovich and his chief of staff, Serhiy Lyovochkin. "I am sure that RosUkrEnergo is used by Yanukovich

as the main source of income for his political and non-political activities," Tymoshenko said.

Yanukovich, Lyovochkin and Firtash have repeatedly denied wrongdoing. This fall, Lyovochkin admitted to being close friend with Firtash and Fursin, but denied the existence of a conflict of interest or common business interests with them. Fursin denied comment when approached by a Kyiv Post editor this autumn. Firtash has consistently refused comment to the Kyiv Post.

But London-based Global Witness, an international anti-corruption watchdog, has repeatedly in recent years questioned the role and transparency of RosUkrEnergo.

Tymoshenko has in recent weeks called upon the international community and Ukraine's main creditor, the International Monetary Fund, to investigate RosUkrEnergo. She warns that a significant chunk of \$15.5 billion in loan assistance provided to Ukraine by the IMF could be used de facto to cover losses incurred by the transfer of the gas to RosUkrEnergo.



Dmytro Firtash

Ukraine's government said last year that it had bought the disputed gas from Gazprom for \$1.7 billion after RosUkrEnergo failed to pay the Russian gas giant for it.

Dominique Strauss-Kahn, head of the IMF, said last month that Russia should help Ukraine repay the RosUkrEnergo debt. He said cash-strapped Kyiv could not afford a straightforward cash settlement.



European Business Association News

www.eba.com.ua

Leaders Talk

Leaders Talk: This week we asked the EBA members – pharmaceutical companies – about the importance of Ukraine’s State Inspectorate for Quality Control of Medicines joining the international PIC/S (the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme).

HERE, THE EUROPEAN BUSINESS ASSOCIATION TAPS INTO THE KNOWLEDGE AND EXPERTISE OF SOME OF THE COUNTRY’S MOST SENIOR BUSINESSMEN AND BUSINESSWOMEN. WE ASK THE QUESTIONS, THEY DO THE TALKING AND HEAR IN LEADERS TALK WE BRING YOU THE ANSWERS.

VITALIY Kiryk,
Country Manager
in Ukraine
and Moldova,
Polpharma S.A.



Why was it important for Ukraine to join the PIC/S?

It is a very important step. By joining this respected international pharmaceutical community, Ukraine has demonstrated its willingness to adhere to the universal quality control standards and procedures used in the pharmaceutical industry worldwide.

The pharmaceutical operators in Ukraine count on Ukrainian control authorities’ strict conformity with international requirements followed by other countries – members of the PIC/S.

Do you foresee any improvements in medications control now that the State Inspectorate for Quality Control of Medicines is a member of the PIC/S?

It is highly desired that the quality control process give rise to less questions and criticism than now from the side of the Ukrainian market players. In cases when pharmaceutical production in the PIC/S member-country is confirmed as compliant with the norms of GMP (Good Manufacturing Practice), there is no need to control a specific medication. In other words, there is a shift in the quality control’s focus from a specific medication toward the very process of this medication’s production. The whole production process’ quality control is more efficient and less costly than quality control of each series of each produced medication. However, the previously established control requirements will remain for the producers not certified according to GMP norms. Sooner or later, all producers willing to work in Ukraine will have to pass such certification.

What impact will the PIC/S membership have on medications prices and the Ukrainian consumer market?

It is no secret that any production expenditures, including those of additional control, in the end hit the Health Care budget as well as the consumers. Membership in the PIC/S aims at reducing the control cumulative costs, so technically, it cannot result in medication prices increase.

However, there can be other price influencing factors, and a lot depends on the control authority desire to reduce quality control induced aggregate costs.

MATTHIAS Paetsch,
General Manager,
Bayer Schering
Pharma in Ukraine



Why was it important for Ukraine to join the PIC/S? How important it is for the pharmaceutical companies operating in Ukraine?

Ukraine has become the member of the PIC/S community joining other 37 countries from Europe, Asia, America. Ukraine was granted the membership along with the USA. This is a great achievement of the Ukrainian authorities and a big success for the country. It should lead to certain positive changes in the quality control process on the way to implementation of Good Manufacturing Practice standards. We also hope that networking and cooperation between the Ukrainian and international authorities might help Ukraine to avoid the problems and mistakes regarding the harmonization of the standards and requirements that had been encountered and solved earlier by the European countries in this field.

Do you expect any changes in the medications control process now that the State Inspectorate is a member of the PIC/S?

The membership aims to simplify the quality control procedure of the imported medicines for the pharmaceutical companies whose manufacturing sites are located in the PIC/S zone. The implementation, though, requires further significant efforts by the Ukrainian authorities in order to exploit the full potential offered by the membership. What needs to be done is a massive cross-check of the existing procedures and legislative documentations in Ukraine. They still do not comply with advanced European requirements, and therefore should be adapted accordingly.

Will the PIC/S membership result in any price increase for medications? In general, how will it affect the Ukrainian consumers of medicines?

I cannot see any reasons for the price increase of the medicines in Ukraine when we talk about qualitative products that have been produced, tested, transported, stored and treated within the frame of Good Practices. The co-operation has a potential to reinforce the quality of medicines in the Ukrainian market. It also should raise the profile of Ukraine as a member of the European community that supports and maintains the best practices.

Things to know

More than 160 Belgian businessmen and 200 Ukrainian business executives together with the Belgian and Ukrainian governmental officials took part in the Belgium-Ukraine Business Forum aimed to establish closer business relations between the two countries and to identify mutually beneficial trade and investment opportunities.

The forum took place on November 22, 2010, within the framework of the Belgian Economic Mission headed by His Royal Highness Prince Philippe of Belgium.

In Focus

The Disputable Tax Code

The Tax Code is a vital document for the economy of Ukraine, since it regulates the fiscal policy or, in other words, influences the revenues of the State Budget and tax burden for natural and legal entities.

The Draft Tax Code was submitted for the first reading on September 21, 2010, and has passed the second reading on November, 18. There are still about 36 pages with corrections to be considered and passed. The Verkhovna Rada has appointed the Parliamentary Committee on Tax and Customs Policy to eliminate the discrepancies and judicial mistakes. After the document is finalized, it will be up to the President to sign or put a veto upon the disputable Tax Code.

As of now, one should mention the following provisions of this document:

- The tax on income of natural persons will not discriminate among residents and non-residents. All natural persons will pay the tax on income of natural persons at the rate of 15% if the income is less than 10 minimum wages and 17% in case the income exceeds this amount.
- The costs incurred by purchasing services from non-residents may not be included into the gross expenditures and will influence the obligations of the taxpayers in terms of the Corporate Income Tax.
- Companies in Ukraine will not be allowed to include royalty paid to non-residents to gross expenditures in case non-residents are located in offshore zones and the amount of royalty payments exceeds 4% of the contract.
- The VAT paid by producers of dairy and meat products will be transferred to a special fund (when established by the State Budget Law) in the budget of Ukraine and reimbursed to the companies.
- The Tax Authorities obtain more power to conduct tax inspection. The State Tax Administration of Ukraine and law-enforcement authorities will have the right to access any premises, request accounting and financial documents, and to sequester almost any asset of both legal entities and natural persons without the court decision for up to 96 hours or four days. Assets in banks can be sequestered only by the court decision, and in case when a taxpayer has tax debt that cannot be covered by property.

The passed Tax Code is associated with both positive and negative influence on business community. Among the positive aspects are the following: tax procedures are codified in a single Tax Code; certain tax rates will be gradually decreased; the government will support certain industrial sectors. The Tax Code provides a possibility to get automatic VAT refunds and implements equal approach to residents and non-residents in terms of the individual income tax. However, there are certain negative aspects associated with the Draft Tax Code, especially in light of its rush introduction causing a lot of difficulties

for the business community and controlling authorities to adjust to the new regulations. For example, there are too many criteria of eligibility for the automatic VAT refund system, which makes it difficult to comply. The EBA lobbies for the establishment of clear procedures for automatic reimbursement of the VAT.

Also, the change of subsidy system for dairy and meat industry could lead to the reduction in supplies and in quality of milk and meat. The Tax Code imposes limits on transaction and contracts with non-residents, because of restriction to deduct payments in their favour. Also, the new Tax Code provides extraordinary powers to the tax and law-enforcement authorities.

General Manager of Amway Ukraine



NADIIA Vasylieva

The Tax Code provides obvious imbalance in tax burden over large and small business, which is particularly unfavourable for the small and micro business. The Tax Code complicates the status of individual entrepreneurs, who use the simplified taxation system. This may bring small business, which is normally the basis of any state economy, to close operations or “go into shadow”. This might cause growth in unemployment rates and more people’s wellbeing falling below the poverty line. It is also the fact that reputable direct selling companies in Ukraine, such as Amway, may be forced to abandon cooperation with the majority individual distributors, who are single tax payers, as soon as the new Tax Code comes into effect.

Partner, Head of Ernst&Young Tax and Legal Practice, Chairman of the EBA Tax Committee



VOLODYMYR Kotenko

The Tax Code passed by the Parliament is definitely the hottest topic nowadays. The text approved by the Verkhovna Rada has addressed some problems voiced by business up to date and failed to address some others. The document is still not perfect and the crowds on “maydans” are a good testament to that. The President has a good chance to fix many deficiencies, which the businesses are complaining about. There is a feeling that the President’s suggestions, if made, would be supported by the Parliament. Postponing the Tax Code enactment would definitely be one of the most awaited of the possible presidential suggestions. Various businesses should not miss the opportunity to convey their views of the Tax Code to the President’s administration.

REGIONAL News

Kharkiv’s Engineering Giant recognized at the Nuclear Engineering Fair

Ukraine’s OJSC “Turboatom” together with LLC “Rosenergokomplekt” (Russia) participated in the 5th International Industrial Forum – the Nuclear Engineering Fair – in Nizhny Novgorod, Russia, in October.

Within the framework of the forum the 2nd specialized exhibition of equipment and technologies for the Nuclear Power Plant (NPP) took place, where “Turboatom” presented its 1200 MW steam turbine for the NPP. At the concluding ceremony “Turboatom” was awarded with the Laureate Diploma in the “Basic Machine Hall Equipment” nomination.

Editorials

Push back

Time will tell, as it did during the 2004 Orange Revolution, whether the people who have taken to the streets since Nov. 18 will make a lasting impact. Is this the no-name, no-aim revolution? Or the newest catalyst for a better Ukraine? What is already clear is that the tent-city protests on Independence Square, drawing crowds that have swelled to more than 10,000 people at their peak, are a reaction to the heavy-handed governing style of President Viktor Yanukovich.

Since coming to power in February, the administration has shown disdain for democracy. Its leadership style is to either break the rules or change them to suit their needs. They stack courts. They stifle dissent and debate. They finagle ways to "legally" transfer state property and state money to their own. The tax code, yet to be signed by Yanukovich, is a case in point. The nation needs a functioning tax code, but not this legislation. The protesters' demands also include having parliamentary elections in 2011, instead of 2012, as the 1996 constitution again in force prescribes. They also demand Prime Minister Mykola Azarov's resignation.

In order to bring people out of the economic shadows, people have to have enough faith in government to pay taxes. But people don't and it's easy to see why. Not only is the government non-transparent about how it spends money, the tax system is riddled with privileges and breaks for the oligarchic elite and their offshore havens. Moreover, the tax code does nothing to reduce the burden of payroll taxes – 37 percent of an employee's salary, which forces employers to keep their workforce off the books. And the income tax, with a rate between 15 and 17 percent, is not progressive – especially given the unjust way in which private fortunes continue to be made from public assets.

Aware of the PR catastrophe that a frontal assault on the protesters would bring, Yanukovich and Azarov have chosen to denigrate the demonstrators and their causes. Meanwhile, police dampen crowds by disrupting Kyiv-bound buses from other cities. The administration is also trying to divide the protest leadership by deciding with whom to negotiate.

Hints are coming of a presidential veto of the legislation. We hope reality dawns on the administration. Contrary to the authoritarian days of ex-President Leonid Kuchma from 1994-2005, the people of Ukraine are harder to control and are more demanding of change as well as genuine compromise.

This is a healthy lesson from the Orange Revolution and its resounding success in giving Ukrainians the confidence that they not only overturn a rigged presidential election, as they did then, but also take control of their fate. Another lesson is that authoritarian regimes are always afraid of their people. Let's hope that the resolve of the protesters remains strong, and that Yanukovich is wise enough to find common ground.

Visa-free trips

Now comes the hard part. During the 14th European Union-Ukraine Summit, held in Brussels on Nov. 22, President Viktor Yanukovich secured a pledge to grant Ukrainians visa-free travel for short-term stays in EU member states. However, many difficult conditions need to be met. Yanukovich says he can deliver next year. If so, Ukraine would be a much better nation than it is today.

The administration would have to make progress in improving democracy, establishing rule of law and eliminating ubiquitous corruption. These are just three of the many conditions that have to be met in order to secure visa-free travel. One condition alone could make the whole deal a non-starter: "Adoption of legislation on preventing and fighting corruption and establishment of a single and independent anti-corruption agency." Yanukovich would have to change his position and, at last, show real desire to fight corruption. Not likely to happen.

The EU long ago decided not to simply accept Ukraine, warts and all, but rather to make the nation earn its spot among European democracies.

The European hard line on travel is unfortunate because it will only reduce the 27-nation bloc's influence over Ukraine. But it is understandable, considering that as many as six million Ukrainians work abroad – many illegally, many in Western Europe, and have no intention of returning home.

Still, other nations have seen the wisdom of encouraging Ukrainians to travel abroad. More nations in the Middle East and Asia are extending visa-free travel or making it easy for Ukrainians to obtain visas. The EU can move a step closer to helping Ukrainians by eliminating visa fees and simplifying the process. Already, according to EU statistics, only 5 percent of Ukrainians have been refused entry in the last two years, or about 5,000 people. Meanwhile, the number of Ukrainian citizens apprehended for illegally residing in the EU has gradually decreased in recent years, to 12,250 in 2009.

Let's hope this progress continues. The more freely Ukrainians travel abroad, the more they will realize how many improvements need to be made at home.



NEWS ITEM: Small business owners continue to strike on Kyiv's Maidan Nezalezhnosti in protests that gained strength after parliament approved a new tax code on Nov. 18. Demonstrators fear that higher taxes and excessive powers of tax inspectors will kill profitability. At the same time, Mykhailo Brodsky, head of the government Committee on Entrepreneurship, said the legislation is an attempt "to fight those who evade taxes, those who steal taxes." Meanwhile, journalists discovered that Cherkasy Wood Processing factory, in which Brodsky owns stock, has not been paying its share to the Pension Fund since 2008, and owes Hr 2.5 million by now. In his blog, Brodsky admitted the debt and said he would pay off Hr 1.4 million of it out of his own pocket. (Drawing by Anatoly Petrovich Vasilenko)

Yanukovich will be judged by his actions on EU integration



GEORGI GOTEV

As a journalist working at EurActiv, a private and independent media company specializing in European Union affairs, I was honored by the Kyiv Post's invitation to submit a commentary about Ukrainian President Viktor Yanukovich's visit to Brussels.

Several years ago, when I was still working for a daily newspaper in my home country of Bulgaria, we were equally interested in getting outside perspectives at key points in the country's relations with the EU and the West in general. So I am happy to return a favor that has been afforded to me in the past.

First of all, I would like Ukraine to become part of the European Union one day, because the country is genuinely European and its accession to the EU is of mutual interest. The question is, what will the EU look like on that day? I hope that the EU will remain attractive. As the Russians say, we will live and we will see.

When Yanukovich arrived in Brussels on Nov. 22, the West was expressing the same kind of doubts as it had done with regard to my country in 1995-1996 under the Socialist government of Zhan Videnov. In both cases, the West was not sure if the countries' political elite preferred the West or Russia, and it needed assurances that if Western countries invested there, their effort would not be wasted.

However, there are some differences. In Bulgaria, governments used to be weak and never lasted long. Besides, in 1999, the Socialists, in opposition at that time, abandoned

→ Some circles in Brussels suspect authoritarian regime being put in place in Ukraine

their hostility toward NATO and basically aligned with the West on all foreign policy issues. This was certainly an important milestone.

Also, when Bulgaria was being scrutinized in the same way as Ukraine is today, Russia was a very weak country under Boris Yeltsin. Today's Russia is much stronger and harbors ambitions to restore as much as possible of the global political weight it enjoyed in Soviet times.

From a Brussels perspective, Ukraine is not seen as going "back to the USSR." It is obvious that this is not in the interest of the country's political elite. Ukraine is instead seen as an empire, smaller than Russia indeed, under deep transformation, with the big question being – in which direction?

Kyiv's propaganda usually suggests that the EU should take advantage of a stable, orderly and predictable Ukraine, in contrast with the messy political atmosphere under Viktor Yushchenko and Yulia Tymoshenko. But some circles in the EU suspect Yanukovich of putting in place an authoritarian regime that is incompatible with EU values.

As I write these lines, I learn that thousands of people are rallying against the administration in Kyiv and numerous reports suggest that demonstrators who tried to → 18

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Brussels summit marks bright chapter for nation



VASYL FILIPCHUK

It's a fact that change happens. Maybe it is not always as quick or as visible as we would like it to be, with the results only becoming truly visible at some later date. Indeed change is a process and Ukraine is presently undergoing such a process.

The Nov. 22 Ukraine-European Summit in Brussels is proof that a serious and positive change is under way in the approach of Ukraine towards the EU and in the way Kyiv is endeavoring to regain its place in Europe.

My first serious diplomatic experience coincided with the first ever Ukraine-EU summit on Sept. 5, 1997, in Kyiv. The venue was the rundown Ukraine concert hall. The participants were then-President Leonid Kuchma and his motley crew representing practically the entire Ukrainian government, all wearing their trademark, Soviet-style pinstripe suits and black leather coats.

Nobody was very sure of what was happening or what they should say to the men from the EU – or even what the EU was. On the other side of the table sat the then-EU duo of Luxembourg Prime Minister Jean-Claude Juncker and EU Commission President Jacques Santer.

Santer and Juncker also seemed lost, looking around wide-eyed, trying to figure out what would be the result of their risky initiative to launch a high-level dialogue with these rather exotic and burly looking Ukrainians. Back then, EU enlargement was still very much a blueprint with a vague future and even a partnership and cooperation agreement with Ukraine was still far from entering into force. From their opposite sides of the table, the two sides weighed each other up, trying to understand what the other side was thinking and what they wanted.

Things have unbelievably changed 13 years later. On Nov. 22, the men facing each other at the 14th EU-Ukraine summit needed no introduction. Over the years, Ukraine and the EU have become increasingly familiar with each other's political landscape and personalities as meetings and dialogue between the two partners have increased.

Following a period of "stagnation" in the final years of the President Viktor Yushchenko-Prime Minister Yulia Tymoshenko tandem, relations have now picked up. Since President Viktor Yanukovich's election on Feb. 7, and his promises to intensify dialogue with the EU, Ukraine has already welcomed EU commissioners on its soil seven times.

Even one visit some years ago was considered a success. And Yanukovich himself met Commission



European Union Commissioner for Enlargement and European Neighborhood Policy Stefan Fule (R) sign one of several agreements with Ukrainian Foreign Minister Kostyantyn Gryshchenko as (background from left) Ukrainian President Viktor Yanukovich, European Union Council President Herman Van Rompuy and European Union Commission President Jose Manuel Barroso look on. The 14th Ukraine-EU Summit took place in the Val Duchesse Castle in Brussels on Nov. 22. (Andriy Mosienko)

→ Since first summit in 1997, relations with EU have made great progress

President Juan Manuel Barroso three times and European Council President Herman Van Rompuy an impressive four times in just nine months. Indeed EU leaders themselves stressed that Yanukovich was the only non-EU leader with whom they maintain such frequent working contacts at this level. And the number of working visits and meetings between EU and Ukrainian officials is far beyond one hundred.

If one compares the intensity and substance of the meetings with just one or two years ago, it is clear that significant progress has been achieved. While

each side may not always be happy with the approach and progress of the other on issues of interest, it is a matter of fact that a corner has been turned and lip service has been transformed into compromises and agreements.

This achievement was possible because of well-established bilateral contacts with the EU and internal changes in Ukraine. The establishment of political stability in Ukraine and the clear pro-European commitment of President Yanukovich paved the way for the removal of major stumbling blocks in EU-Ukraine cooperation. In a period of 5 months Ukraine implemented all the short-term reforms mentioned in so called "Fuel matrix" (a list of reforms which the European Commission expected from Ukraine in order to intensify relations) and 10 of the 15 mid-term reforms. All in all it created an excellent atmosphere for a successful and result-oriented summit.

Without a doubt the most important achievement of the Summit was the action plan for a visa free regime. It defines a clear set of conditions to open the door for the abolishment of the present visa regime for Ukrainian citizens. The steps that Ukraine needs to take include improving document security, implementation of biometric data migration → 18

Successful Lisbon summit opens way for deeper Ukraine-NATO cooperation to solve problems



JOHN F. TEFFT

The NATO Lisbon Summit on Nov. 19-20 is of major significance for all countries of Europe, including Ukraine. Major decisions were reached regarding European missile defense, NATO's new strategic concept and the military alliance's commitment to assist Afghanistan. The key documents are posted on our Embassy

website (<http://ukraine.usembassy.gov>) and merit a close reading.

For many years I have been an active participant in my country's relations with Eastern Europe, beginning with my days on the State Department's Soviet desk, and through my tour as Deputy Chief of Mission in Moscow and my time as U.S. Ambassador to Lithuania, Georgia and now Ukraine. So I have watched with interest the last few days as U.S. President Barack Obama joined European leaders in Lisbon for the historic NATO Summit, followed by a U.S.-EU Summit. I was particularly interested to observe the potential new cooperation between NATO and Russia. While Ukraine's leaders have chosen not to seek membership in NATO at this time, they know the door remains open, something that was confirmed

at Lisbon. I noted with interest President Viktor Yanukovich's decree last week establishing a commission led by Foreign Minister Kostyantyn Gryshchenko, which is charged with ensuring Ukraine's continued cooperation with NATO. Along the same lines, one need only look at the draft annual national plan which Ukrainian Ministry of Defense submitted to Yanukovich last week outlining military cooperation and exercises planned for 2011.

This is the kind of cooperation that is good for Ukraine and NATO. In adopting its new Strategic Concept, NATO leaders have taken a significant step to focus the alliance on the emerging threats of the 21st century, such as cyber attacks, terrorism, and ballistic missiles. And in a meeting with the NATO-Russia Council, the leaders agreed that the → 18



WITH SVILANA KOLESNYKOVA

When do you think Ukrainians will be able to travel to Europe without visas?



Oksana Ozerna, engineer
"The sooner, the better. Probably it depends on our Ministry of Foreign Affairs, how professional they

are. Ukrainians are ready for it even tomorrow. I heard about the recent European Union decision, but unfortunately it's nothing. All depends on the expertise of our leaders – their efforts, love to Ukraine. They must just love us."



Mykola Tymchenko, photographer
"I think in five years or so, one day it must surely happen. Most likely

that in 5 years we will implement the required reforms. However - not less than five years."



Yuri Samonov, salesman
"I am not sure, maybe before the launch of Euro 2012 [football championships]. Though

frankly speaking, no one knows if we can implement the reforms during this period. Actually, there's such a mess in the government, it's impossible to understand when and what will happen."



Oksana Otamanchuk, cost consultant
"Never. It will never happen in our country. Look at the government we have.

Until they 'eat' each other – nothing will be done."



Anya Nahorna, unemployed university graduate
"As far as I know, they are already signing some documents,

means it will happen soon. I hope so. Maybe next year we can already go visa-free, or at the end of the next year. I would very much want it."

Vox Populi is not only in print, but also online at kyivpost.com with different questions. If you have a question that you want answered, e-mail the idea to news@kyivpost.com

Mr. President, where's the FDI?

BY MARK RACHKEVYCH
RACHKEVYCH@KYIVPOST.COM

Recent figures released show that promises by President Viktor Yanukovich to boost investment into Ukraine by bringing political stability and reforms have yet to bear fruit.

Due to domestic and global factors, foreign investors continue to steer clear of Ukraine, depriving the nation of much-needed stimuli that could fuel a rebound from a recession and pave the way for years of steady growth.

On Nov. 15, Ukraine's State Statistics Committee reported that net foreign direct investment inflows were 14.3 percent down year-on-year in the first nine months of 2010, standing at a mere \$2.6 billion. That's about four fold less than the FDI that is expected to pour into Poland this year.

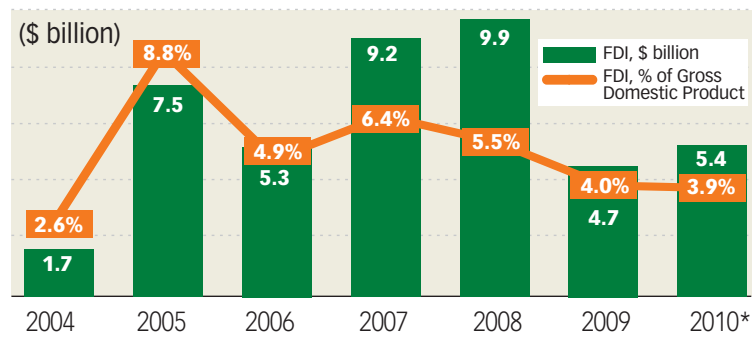
A more optimistic picture was presented in October by Ukraine's central bank. It announced then that net FDI stood at \$3.6 billion in the first nine months of the year, which was 8 percent more than the same period last year.

Up or down, economists say the FDI flow into Ukraine still remains minuscule compared to neighboring countries. Moreover, economists were quick to point out that about 35-40 percent of foreign direct investment inflows in 2009 and first nine months of 2010 were "forced" investments into the banking sector by foreign parent banks.

Still not lending in mass to individuals or corporate clients after a shaky 2009, foreign bank groups that control nearly half of the domestic market had little choice but to inject fresh cash to patch up local loan losses and meet the central bank's capital regulations.

"The amount of FDI inflows (into

Net Foreign Direct Investment Inflows to Ukraine



Note: * BG Capital estimate.

Sources: National Bank of Ukraine, BG Capital Research

Ukraine) is not enough to speed up the economy's modernization," said Vitaliy Vavryshchuk, an economist at the Kyiv office of BG Capital.

Moreover, "the bulk of FDI still comes via merger and acquisition deals and for bank recapitalization rather than into Greenfield projects," Vavryshchuk said referring to new projects that are more capital intensive and bring larger economic benefit.

In a geographic region slated to receive FDI of nearly \$90 billion in 2010, according to the Vienna Institute for Economic Studies, Ukraine will only make up less than 1 percent of that share in eastern and central Europe.

BG Capital estimates Ukraine will receive \$5.4 billion of FDI for the entire year. By comparison, Poland, Ukraine's western neighbor with 12 million fewer people, is expected to collect \$13 billion in FDI this year.

Since attaining independence in 1991, Ukraine has amassed \$53.6 billion in FDI, the central bank reported.

By comparison, Poland attracted close to \$180 billion since 1990.

In a time when European governments – including Ukraine – are battling to slash budget deficits amid reduced tax revenue and economic shortfalls, Ukraine drastically needs to raise its attractiveness to foreign investors, lest not be bypassed.

"Just look at how Ukraine is placing on various international ratings," said Oleksandr Paskhaver, an economist at the Economic Development Center and non-staff consultant to the Harvard Institute for International Development. "Its ranking is at African levels in terms of ease of doing business, level of corruption and overall investment climate," he added.

Andrew Mac, managing partner in Ukraine for Magisters, a leading Ukrainian law firm which has expanded to Russia and other CIS countries, said: "We saw a rapid decline in large scale investments from the onset of the financial crisis in 2008 through this year."

Mac added: "In Ukraine, the situation has been made worse due to political instability and an increasingly corrupt and inefficient regulatory and judicial structure. Currently, investors are relatively more content with political stability but concern with institutional corruption remains and discourage new investments. Although many are hopeful that some of the planned reforms will be addressed this next year."

The regional competition is tough for FDI. Ukraine is missing out on the much touted benefits of job creation, technology transfer, upgraded skills and competition.

What is seen in Ukraine by economists are a few big and lucrative industries, such as steel, energy and chemicals, where cozy local oligopolies keep prices unfairly high and market entry restrictive to the detriment of consumers and the overall economy.

"Foreign direct investment is critical for countries' development, especially in times of economic crisis," according to Janamitra Devan, vice president of financial and private sector development for the World Bank Group.

"It brings new and more committed capital, introduces new technologies and management styles, helps create jobs, and stimulates competition to bring down local prices and improve people's access to goods and services."

Since taking over as president in February, Yanukovich has successfully cemented vertical control over all branches of government in Ukraine. Instead of bringing much-needed stability, some experts say his moves – increasingly deemed by as a step away from democracy – seem to be fueling a fresh round of political commotion and

instability. Some fear such a scenario could derail reforms and scare away investment.

But if Yanukovich succeeds in delivering political stability and reforms – be it with an iron fist or through constructive compromises – investors could take a fresh look at Ukraine.

"Weaker investor confidence in Ukraine is due to the extended period of political turmoil and a sizable drop in economic activities," said BG Capital's Vavryshchuk. "Investors need time to reassess threats and opportunities," he added.

Economist Paskhaver painted a gloomier picture.

Yanukovich, he said, has thus far achieved nothing more than "bureaucratic order" for the benefit of his inner circle of political allies, supporting bureaucrats and oligarchs. This will not bring "economic stability" for the benefit of Ukraine's economy and average citizens, according to Paskhaver.

According to Paskhaver, the more Yanukovich concentrates efforts on entrenching his vertical grip on power, the more he will erode public trust in government, the rule of law in Ukraine as well as long-term investor confidence.

"This isn't to say that reforms are bad or coming too slow. It's just that the way they're being carried out does not correspond to what investors are used to seeing in more investor-friendly countries," Paskhaver said.

"Look at how the tax code was drafted. It wasn't open. There was no real public debate. Investors look at this and say: better to stay away."

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

Top-level corruption, bureaucracy continue to stunt desperately needed foreign investment in Ukraine

BY OLGA GNATIV AND
MARK RACHKEVYCH
GNATIV@KYIVPOST.COM

When Canada's Prime Minister Stephen Harper visited Ukraine late in October, potential investors and businesses already in Ukraine were absent from the visiting Canadian delegation.

To Canada's press, which has long heard horror stories of what it's like to do business in Ukraine, this was a signal that domestic businesses were starting to write off the former Soviet republic, including those backed by Canada's large Diaspora community with its soft heart for the "homeland."

"Two decades of trade deals, Team Canada missions, government-subsidized investments and public-private projects in Ukraine amounted to nothing: most of the investments and aid funds, officials and diplomats say, have disappeared through corruption, bribery, incompetence or outright theft in a country whose business and political culture is no longer trusted," reads a story in the Globe and Mail, one of Canada's top newspapers.

The problems are clearly deep when such prominent and respected Canadian investors as James Temerty, named this year by Ernst & Young as 'Entrepreneur Of The Year' in Ontario province, get bogged down in Ukraine's muddy business environment.

What did investing in Ukraine cost Temerty, a Canadian with Ukrainian roots? An estimated \$100 million in losses, insiders say.

Northland Power, Temerty's Canadian energy group, leaped into Ukraine more than a decade ago.

Through an investment venture, it acquired a majority stake in Kyiv-based Darnytsia Heat and Power Plant. The simple plan was to modernize the plant, turning it into a leading and efficient player on the domestic market. But instead, Northland's domestic subsidiary, UkrCanPower, spent much of the past decade defending its basic ownership rights over the investment.

Northland eventually lost the battle to an influential domestic group.

In a Kyiv Post interview, Canada's ambassador to Ukraine, Daniel Caron, stressed that the problems Canadian investors are facing in Ukraine are also hitting investors from other countries.

He is 100 percent right.

Experts say that law-abiding investors – big and small – far too often find themselves struggling to preserve control over their investments in Ukraine. If they pass over this hurdle, they often face a notoriously complex and corrupt tax system, and unruly regulators. If they are lucky and influential enough to get past these first two hurdles, the next barrier in line is often blatant corruption or unfair competitive advantages given to companies that have the ear of top officials in government and parliament.

Recent examples include the plight of leading grain traders such as Cargill, Toepfer International and Bunge, which have invested billions of dollars over the years into Ukraine's promising yet far underdeveloped agriculture sector. In a double whammy this year, Ukraine's government first squeezed their businesses by restricting grain exports to keep domestic food prices low, then issued a disproportional grain export quotas to three domestic com-



A leading Canadian company lost control over Kyiv's Darnytsia Heat and Power Plant (above), losing some \$100 million over the botched investment. (PHL)

panies in a process deemed unfair and nontransparent.

The entire affair has been "unjustified, untransparent, and unfair" according to the American Chamber of Commerce in Ukraine.

According to the Chamber, while down from that collected in previous years, this year's harvest is the third largest in Ukrainian history. The business advocacy said forecasts do not envisage a food shortage and government grain stocks are ample to avoid food security threats.

While a select group of grain companies that received the lion's share of export quotas will profit greatly amid record global grain prices, over the quotas in place until June 30, 2011 will cause up to \$2.6 billion damages to Ukraine's agricultural sector, according

to the Chamber. Moreover, the export restrictions utilized by Ukraine appear to violate World Trade Organization rules, according to the Chamber.

Like global grain traders, leading energy giants investing and operating in Ukraine, such as Shell and TNK-BP, are also fair game. They are seeing new murky deals that dent their business and Ukraine's budget deeply under the leadership of President Viktor Yanukovich.

Despite pledging to clean up Ukraine's notoriously corrupt economy and boost investment, Yanukovich's administration did nothing – until pressured by international energy companies – to stop obscure companies from importing more than 1 million tons of oil and motor fuels free of duties and taxes through a nontransparent loophole. The suspect trade took place

in recent months, accounting for 60 percent of all oil imported into the country and robbing the national budget of hundreds of millions of dollars in lost revenue.

Experts say that if Ukrainian officials had the will to close such budget-bleeding and corrupt schemes, the nation would not be so dependent on the International Monetary Fund. This summer, the IMF granted a \$15 billion standby loan to help keep Kyiv financially afloat. The assistance hangs on steps aimed at improving fiscal prudence by cutting down on corruption in which budget revenues are bilked as well as the adoption of unpopular austerity measures, such as increases on natural gas prices for households.

But as the recent activity on the grain and energy market shows, corruption seems to be flourishing, possibly with the blessing and for the personal gain of high government officials.

In September, the American Chamber of Commerce in Ukraine addressed the IMF in a letter about the activities of murky oil importers which operated freely under Yanukovich's government despite repeated complaints and obvious losses to the budget. The letter reads: "At a time when the government takes such difficult and unpopular decisions, the [duty and tax free import privileges exploited by some companies] not only allows certain companies to evade paying taxes, but also distorts free competition on the Ukrainian fuel market, threatening investment in this sector."

Kyiv Post staff writers Olga Gnativ and Mark Rachkevych can be reached at gnativ@kyivpost.com and rachkevych@kyivpost.com

In buying train tickets online, experts say customers may feed corruption

BY SVITLANA TUCHYNSKA
TUCHYNSKA@KYIVPOST.COM

A shadowy company has made at least Hr 2 million from the online sale of train tickets and stands to make millions more as the scheme is rolled out on a larger scale.

Express 2 takes a commission from all online ticket sales in a scheme dating back to March 2009 that requires the traveler to pick up a ticket ordered on the state railway website from the station. Since Nov. 15, tickets for certain routes can be printed directly from the Internet, a more convenient service that promises even larger profits for the firm.

Experts said this looks like a common scheme used to pilfer profits from the state for the benefit of private, well-connected individuals.

This case, they said, is just a small example of the estimated billions of hryvnias being siphoned out of the state budget via shadowy intermediaries, which provide various services to state companies but add little value relative to the easy profits they receive.

Tickets booked over the Internet and then picked up at the railway station carry a commission charge of at least Hr 10. According to the press service of state railway conglomerate Ukrzaliznytsia, as of November they had sold 200,000 tickets via their Internet service, giving Express 2 revenues of at least Hr 2 million in commission so far.

The commission on tickets which can now be bought and printed via the Internet is at least Hr 25, which is more than, for example, the Hr 22 cost of a train ticket to Vinnytsia.

For now, the new service has been introduced on trains between Kyiv and Dnipropetrovsk only. But Ukrzaliznytsia says it might be expanded to all routes in 2011, which could bring huge profits to the intermediary Express 2.

Neither Express 2 nor Ukrzaliznytsia would reveal details about the company, or respond to detailed questions about it.

Ukrzaliznytsia said Express 2 won a tender to provide Internet tickets. However, there is no information about



A woman buys a train ticket at the central railway station in Kyiv. State-run Ukrzaliznytsya wants more customers to buy tickets on the Internet, but a private broker's high commissions have deterred sales. (UNIAN)

the tender on the company's website.

There is no publicly accessible information about Express 2. The head of the company, Oleksandr Klimov, did not respond to a list of questions on its activities sent by fax in October. He could not be reached by telephone.

"A situation where a state company receives services from firms owned by the same people who run the state company is very common in Ukraine," said Ildar Gazizullin, an economist with Kyiv's International Center for Policy Studies. "Of course, there is no honest tender in these cases. When we talk about some very special kind of services, like repair of train cars, there are very few companies who do that, so there is not real competition which is understandable. But it's a completely different story when we talk about Internet services."

Analysts said plenty of opportunities for kickbacks exist across Ukraine's state companies.

"Naftogaz (the state gas company) has lots of subsidiaries and compa-

→ State-approved schemes exist to rip off people

nies providing various services to Naftogaz via shadowy deals," said Ihor Shevlyakov, an analyst with Kyiv's International Center for Policy Studies. "For example, they have a deal with company which is monitoring the condition of gas pipes. How these deals are made, why specific companies are chosen and why they are paid double or more of the real price for services, are huge questions" that nobody is eager to answer.

Shevlyakov said such practices are

widespread in regulatory state companies, for example those issuing licenses and permits for construction work. "Most of those state agencies have small firms under their wing which provide customers with some document or service, crucial for obtaining a permission of an agency itself. The firm has its own commission. The agency requires documents from that one firm only," Shevlyakov said.

Experts say in depth research is needed to reveal how much intermediary deals cost Ukrainian budget. But politicians from various parties have accused each other of stealing anywhere from millions to billions from the budget using intermediary firms and other corrupt schemes.

A group of Western firms were earlier this year hired by the Ministry of Finance to produce a report on corruption, including deals involving intermediaries in the previous government. Made public this fall, their report and findings reportedly cost the budget more than \$2 million. Critics described

it as abuse of budget funds and a politically-tinged attempt to discredit opposition leader Yulia Tymoshenko, a former prime minister.

In Ukrzaliznytsia's case, all financial transactions, including ticket purchases, are handled by a medium-sized bank called Express-Bank. Express 2 is a part of the bank itself, one official at the Transportation Ministry said on condition of anonymity.

More than a decade ago, Ukrzaliznytsia was one of the main shareholders of this bank. But its stake has since been diluted; majority ownership is now in private hands. The bank did not immediately respond to inquiries.

The Internet payment system introduced by Ukrzaliznytsia contrasts with those in developed countries where the price of a train ticket bought online is the same as if bought at the ticket office. The idea is that railways save money by hiring fewer ticket officers if a large amount of tickets are booked online.

"We do not know how these systems work in developed countries," said Nina Kostubinska, head of customer service at Ukrzaliznytsia. "Maybe the commission is already included in the ticket price?"

The state Anti-Monopoly Committee urges customers to complain if they consider a commission too high. "If there is an indication of state monopoly misusing its power, any customer is to appeal to us and we are to hold an investigation," said Bohdan Yakymyuk, a spokesman for the Anti-Monopoly Committee. He says no such complaints have been filed so far.

"One can find numerous companies, ready to provide the same services as Express 2 does and for a much smaller commission," said Anatoly Sobolevsky, a lawyer with the non-governmental Organization for the Protection of Consumer Rights.

"Then the question arises: Why did Ukrzaliznytsia choose a company with such a high commission if not only for the reason of getting kickbacks?"

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Akhmetov may get control of central department store

BY JOHN MARONE
MARONE@KYIVPOST.COM

Ukraine's richest man Rinat Akhmetov is poised to snap up Kyiv's aging Soviet Central Department Store and develop it into the capital's equivalent of London's luxury retail store Harrods.

Steel baron and pro-presidential lawmaker Akhmetov recently acquired a 23 percent stake in the building, located on Kyiv's main street and known by its Russian acronym TSUM. Sources said Akhmetov is set to buy a controlling stake.

The imposing brown-stone store, constructed and opened in the 1930s, has remained largely loyal to its Soviet roots over the last two decades as other new shopping venues have shot up alongside it. The clothing and household goods on offer are mostly Ukrainian-made, and the store's interior and customer service retains a Soviet feel.

But that could all change if the store falls under the control of Akhmetov, who has a number of luxury real estate

projects in Kyiv and his home town of Donetsk.

At the end of September, a subsidiary of Akhmetov's System Capital Management (SCM) holding company bought a 23 percent stake in TSUM for an undisclosed amount from businessman Valery Mazur, a former deputy minister for industrial policy.

Now, negotiations to cede Akhmetov a controlling stake in the building are in their final stages, Anton Gliwinskiy, head of corporate communications at Akhmetov's real estate holding ESTA, told the Kyiv Post.

"We want to make TSUM the best retail outlet in the country, capable of satisfying the needs of the majority of its customers," he said.

However, a final decision on the exact format of the new TSUM has yet to be taken, Gliwinskiy added.

In the meantime, the other 77 percent of TSUM is still owned by Mazur, and SCM is not telling how much they plan to pay. Mazur could not be reached for comment.

British real estate entrepreneur Terry Pickard, of NAI Pickard, valued

the TSUM building at around \$300 million. It would take another \$50 million to refurbish it into a first-class department store, Pickard added.

Pickard said the idea of developing TSUM along the business model of Harrods would make good business sense.

"If you put an upscale supermarket in the basement and attracted top brands to the other floors, it would be a magnet," he said.

With a metropolitan population of five million people and plenty of disposable income, Kyiv could more than provide the demand for such a project, according to Pickard.

If successfully managed, a refurbished TSUM would draw labels away from the fledgling Kyiv chic zones of Passazh, Arena and Mandarin Plaza.

Mandarin Plaza, for example, has been less successful than expected due to its vertical spacing set-up, Pickard said.

"Metrograd serves the lower class, Globus – the middle class, and TSUM would compete for upper-class shoppers," he said.

Kyiv's TSUM – the Russian acronym that roughly translates as central universal store – is valued at \$300 million, but needs another \$50 million in renovations to become a first-class department store, one real estate expert said.



But the owners of upper-class Kyiv shopping outlets may not be ready to hand over their customers so easily.

In July, Ukrainian media reported that a company allegedly controlled by Mandarin Plaza's Vagif Aliev won a state auction to buy 39 percent of Open Joint Stock Company TSUM for around \$11 million.

SCM insiders said this company has nothing to do with the TSUM building being sold to them by Mazur, but the privatization deal could nevertheless serve as a pretext to future court battles.

SCM, through its real estate arm ESTA Holding, also has two other real

estate projects under development in the Ukrainian capital.

If the deal is completed, it will be the latest addition to a luxury property portfolio that already includes a first-class football stadium and top-end hotel in Donetsk, as well as prime Kyiv real estate such as the Opera Hotel and the Leonardo Business Center, which he co-owns with fellow oligarch Leonid Yurushev.

ESTA Holding recently announced that it planned to invest over the next two years more than \$250 million in real estate – building and acquisition. It wants the assets it invests in to be worth over \$1 billion by 2015, according to a company press release.

→ On the move

Send On the Move news to gnativ@kyivpost.com, or contact Olga Gnativ at 234-6500.

Send business photos and press releases to: news@kyivpost.com, or contact the newsroom at 234-6310.



PETER SMITH was appointed marketing director in Ukraine for SABMiller, one of the world's largest brewing companies. Before joining SABMiller, Smith was

employed as marketing director in Central Europe by Reckitt Benckiser, a multinational household cleaning and healthcare company. Smith started his career at RTZ Limited and later moved to Kellogg Company, the world's leading producer of cereals and convenience foods. During his career he has acquired experience in the culturally diverse markets of the United Kingdom, the Republic of Ireland, South Eastern and Central Europe as well as the Middle East. Smith graduated from Liverpool University with a bachelor's degree in earth sciences.



ALEXANDRA SHCHIPAK has joined Key Language School as a tutor of English and Greek. Prior to joining the school, Shchipak worked as a translator for Ermis Domiki.

She holds a master's degree in translation in English and Greek from Mariupol State University of Humanities. Shchipak also obtained an international certificate in Greek from Aristotle University of Thessaloniki.



IVAN LISHCHYNA has been hired as coordinator of the constitutional and human rights law practice at AstapovLawyers, a Kyiv-based law firm. Prior to joining

AstapovLawyers, Lishchyna practiced international arbitration and litigation law at several law firms including Engarde, Asters and Andriy Kravets and Partners. He also worked as a lawyer at the European Court of Human Rights Secretariat for six years. Lishchyna holds a master's degree in law from Yaroslav Mudry National Law Academy of Ukraine.



ANDREY FAVOROV has been hired as managing director of Power Trade, the electricity exports and trading branch of DTEK, Ukraine's leading fuel and energy company.

Before joining the company, Favorov occupied the position of business development director of Contour Global, an international energy company. For six years he worked at IBM Global Services and Ford and Harrison in Atlanta, Georgia. Favorov has also worked as a business development director for AES, a U.S. energy corporation with assets across the globe. Favorov holds a bachelor's degree in science from the State University of Georgia in the U.S. He also earned a master's of business administration from Georgetown University.

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Ukraine's richest man, Rinat Akhmetov (second from left), celebrates the 10th anniversary of his System Capital Management holding on Nov. 19 in Donetsk. Some of Ukraine's most influential individuals attended the bash, including former President Leonid Kuchma (L), System Capital Management chief executive officer Ihor Popov (second from right), and Kuchma's wife, Ludmyla (R). (UNIAN)

SCM plans \$10 billion in investment

(Kyiv Post Staff) – System Capital Management, owned by Rinat Akhmetov, Ukraine's richest man, intends to invest up to \$10 billion in its existing assets over the next decade. The group, which

celebrated its 10th anniversary on Nov. 19 with a party in Donetsk, eastern Ukraine, wants to increase the value of its assets to over \$50 billion, according to Chief Executive Officer Oleh Popov. The company's

current value is estimated at some \$18.5 billion.

Popov said SCM had preliminary plans to expand into retail, agriculture and machine-building, Interfax-Ukraine reported.

HSBC closes its representative bank in Ukraine

(Kyiv Post Staff) – HSBC, the world's sixth-largest bank, is closing its representative office in Ukraine after a change in strategy. The acting head of HSBC's representative office, Lyudmila Chapistrak, said it was intending to focus on existing markets.

The bank registered a representative office in Ukraine in January 2008, just months before the financial crisis swept across the world, hitting Ukraine's shaky bank sector particularly hard.

TNK-BP could invest up to \$2 billion

(Reuters, Kyiv Post Staff) – Russia's third-largest oil firm, TNK-BP, said it could spend \$50 million on unconventional gas exploration in Ukraine in the next few years. The Anglo-Russian oil major has submitted applications for six exploration licenses, Alistair Ferguson, the company's vice-president in charge of gas business, said on Nov. 22.

TNK-BP Executive Director German Khan was quoted by Russian news agencies on Oct. 27 as saying that TNK-BP could invest up to \$2 billion over the next 25 years in gas exploration in Ukraine.



German Khan

Regal Petroleum says it is takeover target; Ukrainian company may be one of bidders

(Reuters) – Regal Petroleum, the London-listed oil and gas producer whose principle production asset are based in Ukraine, said it was in the early stages of takeover talks with suitors, sending shares in the troubled oil explorer soaring.

After suffering a series of setbacks this year after disappointing well results in Ukraine, the company said on Nov. 25 that it received a number of approaches after it announced plans for a strategic review and the departure of its chief executive.

Shares in Regal on the London Stock Exchange, which had fallen 86 percent since the beginning of the year, gained 38 percent on Nov. 25 to 17.5 pence at, valuing the company at about 56 million pounds.

"The background is they've got more cash than the current market cap," one analyst, who did not wish to be named, said of its potential appeal.

Regal, which earlier this year sold some of its Romanian assets to U.S. oil major Chevron for \$25 million, said in



Regal Petroleum's main hydrocarbon producing rigs (above) are in Ukraine.

September it had started discussions with Italian oil services firm Saipem regarding the three years remaining on a contract for two drilling rigs.

A Ukrainian company could be one of the interested parties said the analyst. He added that the ongoing con-

tract with Saipem for two rigs could make Regal an attractive target for an Eastern Europe-focused explorer.

"If you've got some onshore prospects and a drilling program ... why not buy Regal, take the rig contracts and get the cash," he said.

Libya farm lease deal revived

TRIPOLI, Libya (Reuters) – A stalled deal under which Libya agreed to lease 100,000 hectares of farmland in Ukraine will now be implemented, Libya's prime minister said on Nov. 23 after meeting his Ukrainian counterpart. Ukraine also agreed to use its expertise in civilian nuclear technology to help Libya develop a nuclear energy capacity, Prime Minister Al-Baghdadi Ali al-Mahmoudi told a news conference after talks with Ukraine's Mykola Azarov, who was on an official state visit to Tripoli.

The farmland lease deal was brokered last year, but since then there was a change of government in Ukraine. A Libyan official said earlier this year the deal was on hold because conditions were not right for it to go ahead. "The implementation of this agreement was delayed but today we talked frankly and agreed that, within a period not longer than six months, we will deal with all the problems and start the program," al-Mahmoudi said. On nuclear energy cooperation, he said: "Ukraine has experience and they are going to help us in this sector ... We agreed to start in this field immediately, especially in the area of training."

Until six years ago, Libya was subject to international sanctions over banned weapons programs it has



Libyan Prime Minister Baghdadi al-Mahmoudi (R) and his Ukrainian counterpart Mykola Azarov (L)

since renounced. It says it wants nuclear reactors to generate electricity and power water desalination plants. On oil and gas, the Libyan prime minister said previous agreements to give Ukrainian firms exploration concessions in Libya had not been implemented. But he said Libya, home to Africa's largest proven oil reserves, was prepared to discuss new energy projects involving Ukrainian companies.

He also said Ukrainian construction and engineering firms would have a share of lucrative contracts Libya is handing out to foreign companies to upgrade its transport system, utilities and public buildings.

The Odesa-Brody pipeline.



Russia: Pipeline U-turn could hamper Europe oil supply

MOSCOW (Reuters) – Ukraine and Belarus' reversal of oil flows along part of the Europe-bound Druzhba pipeline will prevent Russia from increasing crude deliveries to Eastern Europe, Russia's oil pipeline operator said on Nov. 23. "The southern Druzhba pipeline is running at maximum capacity so it is technically impossible for any party (using the pipeline) to increase supplies," said Igor Demin, the spokesman for Russia's pipeline monopoly, Transneft.

The southern spur of the giant Druzhba pipeline runs from Russia to Ukraine and onward to Europe via southern Belarus, and consists of two parallel pipelines, both of which Russia has traditionally used to transport its Urals URL-E crude. But Belarus, which cut down on Russian

oil imports after a pricing dispute in January, struck a deal with Ukraine in October to reverse flows to run West-East along one of the pipelines to supply its Mozyr refinery with crude from the Black Sea.

The decision to reverse flows along one of the twin pipelines means Russia, currently pumping 17.5 million tons along one of the twin lines, or the maximum load limit, has no wriggle room to increase volumes if demand rises in Europe. It also means no back-up transport route in the event of an accident, Transneft's spokesman warned. "The November pumping schedule was not that intensive, but we now won't be able to jam even one more bucket of oil through. It's obvious that if, God forbid, something happens to the pipeline, everything (supplies) would stop," said Demin.

Ever-present hunger on 30 hryvnias a day

A man gives money to an elderly woman begging in front of the 11th century St. Sofia Cathedral in Kyiv in summer. (Reuters)



→1 There are two million Ukrainians who, according to trade union data, live on the official minimum wage of Hr 907 (\$115) a month or Hr 30 (\$3.70) a day.

The minimum wage is the basic financial unit the government uses to set other financial targets, such as pensions, student stipends, social subsidies and other payments guaranteed by the laws of Ukraine.

Yet the current minimum wage is not enough to live on, as logic would tell any of us.

But the National Trade Unions Forum of Ukraine went one step further and proved it with an experiment in October involving five volunteers from five separate cities. Each of them was handed Hr 907 and asked to live on this sum for the entire month.

Only one participant, Hanna Pokotylo, a 47-year-old teacher from Ivano-Frankivsk Oblast, managed to last.

"This minimum living wage we have in Ukraine is only good to live on an isolated equatorial island," said Zaporizhzhia resident Serhiy Chyzhov, 48, who lasted for 25 days. "There you won't have to pay taxes, won't have to spend money on clothes, hygiene items, won't shave, won't pay utility bills. At the same time, you won't have children, family and friends."

None of the participants had enough to buy food and pay the bills, not to mention buying books or going to the movies – that's despite the fact that social expenses are included in the formula for calculating the minimum wage.

"This Hr 907 formally includes expenditures on cultural and social events, like going to the movies or museums," Ludmyla Cherenko, head of living standards department at the

Participants of the experiment "Living on minimum wage"



The National Trade Unions Forum of Ukraine conducted an experiment that involved five volunteers throughout Ukraine who lived on 907 hryvnias (\$115) for an entire month.

Institute for Demography and Social Research, said. "But it looks like the ticket prices are not adequately reflected here."

But the lack of social life is not the study's most shocking result. All the participants reported that they did not have enough money to cover their most basic need: food. They described their hunger and hardship in their diaries, along with the side effects of a changed diet.

"I was real frugal today and bought 'Mivina' (cheap instant noodles) and

mineral water," Leonid Alpatov, a 21-year-old student from Luhansk, said. "Frankly, this sort of lunch, if you dare call it a lunch, makes me sick. I've noticed I've become really nervous and mad. I am suffering from constant hunger."

Alpatov's condition was not exceptional. Other participants reported similar problems. All of them switched to cheaper and lower quality food; meat and fresh vegetables were replaced with bread, potatoes, cheap pasta and cereals.

The lack of nutrients ruins a body's metabolism, makes people feel worse and has many other negative side effects, said Natalia Velyka, head of the nutrition department at Bohomolets National Medical University.

"An empty stomach not only makes a person feel worse, but also causes aggression," Velyka said. Other negative effects include rapid weight loss and weakened immunity.

Hanna Pokotylo, a schoolteacher from Ivano-Frankivsk Oblast, lost three kilograms during the experiment.

→ One participant lasted only eight days on his 907 hryvnias

Two other participants became sick. Neither could afford even the most basic treatment like vitamins, antiviral or cold remedies. In case of more serious diseases, treatment would have been out of the question.

Poverty is a very real and acute condition for millions of Ukrainian pensioners, whose minimal pension of Hr 723 (\$91) falls below the minimum wage.

Other elementary needs, such as footwear and clothes, become unaffordable luxuries for those living on the minimum wage and below.

Ivan Misiats, a 30-year-old guard from Vyshgorod north of Kyiv, constantly had cold feet because his autumn shoes fell apart. "My feet got so cold today that I had to wear sneakers, because my warm shoes are not good any more," Misiats wrote in his diary. "I wanted to have them repaired, but figured it would eat up a big chunk of my budget."

The participants also had to give up social pleasures, such as meeting friends and celebrating holidays. "I was so mad and frustrated. It seems that having friends is an unaffordable luxury in our country," wrote →11

Minimal wage means meat, medicines are luxuries

→ **10** Misiats after he had to skip a meeting with his high school friend due to lack of money.

Sociologist Cherenko said that the current definition of "poverty" in the world is applicable not only to those people who are deprived of basic items, but also to those who are excluded from social life.

In order to be able to afford more than just the cheapest food, the minimal living wage in Ukraine should be at least Hr 2,000, according to trade unions calculations.

Economist Viktor Lysytsky, former adviser to ex-President Viktor Yushchenko (2005-2010), said that this figure is not impossible to achieve. "They should run a wise economic policy that would increase productivity, which will entail income increase," Lysytsky said.

The nation should set itself long-term goals, such as the expansion of industries, he said. There could also be achievable short-term goals, such as fairer distribution of income based on a more comprehensive taxation system.

"All civilized countries have flexible taxation systems," said Oleksandr Okhrimenko, president of the Ukrainian Analytical Center. "The United States, for example, introduced some tax benefits to families who take care of their old relatives. That scheme basically enables people to take part in distribution of welfare."

European countries have a so called progressive taxation scale: the wealthier a person is, the more taxes he or she pays. Income taxes in Germany vary from zero percent for the poorest to 50 percent for the richest.

The new draft of the Ukrainian tax code also contains this progressive approach, but its formula is not even close to the German one: the richest

→ **More realistic basic wage would be Hr 2,000 per month**

Ukrainians will have to pay 17 percent in income tax, while the rest of people will keep paying 15 percent as they have done before.

Some countries have introduced "luxury taxes" that make owners of yachts, exclusive cars, private jets and expensive properties pay more. In France, for example, it's applicable to everybody who owns property worth 700,000 euro and more, in Britain – to those who have houses worth at least 250,000 euro.

At the same time, Ukraine has not even got a legal definition of luxury. The new tax code offers to tax "additional" property. But due to the lack of transparent income and property declarations and many other reasons, this tax won't fill in the budget gaps.

Luhansk student Leonid Alpatov, who lasted in this experiment for only eight days, wrote: "I understand that I will return to my normal life soon. It was just a game for me, but I can't imagine what I'd feel be it my real life. I feel horrified by just thinking about it."

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Hard-luck diaries: Participants of the experiment to live on Hr 30 (\$3.70) per day kept track of their struggle to survive. Here are some excerpts:

"Today I had lunch at McDonald's. I knew I couldn't afford it, but I wanted it so much... no more McDonald's for me until the end of the experiment."

"I brought a sandwich from home. That was my lunch. On the one hand I am so proud of myself that I haven't spent much. On the other hand, I am horrified that the only thing I can think of is how to cut my expenditures. It really bothers me as there are two million Ukrainians who live this way. Unhappy people is a shame for the government."

"Went grocery shopping today – bought a bucketful of potatoes, one kilogram of salo, sunflower oil and a loaf of bread. Feel like a real Ukrainian! Of course, it's a joke, but how can one be happy with being able to buy only the most primitive food in the 21st century?"

"Some bread, 10 eggs cost me Hr 10. Eggs are the best item on my menu. You can have them boiled, scrambled, or you can make toast bread with eggs. That's much better than a sandwich."

"Enough! Can't do it any more. Going to a grocery store. I couldn't control myself. I bought chicken, tomatoes, cucumbers, cookies and sweetened condensed milk. I am such a sweet tooth. Also, I like meat. This month has been tortuous for me."

Yevhenia Suyarko,

22, journalist, Sumy, lasted for 26 days.

"Fried potatoes for lunch. I love fried potatoes, but some meat would be good too! But I have to give up on that before I pay my bills."

"Slept all day long today. He who sleeps doesn't feel hungry."

"Feeling sick today, but I am not going to buy any medication. Pills won't help me anyway. I'll just waste my money. I think I'll just stay in bed for a couple of days."

"My high school friend called me today. She wanted to catch up with me but I had to say no. I felt bad about it, as we went to school together and haven't seen each other for a while. But then I figured that would cost me some money – for transportation and for buying some gifts for her. I simply couldn't afford that. I felt frustrated. It looks like you can't afford having friends in this country. Is this the way a normal person should live? I am not a criminal, but it feels like prison. You can't go out. A plate of porridge is the only thing that makes you happy."

"I've always lived on a tight budget, but it has never been this tight."

"I feel deeply sorry for older people, especially those who do not have family to support them. They are simply abandoned."

Ivan Misiats,

30, security guard, Vyshhorod of Kyiv Oblast, lasted for 27 days

"Coffee is the only thing I can't give up. Thank God my friend shipped me some coffee from Italy. I have plenty of it."

"This weekend my colleagues are celebrating our professional holiday – Teachers' Day. I had to skip it as I can't afford even a modest contribution."

"I lost three kilograms over these days. I feel really exhausted. I've introduced a new rule – to eat an apple with sugar every day."

"I bought hair shampoo for Hr 10.50 and Colgate toothpaste for Hr 11.48. I could have bought cheaper toothpaste, but its quality would have been much worse. No, I won't be saving money at the cost of my teeth."

"I keep thinking of what my grandmother once told me: 'Hanya, when one has a dog's life there is always bread and potatoes that would keep one going.' Too bad that this saying is now applicable to so many people living in Ukraine."

"I am so tired of counting change, trying to save as much as possible and not to spend more than I can afford. I was living in constant stress and saw that my ability to work went down. It takes me longer to grade my students' papers."

"It was a joyless life. You are physically alive but you feel like it's not your real world and at some point you start hating it."

Hanna Pokotylo, *47, school teacher, Vovchynsi of Ivano-Frankivsk Oblast. Hanna is the only participant who lasted for the entire month.*

"Now I prefer public transportation to a 'marshrutka' (a mini-bus where you have to pay when you get in). When I get on the bus I am trying to exit before the ticket conductor approaches me. Kinda saving some money, but it's such a shame..."

"It got really cold outside. I wanted to run a hot bath, but then figured it would cost me Hr 3, given the new utility prices. So running a bath every day would be a luxury."

"My menu remains the same – porridge, scrambled eggs, butter, coffee and toasted bread. My wife made some borsch and vegetable stew for lunch, then I had some crackers and kefir. Buckwheat, chicken and tea for dinner."

"My wife is a medical doctor. She says I have to have 2,500 calories a day. But I am hardly getting half of this."

"I buy bread each day. I never bought so much bread before."

"I've noticed that poverty makes people think how to survive. Your basic needs become your priorities – how to provide food, to pay utilities. You get so exhausted that you can't think of anything else."

"I can't give up smoking, but I tend to smoke less because cheap cigarettes are way too nasty."

Serhiy Chyzhov,

48, trade union activist, Zaporizhzhia, lasted for 25 days

"I went grocery shopping today. Usually I would buy a French baguette, lots of different cheese, ham, veggies and coffee. But then I figured I had to live on a tight budget so I ended up buying three packs of Mivina instant noodles, mineral water and bread. I have never eaten anything like that."

"I was real frugal today – bought Mivina and mineral water. Honestly, those lunches, if you dare call that a lunch, make me sick. I've noticed I've become really nervous and mad. I am suffering from constant hunger."

"Woke up this morning and felt really sick – had a bad headache, sore throat. I was diagnosed with the flu. The doctor prescribed me Hr 350 worth of medications. Not possible, of course! Plus he said that I had to eat a lot of fruits to supply my body with vitamins."

"I understand that I will get better soon and return to my normal life. It was just a game for me, but I can't imagine what I'd feel be it my real life. I feel horrified by just thinking about it."

Leonid Alpatov, *21, student, Luhansk, lasted for 8 days.*



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Tax code protests intensify in nation



Protesters hold a monster symbolizing Ukraine's tax police at a rally in central Kyiv on Nov. 22. Several thousand Ukrainians protested tax legislation on Kyiv's central square, a step that they say will bankrupt many small enterprises. (AP)



People rally against controversial tax legislation on Independence Square in Kyiv on Nov. 22 (top photo). At bottom, people demonstrate in front of President Viktor Yanukovich's office during a rally at which thousands of small business owners participated. (Peter Byrne, UNIAN)

BY KATERYNA GRUSHENKO
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A new sign hung from a protest camp tent on Nov. 25 delivered this blunt message: "Veto or Revolution."

Tens, maybe hundreds, of thousands attended tax code protest rallies across Ukraine as pressure mounted on President Viktor Yanukovich to choose.

The demonstrators on Nov. 25 made three demands: Veto the tax code, dismiss Prime Minister Mykola Azarov and his government, and hold parliamentary elections in 2011, as called for by the 1996 constitution now in force.

As this edition of the Kyiv Post went to press, about 10,000 protesters were rallying on Kyiv's Independence Square. Mass protests also took place in Donetsk, Cherkassy, Lviv, Ternopil and Sumy.

The non-partisan tax code protest campaign is setting a precedent, according to political analysts.

"It's the first nationwide campaign since independence when citizens have risen to fight for their economic interests," Serhiy Taran, director of the Kyiv-based International Democracy Institute, said. "Four million people are trying to protect their livelihoods, not just their right to vote."

Representing small- and medium-sized business, the crowds flocked to downtown Kyiv for the second time this week on Nov. 25 to protest tax reform legislation drafted by President Viktor Yanukovich's government and adopted last week by his ruling majority in parliament.

Marking one of the largest protests since the 2004 Orange Revolution, citizens gathered on Kyiv's Independence Square and marched several blocks to the Presidential Administration, where they urged Yanukovich to veto the tax

code bill. They see the tax code, developed by Yanukovich's oligarch-backed leadership, as unfairly increasing the tax burden on small businesses while offering big tax cuts for big ones.

Protesters from across the country, including Yanukovich's hotbed of support in eastern Ukraine, see the current tax code as a broken promise. Before being elected president in February, Yanukovich campaigned on granting a five-year tax holiday to small business.

To demonstrate their resolve, hundreds of apolitical protesters led by a group of little-known organizers have spent the night on Kyiv's central square despite cold temperatures and heavy rain. They slept on 5-inch thick Styrofoam slabs in five large army tents.

Organizers of the nationwide protest, which has been supported by similar rallies in many Ukrainian cities, are also calling upon Yanukovich to put off "undemocratic" plans to move parliamentary elections back from 2011 to 2012. They have started collecting signatures to call for a nationwide referendum in which citizens could vote for a snap parliamentary and presidential election. Another demand of the protestors is for Yanukovich to sack the government of Prime Minister Mykola Azarov.

How has the government responded?

Traffic inspectors stopped hundreds of buses bringing thousands of protesters to Kyiv from across the country, according to residents in Cherkassy, Lviv, Kharkiv, Odessa and several other regions.

Svyatoslav Shvetsov, a protest organizer, said on Nov. 25 that dozens of busloads of demonstrators were turned back in Khmelnytsky on the way to Kyiv. Similar stories were reported in Lviv, Kherson, Kharkiv and Zhytomyr.

Ruslan Zorya, an entrepreneur and

→ Those on street say rich are not paying their fair share of taxes to budget

leader of the non-government Aktiv-Cherkassy group, on Nov. 24 told reporters that only 10 of the 30 buses taking people to the tax code demonstration were allowed to make the trip. The other buses were turned back for various technical violations, he said.

Cherkassy police responded that many of the bus drivers had not filed for permission to make the journey, as required by regulations.

On Nov. 24, officials from Kyiv headquarters of the traffic police announced that the bus drivers are prohibited to transport protesters during the night, citing concern for the protesters' safety and new regulations. Overall, police said they had stopped more than 500 buses bringing protesters to Kyiv from regional centers across Ukraine before the first Nov. 22 demonstration.

Television coverage of the protests has been "erratic," according to the Kyiv-based Telekritika media watchdog, which on Nov. 24 said reports from the most-watched channels contained "a little bit of censorship, hysteria and no analysis of what long-term consequences of the protest might be."

Accused in recent months of muzzling media and backsliding on democracy, the president issued a restrained response to the protests, saying → 13

Protesters want 2011 vote, new government

→ **12** he would wait until the experts analyze the final version of the code to make up his mind.

"When I look at the business representatives ... they are demanding to leave loopholes in the law to avoid paying taxes," he said on Nov. 17. "It's impossible not to pay taxes and for the country to live well."

Protest organizers agree.

"Entrepreneurs are ready to pay in honest single flat tax.... What we want is that tax code doesn't make the tax police omnipotent and we can play by simple and transparent rules," Volodymyr Dorosh said.

Prime Minister Azarov was initially dismissive of the protesters demands, but by Nov. 24 other government officials were sounding more conciliatory.

"Unfortunately, small businesses account for only several percent of the revenue system of the national and local budgets. The rest comes from big businesses," Azarov told reporters in Kyiv on Nov. 18, the day before he left for a 4-day trip to Libya and Egypt.

On Nov. 23, First Deputy Prime Minister Andriy Klyuyev said changes to the tax code could be introduced after Yanukovich signs the bill into law.

"We agreed that we would look into all suggestions, and we also said we will support good suggestions," Klyuyev was quoted by reporters as saying.

No agreements were reached, according to protest organizers, who on Nov. 24 downplayed differences between the two dozen or so organiza-

tions backing the grassroots protest campaign. Spokespersons for the group, Oleksandr Danylyuk and Oksana Prodan, said Klyuyev had consulted with some protest leaders but not negotiated any deal.

"There is no divide. Klyuyev is simply voicing what he desires instead of stating the facts. Klyuyev invited people to talk about the demands of protesters, but he invited them for consultations about what irritates entrepreneurs and small business owners the most about the new tax code. Let me stress this was not a negotiating group, but a group invited by the government to discuss the tax code," Oleksandr Danylyuk, a spokesman for the demonstrators told reporters. He added that the consultations have been held daily since tax code protesters gathered on Independence Square on Nov. 22.

Ukraine's tax system is ranked the third worst in the world after Belarus and Venezuela, according to the World Bank's "Doing Business" annual survey of 183 countries. As is the case in neighboring Russia, businesses often choose to pay bribes instead of taxes, a practice that saves time and money but brings nothing into national coffers. The president and government say it is vital to entice entrepreneurs out of this "shadow economy" if it is going to boost revenues.

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A woman shouts slogans and beats a bucket during a mass rally on Independence Square in Kyiv on Nov. 25. In recent months, small- and medium-sized business owners have repeatedly criticized the government's plan to change the tax code, passed by parliament on Nov. 18. The government has defended the tax changes, but some business leaders have said it will increase the burden on small businesses and benefit mainly big companies, many with close links to the ruling party. (AFP)



A new generation emerges on national stage



Oleksandr Danylyuk

Civic activist, lobbyist, lawyer, former Orange Revolution activist

Oleksandr Danylyuk, a 29-year-old native of Kyiv, is the same age as President Viktor Yanukovich's son Viktor Jr., who was elected to parliament on the pro-presidential party's ticket despite his lack of recognizable achievements. Danylyuk worked his way up to national prominence through activism that has made a mark on the nation. Not a recognizable figure on the national scene until this fall, when he surfaced as a top leader of the protests against government tax reform efforts, Danylyuk traces his activism to the 2004 Orange Revolution. Back then, he was just one of millions of young Ukrainians who united against election fraud in defense of democracy, justice and fair access to economic prosperity for all citizens. A lawyer, human rights advocate and poet, Danylyuk heads the All-Ukrainian Center for Business Assistance that he founded in 2005. He calls the center "a network of collective security" that lobbies the interests of small- and medium-sized business. Danylyuk graduated from Kyiv National Economic University in 2003 with master's in law and studied business and law as an intern in the Czech Republic, France and Ukraine. He authored a poetry book, titled "Pretorians: After and Before the Revolution," published in March 2009. His poems reflect upon how politicians betrayed the goals and principles of the 2004 Orange Revolution. He aims to inspire citizens to not give up, but rather become more active in defending the cause and their own interests.



Serhiy Melnychenko

Civic activist, blogger

Serhiy Melnychenko, 31, is the leader of the Coalition of Participants of the Orange Revolution, a non-governmental organization which defends citizens' rights to freedom of speech and assembly and has been aggressively fighting illegal construction in Kyiv, albeit sometimes having their own agenda. The coalition on Aug. 31 surrounded the Russian embassy in Kyiv with barbed wire to show support for Russian civil activists, who traditionally demonstrate on that day to defend citizens' rights for freedom of assembly. Melnychenko grew up in Ivano-Frankivsk, western Ukraine, where he studied at Interior Ministry academies from 1997-2005. He continued his education at Kyiv's National Interior Ministry University from 2007-2010, according to his LiveJournal page. Melnychenko believes that the ideals of the Orange Revolution were ideas which never took root. "In 2004 we repeated the mistake of 1991, when Ukraine became independent, by giving power to one group. The authorities abused the faith of ordinary Ukrainians, whereas the new authorities are practically copying the authoritarian model of Russian governance," Melnychenko said in an interview published by Voice of America on Nov. 22.



Vasyl Popik

Civic activist, taxi union founder

Popik, 43, was born in Vinnytsia, where in 1997 he created the city's first commercial taxi service. When local authorities cracked down on private taxi drivers in 1998, he founded the Federation of Transporters in Ukraine to defend their rights. The organization was renamed into All-Ukrainian Taxi Drivers Union in 2003 and now has 50,000 members nationwide. Popik's union has helped organize strikes against the government's tax reform plans by cabbies in Kyiv, Kharkiv and Ivano-Frankivsk. "I supported the Orange Revolution in my soul, but not as a public figure. You know, 5,000 taxi drivers who are the members of my union [were in eastern Ukraine and] decorated their cars with blue ribbons [to support then-presidential candidate Viktor Yanukovich], so I couldn't betray them by speaking publicly on the Maidan in 2004," he told the Kyiv Post on Nov. 24. That was then, this is now. Popik's trade union of taxi drivers, which includes some 5,000 members from Yanukovich's hometown region of Donetsk, is now - six years after the Orange Revolution - united in supporting the protests, which are pointing blame at Yanukovich himself.



Volodymyr Dorosh

Civic activist, successful businessman, organizer

Dorosh, 36, is serving as the press secretary for the protesters. He is from Chernivtsi, a western Ukrainian town that is close to the border with Romania. He is well known there as a civil society activist, having spent much of his career working with non-government groups and representing business groups in local and regional government councils. He studied at the Chernivtsi State University, receiving a degree in accounting and audit in 2007. He chaired the board of the Antena factory from 2003 to 2009 and several local civic organizations, including the Bukovyna Foundation for Regulatory Reform Support, Association of Bukovyna Markets, Young Ukrainian Patriots and the Chernivtsi branch of the People's Democratic Party. Like many of the protest leaders, he was not known on the national scene until now.



Svyatoslav Shvetsov

Civic activist, Socialist

Svyatoslav Shvetsov, 38, hails from Kyiv and is a longtime civic activist. Before involving himself with the tax code, he supported grassroots organizations defending the rights of depositors who struggled to get a hold of their savings from banks that were hit hard by the 2008-2009 global financial crisis and recession. Since 2004, Shvetsov has been a frequent contributor on civic society issues to Internet media and political discussion. The self-proclaimed Socialist's last op-ed published by Ukraine's leading *Ukrainska Pravda* website, titled "Ukrainian patriot games and the meaning of nationalism," generated hundreds of reader comments.



Oksana Prodan

Civic activist, economist, lawyer

Oksana Prodan, the 34-year old Chernivtsi native, has held a number of positions in government councils when Yulia Tymoshenko served as prime minister. Secretary of the Council of Importers (2005), deputy chairwoman of the foreign economic council (2005), head of the Council of Entrepreneurs (2008-2010). She has headed the committee of entrepreneurs in the shadow government since May. Prodan graduated from the Chernivtsi State University during the early 2000s with degrees in accounting, auditing and law. She put her knowledge to work at Uktrans-Chernivtsi, a logistics and freight forwarding company and relocated to Kyiv in 2005.



Mykhailo Volynets

Trade union activist, opposition deputy

The 54-year-old Mykhailo Volynets is much more than a lawmaker and longtime ally of opposition leader Yulia Tymoshenko. He founded the All-Ukraine Independent Labor Union in 1997 and currently serves as Chairman of the Confederation of Free Labor Unions and the Independent Labor Union of Coal Miners. His labor organizations are the only ones in Ukraine, a country where labor unions are tightly controlled by government and oligarchs, recognized by the US-based AFL-CIO as being independent and honest in its representation of the interests of labor. Volynets has spent nearly 25 years organizing trade unions. While he isn't one of the protest's original organizers, the largely apolitical protest organizers have brought him on to help with organizational matters and fuel support from his vast union membership.

My night on Maidan with ordinary people

BY KATERYNA GRUSHENKO
GRUSHENKO@KYIVPOST.COM

Nov. 22 was my first night on Maidan. I spent the night on Kyiv's main square with protesters in tents and stood outside, despite the cold rain, to get a feeling for why a small group of fellow citizens are demonstrating Orange Revolution-style resolve.

Six years earlier, while studying in the United States as a 16-year-old, my only opportunity to get a glance of the Orange Revolution was on television. It was distant and crazy to see such a big event unfolding in my country from afar.

From southern Ukraine, my family backed Viktor Yanukovich in 2004. That made the Orange Revolution not quite a victory for me. Back in 2004, it made no sense to me why thousands of people would spend night after night outside in freezing weather.

On Nov. 22, I found ordinary Ukrainians from all parts of the country taking an honorable and perhaps desperate stand for their survival.

Early hours

The crowd wasn't huge by midnight. A large protest had fizzled out hours earlier. But somehow, Independence Square buzzed with activity into daylight on Nov. 23.

Two tents and a stage had been set up the night before. But within a few hours, several more tents popped up. Around 2 a.m., supplies such as plastic chairs and foam plastic mats were delivered. Gradually, what started off as a grim tent city became civilized.

Hot tea and food were served, some donated by supporters. Police were always nearby, making the night tense for some expecting a crackdown. But with influential opposition parliamentarians nearby and demonstrators playing guitars, the night suddenly got a bit more cheery.

An odd mix

The group spending the night out on Maidan included young protest organizers such as Serhiy Melnychenko, a hard-core activist from Orange Revolution days, as well as group of middle-aged mothers from eastern Ukraine, Yanukovich's hotbed of support.

The rules and orders in the new tent city were clearly set by young protest organizers such as Melnychenko. But the tent city was much more than activists and lawmakers. Ordinary Ukrainians from east and west had joined to defend their "economic freedom."

Dinner with mothers

After a late dinner, older women from eastern Ukraine made their way into the warmth of newly set up tents. Lively conversations started. The entrepreneurs shared their hardships, explaining that they were ready to fight "to the end" for a brighter future.

The three female entrepreneurs came from Pavlohrad, a city in Dnipropetrovsk Oblast, just for a day, but decided to remain in Kyiv overnight. Having settled on the Styrofoam mats that served as beds and putting purses under their heads, the women

were not in the mood to sleep.

Lubov Mykhaolova, 47, sent her husband home to work at the street market while she remained on Maidan to fight for her family. In order to get cash for her business in the street market, she mortgaged her flat. Now the family is at risk of losing their home.

"I buy the goods for my business at the wholesale street market. They don't give invoices there [that are required by the new tax code]. Even if the tax code comes into force on April 1, I still have packs of summer clothes that I won't be able to sell off-season," she said, explaining her motivation for protesting.

Mykhaolova remembered how she and others who lost jobs after the collapse of the Soviet Union survived without government help by setting up small businesses. She argued that political leaders who acquired most of the nation's richest assets during the 1990s have "no moral right" to cut into the minuscule salaries and incomes of small businesses.

"I used to work at the military plant as a technologist on metalwork. In the mid-'90s, our salaries were paid with sacks of sugar. In order to get some cash, I went to the street market to sell my sugar. Then I saw that I might be able to make some money there and started selling clothes. Now I have a stand in the shopping mall and my husband has a stand at the street market," she said.

Mykhaolova's neighbor, Tetyana Panchokha, 52, interrupted.

"I sold everything and invested into the stalls on the street market for me



Lyubov Mykhaolova, 47, (L) is one of several mothers from eastern Ukraine who spent the night on Maidan overnight on Nov. 22.

and my daughter. Now we are on the verge of losing everything, because payments to the Pension Fund are going to be raised from the new year, the tax police will have way too many rights and I won't have any place to buy goods because I won't be able to buy from the wholesales markets," she complained.

"Do you think I can find a job at my age? Or do you think I like to stand on the street market in the snow and in the sun?" she said indignantly, adding she would keep protesting on the square.

The Party of Regions won the local elections in Pavlohrad. But the entrepreneurs said they hadn't seen such fraudulent elections since Ukraine's independence.

Many residents of Pavlohrad voted for Yanukovich during the presidential elections, but few still backed the president's party in the Oct. 31 local elections. And "now people regret" having ever supported Yanukovich, Panchokha said.

Oleksandr's story

Oleksandr, 42, who didn't tell his surname because he was afraid of being persecuted by tax police, has a few stalls in a market where he sells car-

pets. An engineer of food technologies by training, he said, he was ashamed at first to work at the street market. But he got used to it.

Wrapped in a blue-and-white blanket on Maidan at night, Oleksandr stretched legs that he said hurt from standing in the street market in the cold.

After being hassled for bribes by the tax police, he complained that tax collectors would just start asking for bigger bribes if the new tax code is implemented. The code foresees higher fines for tax violations.

"It would be just like with the road police. When the fines got bigger, they started asking for more money in bribes," he said. When asked how long he would stay on Maidan, Oleksandr responded: "As long as it takes to change the tax code."

Later that night, the rain came down hard and lasted for the next several days. By Nov. 25, the rain stopped and thousands of new protesters had joined. They, as I, were inspired by the few who spent what turned out to be a warm night on Maidan, if one didn't pay attention to the weather.

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Visa-free travel to Europe rests on commitment to democracy

BY YURIY ONYSHKIV
ONYSHKIV@KYIVPOST.COM

BRUSSELS, BELGIUM – One clear sign that winning visa-free travel to Europe will not happen anytime soon for Ukrainians can be found in the official statement issued from Brussels on Nov. 22, after the 14th Ukraine-European Union Summit.

“The action plan sets out all technical conditions to be met by Ukraine in order to progress towards the establishment of a visa-free regime as a long-term perspective for short-stay travel for Ukrainian citizens,” the statement reads.

And there are a lot of conditions. Among them:

- Adoption of legislation on preventing and fighting corruption and establishment of a single and independent anti-corruption agency;
- Addressing external relations issues (including human rights and fundamental freedoms) linked to the movement of persons;
- Adoption of biometric international passports to reduce identity fraud;
- Establishment of training programs and adoption of ethical codes on anti-corruption involving public officials involved in issuing passports, border control and customs;
- Better border management to end Ukraine’s status as a transit point and source of illegal migrants to Europe;
- Preventing and fighting organized crime; and

• Adoption of a national strategy for the prevention and fighting of money laundering.

There are many other similar conditions in the action plan and also in a detailed resolution on Ukraine passed on Nov. 25 by the European Parliament.

When asked during a press conference when Ukrainians will travel to the EU without visas, European Commission President Jose Manuel Barroso responded that progress depends on Ukraine’s performance. Ukrainian President Viktor Yanukovich declared that Ukraine would meet the conditions by the first half of 2011, requiring rapid and dramatic change in the nation.

Also, Kyiv and Brussels signed a protocol on Ukraine’s participation in EU-funded programs. According to the document, Kyiv will have to contribute financially to the general budget of the EU “corresponding to the specific programs in which Ukraine participates” and, in return, will get access to greater amounts of financing for its own domestic projects.

While praising stability in Ukraine, the EU officials were blunt in speaking about the much needed commitment of the Ukrainian government to common values – what the EU calls human rights, good governance and democracy.

“The parties discussed the issue of respect for human rights, fundamental freedoms, democratic values and the rule of law based on an independent and impartial judiciary. They stressed



The Castle of Val Duchesse was the scene of the 14th Ukraine-European Union Summit on Nov. 22. (Andriy Mosienko)

in particular the importance of a free media,” read the joint statement of the summit.

The Belgian venue for the summit was the old Castle of Val Duchesse, famous for hosting final talks on the Treaty of Rome in 1957, which led to the creation of the European Union. Despite the beauty of the building, the room for the press conference could not fit many European and Ukrainian journalists that showed up for the event, leading guards to unceremoniously and rudely push journalists outside.

Skepticism easily surfaced about the Ukrainian leadership’s will to match lofty democratic rhetoric with actions.

“I don’t see the de-corruption of Ukraine happening any time soon,” said Michael Emerson, a research fellow from the Brussels-based Center for European Policy Studies. “And the example of the tax code and the tax police looks like structural improvement in the conditions for corruption [to flourish]. So, in that sense, the prospect of the EU conditions being satisfied is becoming more remote.”

And devising a plan that Ukraine would fail to meet may have been part of the EU aim, one analyst said.

Amanda Paul, senior policy analyst with the Brussels-based European Policy Center, said: “Perhaps the EU

delivered Ukraine an action plan of such difficulty to implement in the hope that Ukraine will never ever implement, so they would actually never have a visa-free regime at the end of the day.”

Others say that the plan is entirely realistic if Ukraine is serious about democracy and European values.

“I don’t think that the action plan is overly ambitious. I think this is a very fair document,” said Viorel Ursu of the Open Society Institute in Brussels. “If you look at the road map [regarding the visa-free regime with the EU] that the Western Balkans received three years ago, the Ukraine’s action plan is more or less the same template.”

Ukraine would like to see its citizens be able to travel to Europe, visa-free, for up to 90 days by the time it hosts the Euro 2012 football championships. “According to the preliminary assessment, it is desirable that the no visa regime with the EU is implemented by 2012,” said Mykhaylo Pashkov, a foreign policy analyst at the Kyiv-based Razumkov Center.

Given the financial difficulties of Ukraine, whose government is dependent on a \$15.5 billion line of credit from the International Monetary Fund, it is hard to see how it will come up with the money to meet EU conditions for visa-free travel and budget contributions to the 27-nation bloc.

Yanukovich did not touch on the costs during the summit.

Kyiv Post staff writer Yuriy Onyshkiv can be reached at onyshkiv@kyivpost.com

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How did president get luxury estate?

→1 Ukrainska Pravda also linked the owners of companies implicated in the Mezhyhirya estate to Yanukovych, his political entourage, including his elder son, Oleksandr, and identified one Donetsk-based bank through which all the Mezhyhirya companies did their business.

It then traced how a multi-layer web of dummy companies, trust managers and front men stretching from to Lichtenstein and England were used to disguise the real masters of Mezhyhirya.

Here is the abridged version in English of the Ukrainska Pravda story:

Yanukovych on June 4 described his relationship to the 138-hectare Mezhyhirya estate where he's lived since 2002, this way: "Just keep in mind, I only have a hectare and a half. Beyond that it's forbidden to walk [on the territory]... There's [another] owner there," he explained to journalists.

But two months after the press conference, Yanukovych revealed his insatiable appetite for splendor when boasting to Germany's political and business elite in Berlin on Aug. 30: "It's not a little secret to anyone... I built this one house, a clubhouse if you will... Honka built it, it's a Finnish company..."

He then praised the Germans for their pedantry and told them that he prefers "German quality."

"We, all the club (house's) members, had the same wish – that the 'house' look good both on the outside and inside. The hardwood, the squared beams with which the house was being assembled kept 'moving' all the time. ... So we invited bids, not a huge call for bids, and Germans won the tender. And no matter how this house settled or raised, the [wood] beams beautifully held together, nothing has collapsed. ... I spoke with the (German) workers. I'll tell you, they are the worker's intelligentsia," he complimented the German crowd.

He had just admitted to owning a gigantic mansion belonging to a private company leasing 129 hectares on the compound.

No impeachment proceedings were launched, no investigative commissions were formed and no charges were brought. Construction continued unperturbed at Mezhyhirya.

Mezhyhirya: From state ownership to private

Yanukovych's neighbors are Tantalit (129 hectares), a limited liability company, and Renaissance of Ukraine foundation (7.6 hectares). Both legal entities are building their versions of recreation centers.

The president has 1.7 hectares.

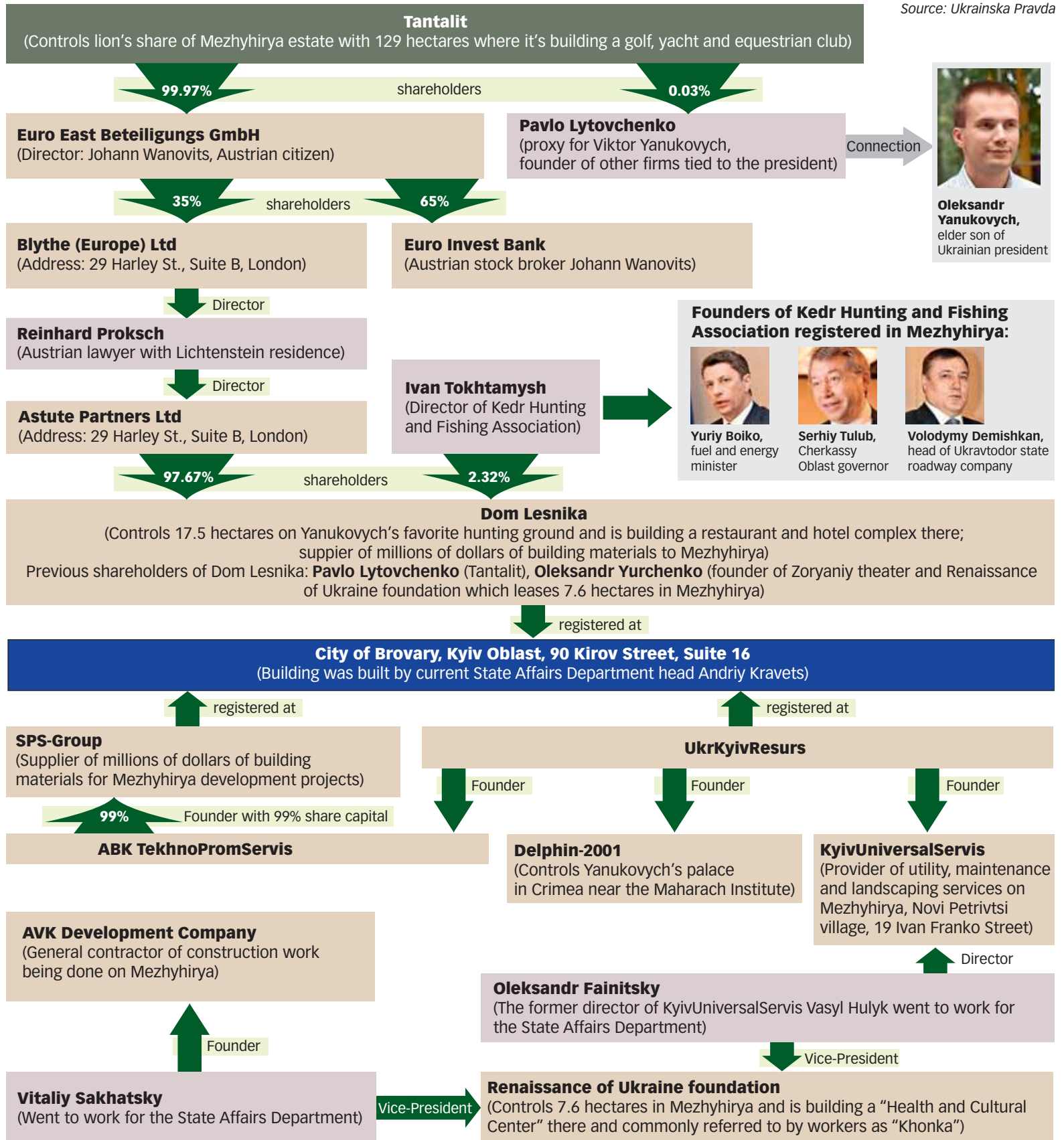
All three are indirectly linked via a network of dummy companies and front men reflecting an alternative identity to who really is behind Mezhyhirya.

Yanukovych first moved into a state-owned home in Mezhyhirya when he packed his bags in 2002 and left Donetsk to serve as prime minister under former President Leonid Kuchma.

According to Ukrainska Pravda, it

Ukrainska Pravda (<http://www.pravda.com.ua/>) journalists expose trail of proxy companies and front men

Source: Ukrainska Pravda



appears that the president rented the home through Renaissance of Ukraine Foundation, which had already inked a lease on April 1, 2003, along with three hectares of adjoining land.

In March 2007, when he was prime minister a second time, Yanukovych entertained journalists in this same residential building. He played the guitar and spoke about his prison terms. Just days after the house party, the house was leveled and a giant "administrative" building was built in its place by Tantalit, at least 1,000 square meters in size.

Renaissance of Ukraine Foundation was registered in 2003 in a residential building apartment in Obukhiv city, a district center in Kyiv Oblast. This foundation would for the next eight years provide cover for Yanukovych.

Renaissance of Ukraine re-organized its land lease agreement in 2004 when it leased 3.9 hectares directly from the Vyshgorod District Administration, where Mezhyhirya is located. Then it almost doubled the land leased in 2007 when it leased an additional 3.7 hectares.

The foundation gave this ironic purpose for leasing the state-owned house in which Yanukovych lived: "The property which is being leased will be used by the lessee to implement measures to promote national and international programs aimed at improving socio-economic conditions."

Both times the foundation arranged leases without undergoing a bidding process and leased land at below-market prices – Hr 3,30 per month for 100 square meters.

The foundation is linked to Vasyl Hulyk, the current deputy head of the State Affairs Department and former director of a company that provides landscaping, maintenance and utility services on Mezhyhirya.

On paper, it was founded by Donbas resident Oleksandr Yurchenko, the

founder of Zoryaniy film center where Yanukovych's 2004 election headquarters was located. Zoryaniy's director was Andriy Kravets who on the day of Yanukovych's presidential inauguration was appointed head of the presidential affairs department and the builder of an office building in Brovary, where many Mezhyhirya-linked companies have an address.

According to Ukrainska Pravda, Renaissance of Ukraine is actually controlled by Yanukovych's son, Oleksandr, who handles all matters related to real estate and land on Mezhyhirya that the foundation leases. Yurchenko, the Donbas resident who was the original founder of Renaissance of Ukraine, also co-founded Dom Lesnika. This company supplied \$3.36 million worth of building materials to →17

How Mezhyhirya changed hands from state to private control in 2006-2007



Ukrainska Pravda: Yanukovich conceals how he got state asset

→ 16 Mezhyhirya in 2009 and the first half of 2010.

Another co-founder of Dom Lesnika is Ivan Tokhtamysh, who is the director of a hunting and fishing club registered in Mezhyhirya and founded by Yuriy Boiko, fuel and energy minister, Serhiy Tulub, Cherkassy Oblast governor and Volodymyr Demishkan, another close Yanukovich friend who heads the state roadway company.

But to show to what lengths people went to cover up all the links, Renaissance of Ukraine had its founder changed to two Donetsk city female residents in 2009: Yulia Blyzniuk and Lolita Shapkova. However, the lion's share of property was eventually taken over by Tantalit, a company with ties to Yanukovich.

While serving as prime minister for the second time in 2006, Yanukovich arranged for the Presidential Administration's State Affairs Department, which was then subordinate to former President Viktor Yushchenko, to transfer ownership of Mezhyhirya property to the Cabinet of Ministers controlled by Yanukovich.

On June 13, 2007, Yanukovich issued a government order whereby management of Mezhyhirya property was given to the Environmental Ministry headed then by Yanukovich confidant Vasyl Dzharly. Then the Cabinet issued an order transferring the property from the Environmental Ministry to Nadra Ukraina, a for-profit state-run company, headed by Eduard Stavtysky, a subordinate of Dzharly.

In turn, on Sept. 25, 2007, Nadra Ukraina decided to swap property with a mysterious Donetsk company called Medinvesttrade. Nadra Ukraina gave Medinvesttrade Mezhyhirya property, including the building in which Yanukovich resided, in return for two palaces in the center of Kyiv. Apparently Yushchenko had no qualms swapping property with Yanukovich.

In a conversation with Ukrainska Pravda, Stavtysky confirmed that Nadra Ukraina had transferred the two centrally located palaces to the State Affairs Department a day after Mezhyhirya property was received. Days later, Donetsk-based Tantalit bought the Mezhyhirya property for Hr 89 million from Medinvesttrade, which declared bankruptcy in June.

Tantalit had taken control over several residential buildings, cellars, sheds, a sewage station, greenhouses, and a security check point. With Medinvesttrade bankrupt, it would seem the first chain in dispossessing Mezhyhirya property from government control was cut off. But land still had



Serhiy Leshchenko (Yaroslav Debelyi)

to be leased from the government, according to legislation.

On Oct. 2, 2008, Tantalit signed a 49-year lease with the Vyshgorod District Administration. The lease stipulated a below-market rate of Hr 4 per month for 100 square meters.

According to the lease terms, the contract could be considered null and void only if both sides agreed to it. Also, the lease has a clause that allows the lessee to purchase land.

The 2008 lease was formally approved by Vira Ulianchenko, a close Yushchenko ally who served as Kyiv Oblast governor. Ulianchenko also let the lease of 17.5 hectares go through on Yanukovich's favorite hunting club in Sukholuchya, Vyshgorod District where Dom Lesnika, whose founder also established Renaissance of Ukraine Foundation, is building a hotel and restaurant complex. Dom Lesnika is also a chief supplier of imported building materials to Mezhyhirya.

It surprised few that Ulianchenko's husband was appointed Education Minister Dmytro Tabachnyk's deputy soon after Yanukovich's inauguration. Consequently, Yanukovich didn't forget about Vyshgorod District's head, Anatoliy Olshanskiy, who closed his eyes to the land leases. He was recently appointed the head of the Boryspil district of Kyiv Oblast, whose international airport, surrounding forests and close proximity to Kyiv via an expressway allows for many pay-to-play opportunities.

Former Prime Minister Yulia Tymoshenko only took an interest in Mezhyhirya after talks collapsed with Yanukovich when trying to form a "broad coalition" with him in 2008. The land-lease contracts were dated on those days when Tymoshenko held discussions with Yanukovich. When she did act, her efforts were



What, where is Mezhyhirya?

Named after a 10th-century monastery that once stood on the site, Mezhyhirya is a 138-hectare former government estate located in the village of Novi Petrivtsi, just north of Kyiv, along the west bank of the Dnipro River in Vyshgorod District. Given that it's just 22 kilometers from Ukraine's capital, sitting on the river surrounded by tranquil forests, land here costs from \$1,000 to \$3,000 per 100 square meters.

stalled by the nation's corrupt judicial system.

Tymoshenko had initiated a judicial cancellation of the land-lease contracts. However, first the investigative commission under the leadership of Party of Regions deputy Mykola Dzhyha expunged relevant contracts with the Vyshgorod District Administration in 2008 and then later the prosecutor general hid them under the guise of "carrying out inspections." A judge halted the legal investigation until the inspection was completed, which apparently is still ongoing.

In another parallel yet artificially inspired process, the Supreme Economic Court ruled that Tantalit LLC, which leases 129 hectares on the estate, is the legal owner of property on Mezhyhirya. Of the three judges who rendered the January ruling was the daughter of Party of Regions deputy Mykola Kruhlov, Olena Mamontova.

Nobody paid attention to the glaring conflict of interests. And within months, in March, Kruhlov himself was appointed the governor of Mykolayiv Oblast.

Proxy investors behind Tantalit, 129 hectares

According to building plans, Tantalit is building a health and recreation center in Mezhyhirya which includes a yacht club with a covered slip on the Kyiv Sea shore; a golf club, an equestrian club, an administrative building and club house, as well as other developments.

Dom Lesnika, whose founder also established Renaissance of Ukraine Foundation that is developing 7.6 hectares on Mezhyhirya, drafted the building plans on both Mezhyhirya and the Sukholuchya hunting club where Yanukovich likes to hunt wild boar.

A legal entity and an individual are Tantalit's founders.

A Donbas native registered in a Kyiv dormitory is one of the co-founders with 0.03 percent capital share. According to Ukrainska Pravda, his name is Pavlo Lytovchenko, a proxy for Yanukovich in other companies. He had been seen many times in Yanukovich's reception room inside the Party of Regions headquarters on Lytsky Street when the Ukrainian president was still a member of parliament and in opposition.

Lytovchenko is also on record as one

of the founders of Dom Lesnika. In addition, he acted as the founder of Donetsk-based Edelweiss, which belongs to Capital Building Corporation whose real owners include Oleksandr Yanukovich and whose director is Oleksandr Kolesnikaov, also from Donetsk.

Oleksandr Yanukovich also controls Dellit, the security firm which polices both the Mezhyhirya estate and Sukholuchya hunting club and also provides services to AVK Development, which is the general contractor of all development work on Mezhyhirya. AVK Development's founder, Vitaliy Sakhatskiy, has since went to work for Yanukovich at the State Affairs Department – he was also vice president of Renaissance of Ukraine Foundation.

The second founder of Tantalit also leads us to Dom Lesnika. On paper, it is Euro East Beteiligungs GmbH, a Viennese-registered firm run by one person, Johann Wanovits, an Austrian stock broker. The institution where he works, Euro Invest Bank AG, owns 65 percent of Euro East Beteiligungs GmbH. The remaining 35 percent is owned by Blythe (Europe) Ltd.

Blythe is registered at the same London address as Astute Partners Ltd, the proxy company building the hotel and restaurant complex at Yanukovich's favorite hunting club. Furthermore, Blythe's director is Reinhard Proksch, an Austrian lawyer residing in Lichtenstein. He also is the director of Astute Partners, which through Dom Lesnika took control of more than 17 hectares of hunting ground in Sukholuchya.

Land development on Mezhyhirya

The general contractor on Mezhyhirya involving the development of 135 hectares, security and the suppliers of building materials for construction are also linked to Yanukovich.

Dellit security firm controlled by Yanukovich's elder son, Oleksandr, polices the territory along with a 17.6-hectare hunting club in the same area.

Ukrainska Pravda examined customs documents from 2009 and the first half of 2010 of two importers of building materials with the same mailing address in Brovary of Kyiv Oblast. The address is a building built by current State Affairs Department Head Andriy

New owners of Mezhyhirya

Kyiv Sea (leads into Dnipro river)

Kravets. These importers also are serviced by UkrBiznesBank, a Donetsk bank that is close to Yanukovich and centers heavily in dealings surrounding Mezhyhirya.

The online-newspaper spoke with construction workers and an engineer who worked on Mezhyhirya. They said Yanukovich often on weekends inspects construction sites in an off-road vehicle. He was often accompanied by Vasyl Hulyk, the head of KyivUniversalServis, which provides utility maintenance services on Mezhyhirya, and with links to the importers. Hulyk is now deputy head of the State Affairs Department.

The importers, Dom Lesnika and SPS-Group are both registered in the same Brovary address built by current state affairs head Kravets.

Three people work for the two companies. They imported building materials worth \$9.5 million over an 18-month period. The other company, SPS-Group, made deliveries worth millions of dollars to Mezhyhirya.

SPS-Group's real owner is a company founded by UkrKyivResurs, which also has office space at the Brovary address and which is also a shareholder in Delphin-2001, the company through which Yanukovich's Crimean palace is registered.

Many of the companies mentioned do business with UkrBiznesBank: Dom Lesnika, SPS-Group, KyivUniversalServis, AVK TechnoPromServis, UkrKyivResurs, Tantalit and AVK Development all have accounts here.

According to Ukrainska Pravda, Yanukovich's elder son Oleksandr became the real owner of UkrBiznesBank after buying Eduard Prutnik's share in the bank. Prutnik was the unofficial director of Renaissance of Ukraine foundation, according to Pravda.

This could explain why Serhiy Arbusov was named first deputy head of Ukraine's central bank by Yanukovich. He was a top executive at UkrBiznesBank.

Given all the work that went into acquiring the property from the state – and then concealing the acquisition – it appears the president plans to stay a long time at Mezhyhirya. It is doubtful that journalists will be invited there anytime soon.



The gargantuan clubhouse seen from the Dnipro River to which President Viktor Yanukovich referred on his Aug. 30 visit to Berlin. (Ukrainska Pravda)



From left, Spanish Prime Minister Jose Luis Rodriguez Zapatero, Turkey's President Abdullah Gul and British Prime Minister David Cameron sit as U.S. President Barack Obama takes his seat prior to participation in a NATO-Russia Council meeting at the NATO summit in Lisbon on Nov. 20. (AP)

Tefft: Successful NATO summit shows that U.S.-Russia can cooperate to solve common problems

→5 Council will resume theater ballistic missile defense exercises and identify opportunities for Russia to cooperate with NATO's new territorial missile defense capability by June 2011.

As U.S. President Barack Obama said after the summit: "Together we've worked hard to reset the relations between the United States and Russia, which has led to concrete benefits for both our nations. Now we're also resetting the NATO-Russia relationship. We see Russia as a partner, not an adversary."

And we agreed to deepen our cooperation in several critical areas: on Afghanistan, counter-narcotics,

and a range of 21st-century security challenges. And perhaps most significantly, we agreed to cooperate on missile defense, which turns a source of past tension into a source of potential cooperation against a shared threat. In short, as the alliance adapts itself to new challenges, I hope Ukraine will find a way to continue to build its own security within the larger European security framework. We look forward to continuing to work with our Ukrainian friends in dealing with the range of threats that confront our modern world.

John F. Tefft is U.S. ambassador to Ukraine. The U.S. Embassy blog is at <http://usembassykyiv.wordpress.com/>

Gotev: Visa-free travel means a lot to people

→4 reach the capital on buses from other cities have been prevented from coming.

EU officials have identified issues of concern, particularly following the Oct. 31 local elections, which were seen as a "step backwards" compared to the standard of the presidential elections held previously.

An EU diplomat called the recent constitutional amendments, largely portrayed in the Western press as a power grab by Yanukovich, as "an unprecedented step of overturning the reforms" made six years ago.

This, of course, confirms fears expressed in the European Parliament, especially by its largest group, the center-right European People's Party, in a draft resolution which Ukrainian diplomats have been trying hard to water down.

The carefully-worded joint communique, which as a rule is the result of yet another diplomatic tug of war, comprises parts which give satisfaction to those who want to express concern over democratic standards in Ukraine. Equally, it contains elements which were hailed in Ukraine, such as visa liberalization.

In fact, on that topic, diplomats produced the strangest sentence, promising "a long-term perspective for short-stay travel for Ukrainian citizens."

As a national from the first country to successfully get itself deleted from the Schengen negative list, I remember that the EU's decision to open its borders to Bulgarians in April 2001 was considered by my compatriots as a bigger event than the country's EU accession, which took place in January 2007.



People stand in line outside the Polish consulate in Lviv. (PHL)

I also think that, thanks to freedom to travel for a period of up to three months, many Bulgarians benefited personally from their contacts with the EU, probably more so than the country benefited from EU accession itself.

Therefore I'm perfectly aware of the political capital to be won by a government capable of finding a solution to the problem.

I recently spoke to EU diplomats who insisted that Ukraine's visa liberalization process would be "different" from the one recently agreed with Western Balkan countries. In the case of Kyiv, the visa requirement could only be effectively lifted in the long term, the officials insisted.

For the EU, it is increasingly difficult to deal with visa liberalization requests, which come from all sides, including Turkey and Russia, to name but two. I assume that in the case of Ukraine, visa liberalization must also progress

alongside advances on human rights and democratic standards.

I can read Russian and I understand Ukrainian. So I can see that Yanukovich is presenting visa liberalization to his people as an historic breakthrough. He is also apparently neglecting to notice concerns about recent local elections, constitutional reform and democratic standards expressed by his Brussels hosts, European Council President Herman Van Rompuy and European Commission President Jose Manuel Barroso.

Indeed, Yanukovich succeeded in securing a sentence on visa liberalization which he could claim was never given to his predecessor. But he should know that Ukrainians are going to judge him by his capacity to advance down this path. And this is not a small challenge.

Georgi Gotev is senior editor of EurActiv.com and can be reached at editor@euractiv.com

Filipchuk: Tough talks ahead on trade, visa issues

→5 policies, combating illegal immigration, strengthening public order and security, etc. This document will provide the appropriate framework for adaptation of the relevant national practices to meet EU standards and is the result of the intensive visa-free dialogue, which began in the aftermath of the 2008 Paris Summit, as well as the tangible achievements the government has made during this year in implementing reforms in the visa and migration sphere including the adoption of legislation on personal data protection, joining a number of important conventions of the Council of Europe, the development of policy on migration management, integrated border management, combating drug trafficking, corruption, and preparation for the introduction of biometric passports.

The time frame for completion will depend mainly on how fast Ukraine will go in carrying out the relevant reforms. These reforms will not be easy but the government is committed to doing them - gradually and systematically. Reform for us represents the foundation of our European integration strategy.

And the action plan was not the only achievement. The two sides also signed the protocol to the partnership and cooperation agreement on Ukraine's participation in EU programs, which should allow us to use the enormous potential of sectoral cooperation with the EU. The summit also discussed

the crucial issue of energy cooperation. Any doubts the EU may have had over the reliability of Ukraine were laid to rest. There now exists a good spirit of cooperation between all the sides involved in supplying the EU with Russian energy resources and EU citizens may sleep easy in their beds in the knowledge there will be no new crisis this new year. Moreover, in the aftermath of the summit, the first-ever meeting in trilateral format of senior officials from Ukraine, the European Commission and the Russian Federation, responsible for energy, took place.

Finally, the summit discussed the way in which we will finalize negotiations on the association agreement and the deep and comprehensive free trade area, which will provide for the gradual integration of Ukraine into the EU internal market. It will allow us to step up our bilateral relations from the simple partnership and cooperation to the principles of political association and economic integration.

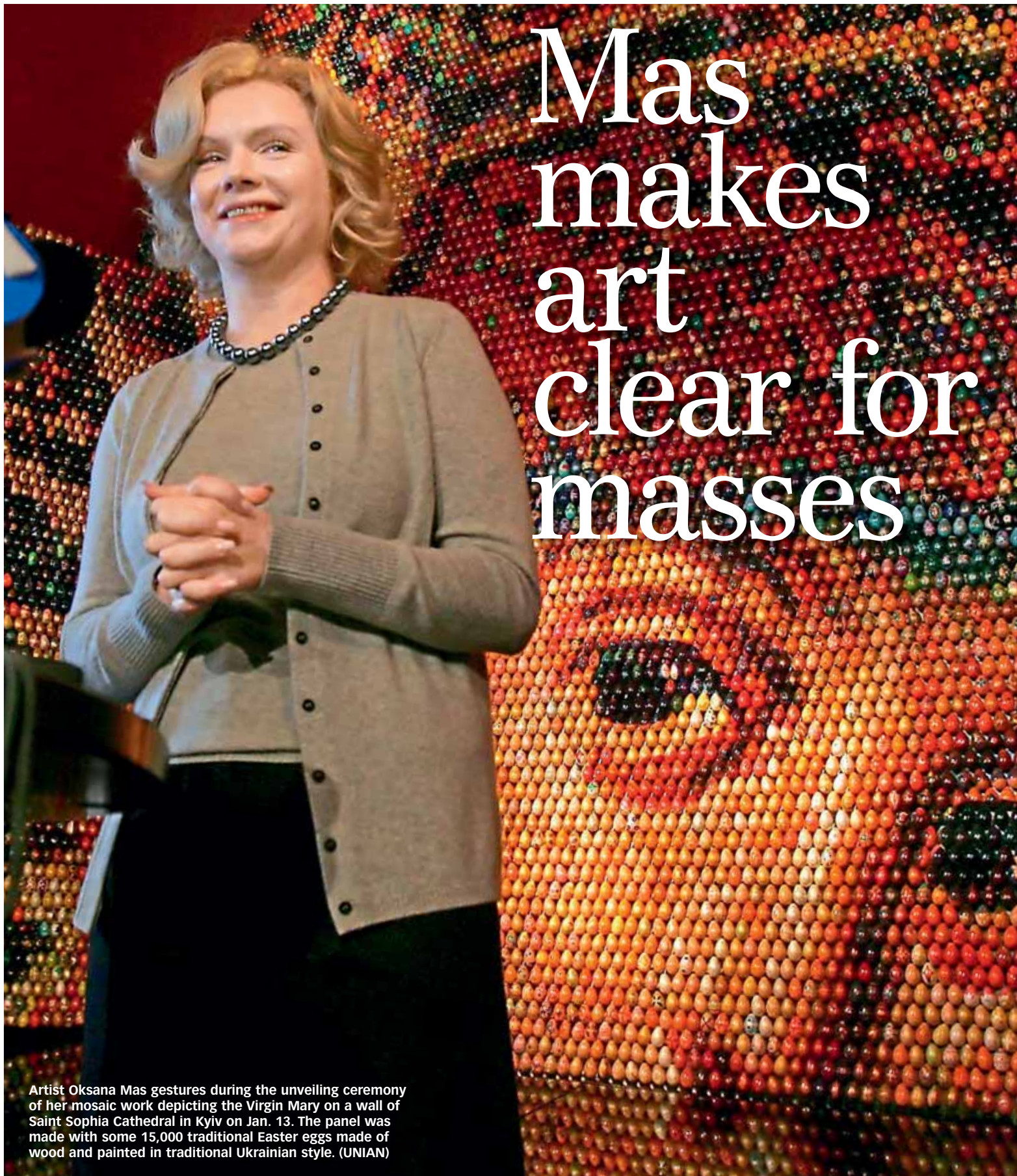
Finalization of negotiations will not be easy. We have to ensure our European future and not everyone in the EU is fully on our side yet. But it means just one thing - that the next EU-Ukraine summit will be even more interesting event with even more impressive results.

Vasyl Filipchuk is the director of the European Union department at the Ministry of Foreign Affairs in Ukraine.

Explore the sartorial world of vintage attire, where the old is new again.



→24



Mas makes art clear for masses

Artist Oksana Mas gestures during the unveiling ceremony of her mosaic work depicting the Virgin Mary on a wall of Saint Sophia Cathedral in Kyiv on Jan. 13. The panel was made with some 15,000 traditional Easter eggs made of wood and painted in traditional Ukrainian style. (UNIAN)

BY ALEXANDRA ROMANOVSKAYA
ROMANOVSKAYA@KYIVPOST.COM

One of the biggest vices of modern art is that its message is often clear only to the artist behind it.

But Ukrainian painter Oksana Mas has found a way to make her work

bridge cultural and geographical barriers.

Her work not only features at posh Sotheby's and Art Basel international auctions, it is also proudly displayed in one of Ukraine's oldest churches, Saint Sophia Cathedral.

The 41-year old striking blonde from

Odesa paints, constructs and assembles. She's probably best-known for molding the past with the future in her work with pysankas, traditional hand-painted Easter eggs. The project Constitution made of car rims wrapped in wooden eggs instead of tires evokes the thought that old folk culture is being trampled

on by Western encroachment. The rims are from the upscale Mercedes brand, whereas the eggs were painted by volunteers from all over Ukraine.

"When I started work on the project, I bought the Constitution of Ukraine on a street stand," said Mas explaining why she named her wheels →23

Gadget Guru



WITH ALEXEY BONDAREV
BONDAREV@KYIVPOST.COM

Samsung's Galaxy Tab can be a threat to iPad's domination

Apple's iPad has had no rivals for more than half a year. Now the first device that can compete with Apple's revolutionary gadget finally has hit the market. Samsung's Galaxy Tab is already on the shelves of stores in the U.S. and Europe and will become available in Ukraine within a few weeks.

It's a slim device with a seven-inch touch screen. It's very convenient for web browsing, emailing and chatting on the run. It can totally replace a notebook for watching video on the road. And it's a good alternative to e-book readers.

I had an opportunity to test Galaxy Tab for two weeks. Giving it back to the Ukrainian Samsung office was a real tragedy for me. It's one of those devices you quickly get used to.

Will I miss it? Sure, I will. First of all, because it showed me how comfortable it is to carry the Internet literally in my pocket.

Galaxy Tab is half the size of the iPad. It easily fits in the inner pocket of your jacket. If you prefer clothes without pockets, the gadget will not occupy much space in your bag.

You can take it out any moment you want and start browsing or check your email instantly.

In case you have a notebook or even a small netbook you will definitely not be able to carry it in your pocket. And after you take it out of your bag, you still have to open the cover to start working.

Also you can't comfortably work with a netbook just by holding it in your hands, you have to place it on a surface. There is no such problem with Galaxy Tab.

Of course, smart phones can do all this, but it's the size of the display that makes a difference. Smart phones usually have three and a half to four-inch displays, the seven-inch display of Galaxy Tab gives you a much more pleasant experience, whether you are browsing, watching video or reading an ebook.

Unlike iPad, Samsung's device can make phone calls and even has a frontal camera for video calls in 3G networks. It has one more three megapixel camera on the back, which iPad also lacks.

Though quality of the pictures is quite mediocre, at least you will be able to make a photo should you utterly need it. Owners of iPads don't have this option at all.

Galaxy Tab has quite a usual touch screen which is easily beaten by iPad's gorgeous display. One more drawback - the sensor →26

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Sunday, Nov. 28



(courtesy)

Jazz as Brazilians do it

If you are not going to Brazil, Brazil is coming to you. Being unique in many ways, this country has also got its own jazz style called bossa nova.

Originating from Rio de Janeiro in the mid-1950s, bossa nova sounds somewhat like samba but with less percussion and with an emphasis on guitar and piano.

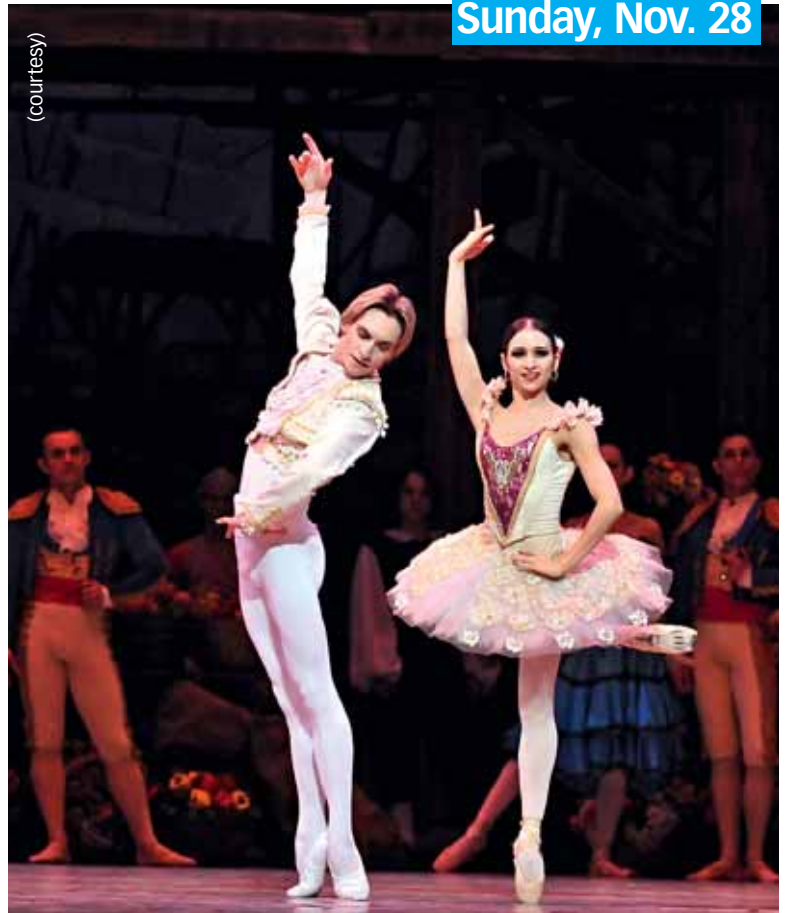
Bossa nova will be brought to you by Filo Machado, who is as Brazilian as one can be. He

is known for taking part in recording a Grammy-winning concert – “40 years of bossa nova” – as well as playing together with Ray Charles, Nina Simone and Jon Hendricks.

During his concert in Kyiv, Machado will play a couple of acts with our Ukrainian contrabassist Ark Ovrutski.

Sunday, Nov. 28, 7 p.m., National Music Academy, 11 Khreshchatyk St. Tickets: Hr 100-250.

Sunday, Nov. 28



(courtesy)

Endless ballet

Sometimes you just want to have it all at once. What we are talking about here is the unique chance to see eight ballet performances from leading artists during one evening on one stage.

Artists from Bolshoi Theater in Russia, Stanislavskiy musical theater, Ukraine's National Opera House and the National Lithuanian Opera House will get together to perform the famous Nutcracker, Swan Lake and Sleeping Beauty masterpieces to name a few.

Sunday, Nov. 28, 7 p.m., National Opera House, 50 Volodymyrska St., 234-7165. Tickets: Hr 100-1200

Share the spirit of Christmas

If you are looking for some cute handmade toys for your Christmas tree, you might want to head to the British Council. Many volunteers have done their best to make something special and donated their handcraft for a charity auction. You can now come over to the British Council office and place a bid for the item of your choice. Check them out online at www.britishcouncil.org/ukraine. All the money collected will be donated to a Ukrainian branch of a British charity organization, Every Child, which helps children in orphanages. Also, there will be a Christmas tree to collect some presents for children from underprivileged families. It will be displayed on Dec. 6. Feel free to bring your gifts before that.

Until Dec. 15, British Council, 4/12 Skovorody St., metro Kontraktova Ploscha, 490-5600.



Until Dec. 15

(santaclauschristmaestore.ines.worship.com)

Plan ahead

Auktyon is a startling Russian rock band. They developed their peculiar style in the 1980s, when Soviet rock blossomed. The eight-member gang manages to reinvent itself despite three decades on stage. Founder Leonid Fedorov composes music, while Oleg Garkusha, the guy who always wears make-up and demonstrates a strange hairstyle, writes the lyrics. They are one of the most touring Russian bands in Europe.

Friday, Dec. 3, 7 p.m., Culture and Arts Center of National Aviation University, 1 Komarova prospekt. Tickets: Hr 100-350

Armin van Buuren is no ordinary Dutch DJ. For four consecutive years, he has been voted number one DJ in DJ Magazine's top 100. The solo dance music show "Armin Only: Mirage" will last for eight hours non-stop. The program is based on his new album Mirage which he released in September 2010.

Saturday, Dec. 4, 9 p.m., Mizhnarodny Vystavkovy Center, 15 Brovarsky Prospekt. Tickets: Hr 349-799

Sophi Ellis-Bextor is a 31-year old English singer, composer and model. After starting off as a lead singer of the indie rock band Theaudience, she went solo in the early 2000s. Her indie days are over, and she is now into electropop, house and disco. Performing perfect dance floor fillers, she's not to be miss in Kyiv. As for her modeling career, together with Kate Moss she became the face of Rimmel cosmetics in 2008 and recently renewed her contract.

Saturday, Dec. 4, Crystal Hall, 1 Dniprovsky uzviz, 288-5069. Tickets: Hr 400

Dakha-Brakha is a Ukrainian band playing ethnic music. The name originates from old Ukrainian words for give and take. Consisting of three girls and one guy, the band uses many international ethnic music instrument: from hutsul drums to Buddhist gongs. This time they are presenting their new album titled Dakhabrakha Light. You should listen to it if you are interested in what, for instance, ancient Ukrainian hip-hop was like.

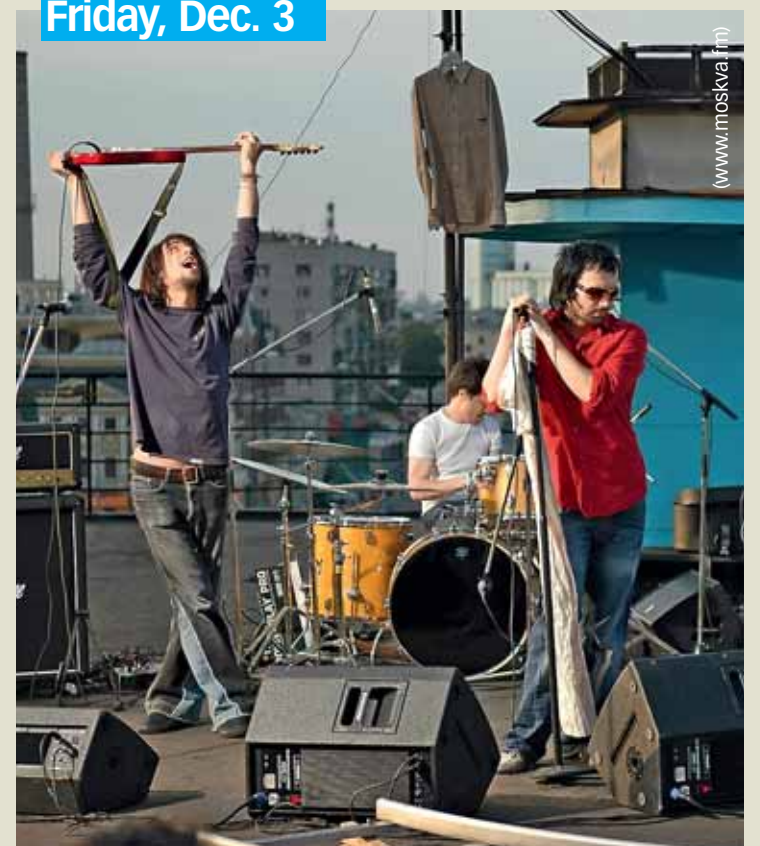
Wednesday, Dec. 8, Crystal Hall, 1 Dniprovsky Uzviz, 288-5069, www.dakhabrakha.com. Tickets: Hr 100-200

30 Seconds to Mars is an American alternative rock band. In 1998, brothers Shannon and Jared Leto started their family band, with other members joining throughout the years. The band's name comes from a thesis written by one Harvard professor, which singers found online. It talked about the exponential growth of human technology and implied we were indeed 30 seconds away from planet Mars. The band felt it was a perfect way to describe their music.

Sunday, Dec. 12, 7 p.m., Mizhnarodny Vystavkovy Tsentr, 15 Brovarsky prospekt. Tickets: Hr 400-700



Friday, Dec. 3



(www.moskva.fm)

Okean Elzy rock

They crossed the globe from Sakhalin to California, but now legendary Ukrainian rockers Okean Elzy is coming back to Ukraine. The grand tour in promotion of their new album Dolce Vita will end in Kyiv.

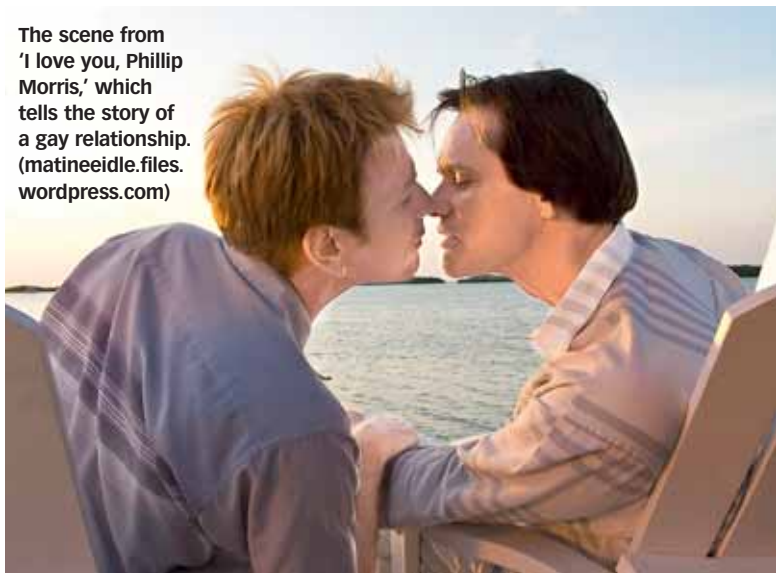
If you ask any Ukrainian to name the best Ukrainian rock band, you are very likely to hear the name Okean Elzy. The front man Svyatoslav Vakarchuk's raspy voice is one of the band's trademarks. Even though most of their songs are in Ukrainian, the band has an army of loyal fans all over the world.

Then a student of the Physics faculty in Lviv, Vakarchuk conceived the group in 1994. Dolce Vita is their seventh album to date, created with the minimal use of music instruments. The ticket price has been deliberately set low to allow as many of their fans as possible to attend the gig.

Friday, Dec. 3, 7 p.m., Mizhnarodny Vystavkovy Tsentr, 15 Brovarsky prospekt. Tickets: Hr 110-500

Movies

The scene from 'I love you, Phillip Morris,' which tells the story of a gay relationship. (matineeidle.files.wordpress.com)



I LOVE YOU, PHILLIP MORRIS

Language: English with Ukrainian subtitles Comedy/Drama/Romance. France/USA (2009)

Directed by Glenn Ficarra, John Requa Starring Jim Carrey, Ewan McGregor, Leslie Mann

Steven Russell was a family man, who took care of his children, earned money honestly and attended church until he got into a car accident. When he wakes up in a hospital, he realizes that he's gay. Abandoning his family, Steven comes out of a closet and decides to live life to the full. His new lifestyle involves cons and frauds, so he soon finds himself in prison. There he falls in love with handsome Phillip Morris. But what if your love is at the end of his sentence and you're imprisoned for life? That's right: You should escape!

LA FRANCE

Language: French with Ukrainian subtitles Drama/Musical/Romance. France (2007) Directed by Serge Bozon

Starring Sylvie Testud, Pascal Greggory, Guillaume Verdier

Camille is waiting for her husband to come back from war. Suddenly, she gets a short letter from him announcing their break up. Shocked and ready for everything, she decides to dress up as a man and find her husband. She travels through the torturous paths until she meets a group of soldiers in the woods. Camille eventually decides to stay with them although they are a weird bunch breaking into song whenever possible. Prepare for an odd plot and psychedelic pop music.

MAMA TURNS 100

Language: Spanish with Russian or Ukrainian subtitles Comedy/Fantasy. Spain (1979)

Directed by Carlos Saura Starring Geraldine Chaplin, Amparo Muñoz, Fernando Fernán Gómez

In the old family house, relatives get together to celebrate their grandmother's centennial. They are all there except for one, who died. His place at the table, however, is served properly. After the first displays of joy, the atmosphere in the house begins to glow. Passion, frustration and hatred will lead to the fact that some family members will conspire to kill the grandmother for inheritance. The film was nominated for Oscar in 1980 as the Best Foreign Film.

PHANTOM PAIN

Language: German with Ukrainian subtitles Drama. Germany (2009)

Directed by Matthias Emcke Starring Til Schweiger, Jana Pallaske, Stipe Erceg

Mark is an excellent storyteller and a handsome man. He spends all his free time traveling on a bicycle, surviving on odd jobs, boozing and accidentally breaking hearts. Unreliable and constantly broke, he even evades parental duties with his daughter Sarah (played by Til Schweiger's own daughter, Luna). His life changes dramatically after the accident where he loses his leg. In addition, Mark faces a new challenge: He falls in love.

HARRY POTTER AND THE DEATHLY HALLOWS. PART 1

Language: English Action/Adventure/Fantasy. USA (2010)

Directed by David Yates Starring Daniel Radcliffe, Emma Watson, Rupert Grint, Alan Rickman

Harry Potter is on a threshold of the most important battle in history of the magic world. The Dark Lord's power grows stron-

ZHOVTEN

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

I love you, Phillip Morris Nov. 26 - Dec. 1 at 5:55 p.m., 9:35 p.m. Nov. 27-28 at 2:15 p.m.

Phantom Pain Nov. 26 - Dec. 1 at 12 p.m., 5:50 p.m., 9:30 p.m.

Timer Nov. 26-27, Nov. 29 - Dec. 1 at 2 p.m., 5:50 p.m. Nov. 28 at 1:30 p.m., 5:50 p.m.

KYIV CINEMA

19 Chervonoarmiyska, 234-7381, http://www.kievkino.com.ua

La France Nov. 26 at 6 p.m.

THE MASTER CLASS CINEMA CLUB

34 Mazepy St., 594-1063, www.masterklass.org/eng

Mama turns 100 Nov. 30 at 7 p.m.

BUTTERFLY ULTRAMARINE

1 Uritskoho St., 206-0362, www.kino-butterfly.com.ua

Harry Potter And The Deathly Hallows. Part 1 Nov. 26-Dec. 2 at 8 p.m.

ger, as he claims power over the Ministry of Magic and Hogwarts school. Harry, Ron, and Hermione race around the world searching for the rest of Horcruxes, special amulets capable of defeating Voldemort. Trying to finish principal Dumbledore's work, they find out about the existence of the three most powerful magic objects: the Deathly Hallows. The young magician's saga is getting old now: Only two more films to go and Harry Potter will be history, albeit a magic one.

TIMER

Language: English with Ukrainian subtitles Comedy/Drama/Fantasy. USA (2009)

Directed by Jac Schaeffer Starring Emma Caulfield, Michelle Borth, John Patrick Amedori

New technologies have gone so far ahead, that now you can implant a timer into your wrist, which will tell you how much time is left till you meet your soul mate. Oona has one of these magic watches. One day she meets Mikey in a supermarket, and the pair falls in love with each other. Oona can't be more confident that her retailer is the one and only she's been waiting for. Not so fast, baby, your timer can screw things up big time.

Live Music



Yuliya Roma & Night Groove will play jazz in 'I've Got You Under My Skin' program on Nov. 29 in Art Club 44. (www.yuliyaroma.com)

ART CLUB 44

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

Concerts traditionally start at 8 - 10 p.m.

Nov. 26 Green Gray, Hr 70

Nov. 27 On-the-go (Russia), Hr 60

Nov. 28 Soiuz 44 Jam Session, free admission

Nov. 29 Yuliya Roma & Night Groove, free admission

Nov. 30 Autumn Jazz Night Jam, Hr 50

DOCKER'S ABC

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

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

Nov. 26 Motor Rolla & Red Rocks, Hr 70

Nov. 27 Antitela, Mr.Och & His Root Boys, Hr 70

Nov. 28 Animals Session, free admission

Nov. 29 Foxtrot Music Band, Hr 20

Dec. 1 Rockin' Wolves, Hr 30

Dec. 2 Angie Nears, Hr 30

DOCKER PUB

25 Bohatyrka St., metro Heroyiv Dnipra, www.docker.com.ua

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

Nov. 26 Mad Heads XL, Tex-Mex Company, Hr 70

Nov. 27 Ot Vinta, More Huana, Hr 70

Nov. 28 Vostochny Express, free admission

Nov. 29 Second Breath, free admission

Nov. 30 Partizanskie Vytyvki, free admission

Dec. 1 Butusov & 'U Piter' Band, The Magma,

Dec. 2 Ruki-v-Briuki Rockabilly Party, free admission

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

Concerts traditionally start at 9-10 p.m.

Nov. 26 VIA Zhiguli, Beeeaters

Nov. 27 'Back in USSR': Lucky Band

Nov. 28 3D Mambo Project

PORTER PUB

3 Mazepy St., 280-1996, www.porter.com.ua

Concerts traditionally start at 7:30 p.m.

Nov. 26 Yuhym Dym

Nov. 27 Juke Box

Nov. 28 Mescalero

Other live music clubs:

PIVNA NO.1 ON BASEYNA, 15 Baseyna St., 287-44-34, www.pivna1.com.ua

JAZZ DO IT 76A Velyka Vasylykivska St., 599-7617, http://jazz-doit.com.ua

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

KHLIB CLUB 12 Frunze St., www.myspace.com/xlibclub

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Compiled by Alexandra Romanovskaya and Svitlana Kolesnykova

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Blood-sucking leeches popular for treatments

BY OLESIA OLESHKO
OLESHKO@KYIVPOST.COM

Leeches are gross, but they are on the biting edge of science. From plastic surgery to muscle pain, these blood-sucking worms seem to know more about humans than we can imagine.

Surgeon Leonid Sarzhan picked up his first leech five years ago. Practicing in an old Soviet-built polyclinic in Kyiv, at one point he got tired of cutting people. "Leeches are more efficient than a scalpel," said Sarzhan. "Eighty percent of all surgeries simply cripple people. Operations send a shock to a human body, and recovery takes long time. Leeches aren't as traumatic."

Used for bloodletting, these worms have been around for centuries. Before there were antibiotics, doctors prescribed medical leeches to chronic wounds. This alternative medicine, known as hirudotherapy, now helps to relieve patients from a variety of pains: from arthritis to a gumboil. Leeches also managed to creep into anti-aging health and beauty products. The process of putting them to work though is not for the faint at heart.

Sarzhan buys his worms from Saint Petersburg laboratories, where he said they are carefully synthesized away from Mother Nature. In his Kyiv cabi-

net, leeches swim in a family of a dozen in big glass jars. When he pops the lid open, they try to escape.

"A leech is a unique creature. It doesn't cure only an illness, it cures energy of a body cell," Sarzhan explained philosophically. His patient, Melania Pavlenko, 74, closes her eyes as the nurse plants the black worms on her legs.

Suffering from varicosity, she said she tried surgery but it didn't help. "Now I apply leeches once in six months, and my veins go back to normal," Pavlenko said. One session involving five to six leeches costs around Hr 100, which is often cheaper and less traumatic than surgery or tablets.

On the

more scientific side, a leech injects more than 100 bioactive chemicals into the blood. The bite itself doesn't hurt much as leech's saliva contains hirudin, which numbs the stinging sensation. It stabilizes blood circulation and prevents edemas and blood clots.

"A leech is an ancient creature that has always been helping people," said entrepreneur Svitlana Opanasiuk who also believes in leeches. "In the 18th century women used to put them behind their ears to have a smooth and luminous skin before attending a ball."

Opanasiuk has developed more than health affection for leeches. While they suck her blood, she learnt how to pump money from them. With a couple of friends, she launched a

→ Leeches – 'an ancient creature that has always been helping people' – are said to cure all from bad blood circulation to arthritis



Nurse Anna Yeremina prepares to apply leeches on Nov. 22 in Kyiv City Hospital #3. (Serhiy Zavalnyuk)

leech farm, which now sells its produce to Kyiv pharmacies and clinics. One leech costs Hr 7-8 depending on the volume of purchase.

Despite these upbeat stories, there are people who didn't enjoy the experience. A doctor from Mykolayiv Lidia Lutinova put her trust in worms while suffering from osteochondrosis. "I couldn't stand the pain [in bones] so I thought I'd give it a try," Lutinova recalled.

The doctor put two leeches behind her ears and four on her legs. It didn't hurt much, she said, but it didn't yield a result either. After the fourth session, Lutinova said she got worse: The bites wouldn't stop bleeding for several hours.

Doctors don't have an unequivocal opinion on leeches, she said. Yet health care authorities define hirudotherapy as folk medicine and allow doctors to practice it if they obtain a special license.

Donetsk-based cosmetics company Biokon has one of those permits. They

have been breeding leeches for almost 20 years for sale, research and blending into various anti-aging creams.

A leech requires stable conditions – plenty of light, water temperature and regular food to grow big and healthy, it says on their website. In the wild, they are not spoiled by a choice in food snacking on the blood of mussels, worms and sometimes grubs. While Biokon refuses to disclose the menu of their pets, similar leech factories abroad feed them with cow blood or raw meat.

So what happens to a leech after it's done its gore business? "Sadly, a leech who does well for us pays with its life for it," said leech trader Opanasiuk. Leeches are treated as disposable syringes. But the benefit doesn't stop there, at least for Opanasiuk.

Perusing Biokon's experience, she makes a facial mask from dead leeches. "Anti-aging effect is guaranteed," said hard-core leech fan, Opanasiuk.

Kyiv Post staff writer Olesia Oleszko can be reached at oleszko@kyivpost.com

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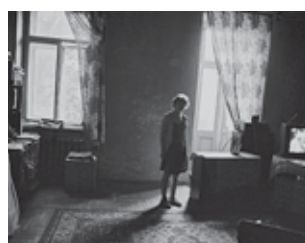
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Best gallery picks

In the center of Kyiv, there is a derelict house: All communal services are out of order, ceilings, floors and walls are cracked and rotten and may fall apart any moment. But its residents are not moving out because they have nowhere else to go. They have been appealing to city authorities for 20 years but to no avail. Photographer Yevgenia Belorusets spent three years taking pictures and interviewing the residents to raise a curtain on the housing crisis on 32 Gogolivska St. British Guardian paper took a notice and awarded Belorusets for her work. We wonder who's going to help the squatters.

Visual Culture Research Center at the Kyiv Mohyla Academy, 2 Skovorody St., vcr.c.ukma.kiev.ua/en, until Dec. 22

The joint exhibition of photographers Maryna Makarenko and Sam Lee shows New York without glamour and embellishment, just like its residents see it daily. "The New York Minute" picks out the most interesting spots around the city beyond the tourist guides. Prepare for the journey you haven't seen in the Sex in the City series: Friendly bums, subway passengers and workers, and off beaten landscapes. Hudgraf Gallery, 33, Shevchenko boulevard, 2 floor, (050) 355-4224, www.hudgraf.com.ua, Nov. 29 - Dec. 5

Black and white photographs of a burned down forest seem almost like graphics. Lesya Malska captured on camera what's left from the wildfires. Her images look almost like mathematical drawings of something other than black stumps and scorched earth. Surveying the subject of alienation, the artist calls on people to wake up to nature and look after it.

The Small Gallery of Mystetsky Arsenal, Lavrska 12, 288-5140, www.artarsenal.in.ua, until Dec. 19

Work of Matviy Vaysberg is honored in the retrospective exhibition "Fragments of time." The gallery covers 25 years of his creative pass as a painter, graphic artist and book designer. He illustrated books of such authors as Sholem Aleichem, José Ortega y Gasset, Carl Jung, Soren Kierkegaard and Fedor Dostoyevsky. His every scenic loop is an excursion into the history of art and literature. The exhibition opens on Nov. 26 at 7 p.m. with a small concert.

Dukat Gallery, 4 Grushevskogo St., 278-8410, www.dukat.in.ua, until Dec. 26

Olena Polyaschenko thinks that life without art is like food with no spices. "Condiments" is a journey through Renaissance in modern day environs. Raphael's Madonna may suddenly appear on a checkered sofa. A voluptuous Venus will be reclining next to mere mortals. Polyaschenko is not afraid to experiment in her oil paintings and pencil sketches intricately blending past with the present.

Ya Gallery on Voloska, 55/57 Voloska St., 537-3351, www.yagallery.com.ua, until Dec. 14

Mas molds past with future, inspired by common values

→ 19 after Ukraine's most important document. "It was so incredibly thin compared to the Constitution of the United States. It cost only Hr 5 and felt like a farce to me."

Mas insisted she chose the Mercedes brand only to strike the influence of Western high-status brands on

Ukrainian ethnic beliefs and traditions. Her message seems easy to interpret, as opposed to the works of other modern artists who often have no message at all.

A lot of modern art that makes the grade in Ukraine, however, seems amiss. Mas said the majority of Ukrainians are not open to deep interpretations just yet.

"With our country still developing, people are able to think only in strict categories: who, what and how much," she said squinting from the bright camera lights. "But the common values always stay the same. Those are the values written in the Bible."

When Mas comes to Kyiv, she is chased by reporters to talk about life, as much as about art. A shrewd observer and ardent speaker, she throws herself into a conversation almost never missing a beat.

During a Kyiv Post interview, she talked about how she managed to build her brand beyond Ukraine.

Earning a bachelor's degree in philosophy, she went on to study the arts. While still at school, Mas opened a small firm specializing in creating shop signs. "In the Soviet times, everyone somehow wanted to name their shops after themselves. I remember having to make a couple of signs with "Svitlana" written on them."

That experience influenced her switch from commercial repetitiveness to creative suddenness and freedom later on in her career.

Mas said she organized her first



The decorative "Sphere of Good and of Spiritual Renaissance" by Oksana Mas stands in front of Kyiv-Pechersk Lavra Cathedral during the opening ceremony on April 2. The sphere made with 3,000 traditional wooden eggs, pysanky, was opened before Easter, the main religious holiday of the Orthodox Church. (Ukrainian photo, odessa-daily.com.ua)

festivals. Cooperation with a Russian gallery, as opposed to a Ukrainian one, has no political bias, according to Mas. An unfortunate experience with a Ukrainian dealer that "once displayed my work along with Uzbek carpets and Moldovan ceramics" preempted the switch.

Nowadays, Mas can be tracked down in one of her studios in Moscow, Odesa or Geneva.

Developing her own technique of laying 30 to 40 coats of lacquer and oil on canvas, she doesn't just stick to painting. Inspecting the art of science, she gives various tangible forms so people can understand them better.

Answering the question about Ukrainian modern art, Mas didn't want to offend anyone.

"Modern art varies. It can be beautiful or ugly, but such is the demand of present time. The idea behind it is to extract what's inside one's mind and show it raw to the public."

And yet, not many modern artists can share Mas exportability and fluidity across borders and minds. The seven-meter mosaic panel of the Virgin Mary made from 15,000 pysankas is one of the best examples of Mas's multilingualism.

Hanging on the walls of the 11th century St Sophia Cathedral in Kyiv, it's a testimony that modern art doesn't always have to be indecipherable and odd.

Kyiv Post staff writer Alexandra Romanovskaya can be reached at romanovskaya@kyivpost.com



Project Constitution, made of wheel rims and Easter eggs, represents the medley of old and new values (above). Dialogue is the oil on canvas painting.

exhibition in a mental hospital.

"At that time I just wanted to draw and didn't think much of the meaning and social value of my work," she recalled. "Of course, I needed certain courage to show my paintings there. But I didn't see too many mental people within those walls. There are more

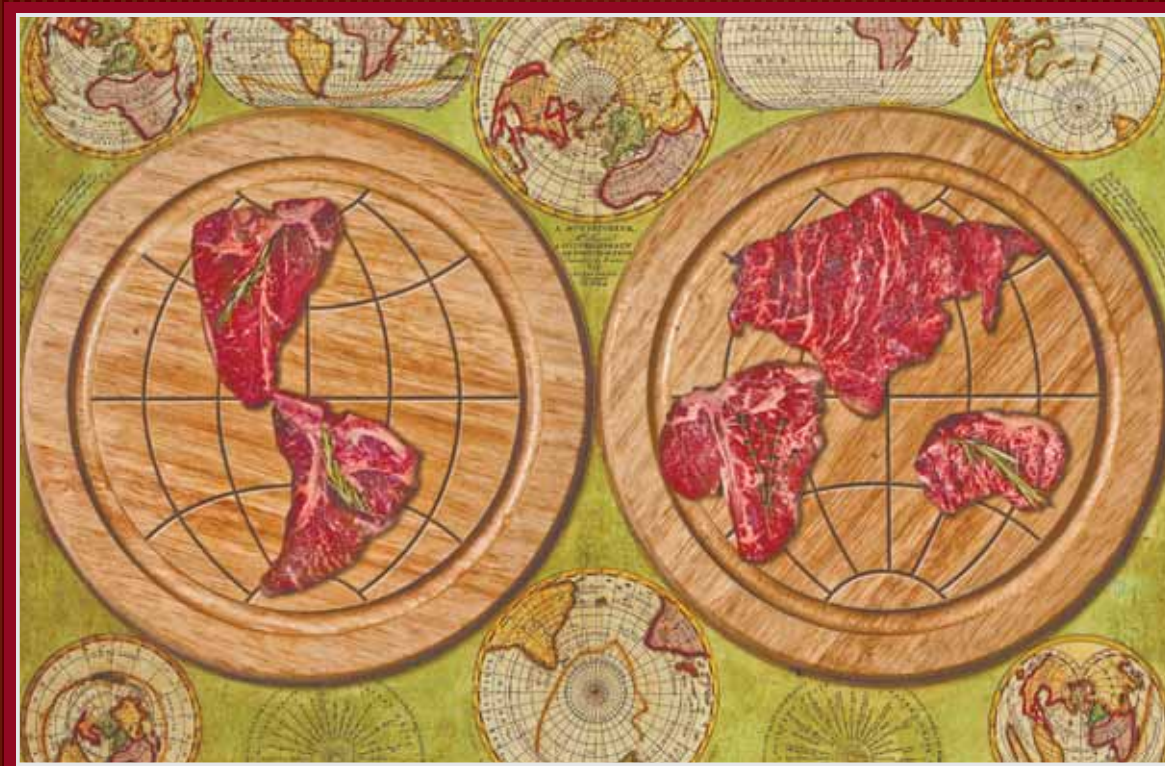
of them out on the streets."

She sold her first work – three graphic paintings, for \$70. Mas wouldn't disclose how much she makes on her work now but said she spends most earnings on new projects.

Moscow-based gallery Aidan takes Mas around the world for auctions and



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A small party in front of Edakaya Frya vintage shop on Podil. (www.pics.livejournal.com/alintush_s)

Hunt for vintage clothing

BY ALEXANDRA ROMANOVSKAYA
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The art of dressing up goes beyond tracking the latest collections on fashion channels and hunting down new arrivals in clothing stores. Sometimes to get a new look, you need to take a step back in time and unearth the classics.

When the thought of vintage clothing first crossed my mind, my friend, a stylist, tried to dissuade me. "People's trunks have run out of stock," she said advising to stick to retro-style clothing instead.

But I wanted real vintage — garments made between the 1920s and 1980s, worn a couple of times before, and disowned for people like myself to ravish.

And so I went on a discovery trip around Kyiv in hope of finding a few vintage gems on my own.

The first boutique I dug out is ominously called Goodbuyfashion. A 10-minute stroll from Universitet metro station, the shop is huddling in a three-room flat with tall ceilings.

Behind an ordinary brown door, the 20th century world is still alive and kicking. Heavy wooden wardrobes, a shabby chest of drawers, and a worn out red couch dwell in their own ghost interior. Dresses, skirts and jump suits are principal actors on the stage, while jewelry and hats wistfully recline on window sills and hooks. In old suitcases, garments come for the price you name, but be prepared for some bargaining.

Hip brunette Natalya Isupova, 43, opened her vintage paradise together with a friend. Girlfriends started it as a commission boutique five years ago buying slightly worn apparel from people and selling it with a 30 percent markup.

"Overloaded with all sorts of clothes, we had to narrow down our focus,"

→ Tired of this decade's fashions? Step back in time by dressing yourself with clothing popular in era of parents and grandparents

Isupova said. And so vintage collections took over their shop.

"Our clients are often described as beau monde, but I don't really like this word," she said. "They are an artsy group of people who see the world with eyes wide open and [are not afraid] to experiment with their look." Women are Isupova's prime customers. Men either "wear their clothes into distress or just can't let other men have something that once belonged to them," she observed.

Prices vary depending on how famous the brand is. The most expensive gown is by Matthew Williamson for Hr 3,000. T-shirts start from Hr 70, while dresses go for Hr 500 on average. A pair of light blue Yves Saint Laurent sandals stands on its high heels for Hr 1,400. Mark Jacobs flats look for a new owner at Hr 1,000. In the name-your-price basket, I found irresistible sandals by Chloe.



The vintage pair of Yves Saint Laurent sandals goes for Hr 1,400.

like a small vanity fair. She developed a vintage obsession first from shopping around at garage sales and then throwing fun parties with friends where they could exchange fabric treasures. She finally converted a small shed into a vintage wonderland, which opens on request in a backyard of Nyzhniy Val street.

Zasytko finds her clients through social networks because "regular passers-by come in thinking it's a theater and are not my target audience." Speaking of the devil, a couple comes in to enquire if her Frya is an art gallery. Learning that it's a vintage shop, the lady offers to turn in some of her old lady's hats. Zasytko is only too happy to oblige as this is how she gets a lot of her stock.

A couple of friends from England, Austria and the U.S. send her vintage goods. "Things that we find here are usually in pretty poor condition. Even left-overs from the Soviet Union time are a rare find," said Zasytko showing little ivory earrings with ships hand-painted on them.

Despite the shortage, Soviet vintage is Zasytko's specialty "because of the foreigners who come in looking for t-shirts with Olympic bears or Leonid



Natalya Isupova shows the most expensive gown in Goodbuyfashion store by Matthew Williamson. (Alexandr Smychnikov)



Edakaya Frya vintage shop is an adventure through time. (Alexandr Smychnikov)

Brezhnev hats." I personally found an awesome denim "varenka" skirt that I am looking forward to buy.

Prices here start at Hr 100. Dresses sell for Hr 200-300, and if you can't afford a gown, there's a special wardrobe to rent for the night. Zasytko often leases her collections out for photo shoots or parties. Men's apparel, however, is also thin in Frya. Whenever she gets a peculiar vest or a top hat, her

male friends snatch them off before they appear on the hangers.

Kyiv Post staff writer Alexandra Romanovskaya can be reached at romanovskaya@kyivpost.com.

Edakaya Frya
31 Nyzhniy Val,
by appointment only through Facebook.



Royal networking with Belgian prince



Prince Philippe, Duke of Brabant, Prince of Belgium (L)



From left: Alexandre De Raemaeker, Cedric Hermann, Dominique Menu, Lode Willems.



Anna Derevyanko, executive director of the European Business Association



Jean-Luc Deguel from UkrSibbank



More than a hundred people try to squeeze in the Belgian brasserie Le Cosmopolite

→ Prince Philippe of Belgium and his royal trade mission arrived in Kyiv on Nov. 22 for a three-day business visit. After a string of official meetings with Ukrainian government, the prince and his court of 150 businessmen graced Belgian brasserie Cosmopolite for the evening of beer and networking. Construction sector, transport infrastructure and the food industry are among the priority areas of cooperation between Ukrainian and Belgian businesses. In the beginning of the 20th century, Belgians bought Kyiv's tram business to expand and modernize it. Today, they build logistic hubs in Ukraine and invest into energy-optimization and green technologies. (Serhiy Zavalnyuk)



Mark Vink, Belgian Ambassador to Ukraine (C)

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An Associated Press reporter demonstrates the Samsung Galaxy Tab during a product review in San Francisco, on Nov. 16. (AP)

Bondarev: Samsung Galaxy Tab could dent dominance of iPad

→ **19** keys below the screen. They are too sensitive and users often generate unwanted clicks.

Galaxy Tab has 16 GB of built-in memory plus Micro SD cards (up to 32 GB). It means you can take dozens of movies and thousands of ebooks with you. The device easily plays all video file formats, it's a huge advantage assuming that the iPad has severe restrictions for video playback.

As for battery life Galaxy Tab is lagging far behind the iPad. While Apple's gadget gives you an unprecedented 10-plus hours of watching video, Galaxy Tab can only last for 4-5 hours. But it gives you at least 5-6 hours of web browsing using 3G network, it's not bad when compared to netbooks.

Galaxy Tab runs Android 2.2, an operating system built by Google. Though Android is rapidly developing, Apple's platform, which is called iOS, still seems to be much more comfortable for everyday use. And while Android Market offers 100,000 apps, owners of iPads can choose from more than 300,000 applications available in

Apple App Store.

All in all Galaxy Tab is different enough from iPad to give buyers a real choice. If only it was cheaper than the iPad it would have good chances to become a true bestseller.

But Samsung is definitely thinking more about profit margins than about market share.

When Galaxy Tab appears in Ukraine in December its price tag will be as high as \$1,000. For this amount of money you can easily buy iPad in its top configuration (3G, 64GB of built-in memory).

There is no doubt that Galaxy Tab is a wonderful gadget, but iPad is already a legend and a style icon. So Samsung can count mostly on geeks, nerds and Android fans. All the others will most likely stick to Apple's fancy device.

Anyways it seems that Samsung might bite a notable piece off Apple's market share, which is now close to 100 percent on the Tablet PC market. And it will be a huge success.

Kyiv Post news editor Alexey Bondarev can be reached at bondarev@kyivpost.com

Photos go on exhibit before they go on auction block

BY ANASTASIA FORINA
FORINA@KYIVPOST.COM

An exhibition at Chocolate House has brought together works by some of the best Ukrainian and Russian photographers before it all goes under the hammer.

The show, which opened on Nov. 19, displays 60 top works chosen by the experts from Auction House Fotostyle. It has something for everyone's taste from landscape and wildlife photos by Vladyslav Zhovtenko, to fashion shots by famous model-snapper Oleksandr Morderer. Works of 18 photo artists are represented in total, including black-and-white specialist Kyryl Gaidai and underwater expert Sergiy Buslenko.

Among the most striking exhibits are bright-colored travel photos by Oleg Bazhenov. A close-up of a large turtle soaring above the ocean is a part of a photo-collage of pictures he took while traveling in Cuba. The fantasy image looks very real, as if turtles could actually fly.

Vladyslav Zhovtenko also looks at nature in his art, which he says should inspire people to preserve the environment. "I try to catch and show the most beautiful parts of the world hidden from people's view," he said. One of Zhovtenko's photos is a close-up shot of two multicolored butterflies facing each other from two flowers. The image, called Confrontation, gives a detailed glimpse of nature's small and beautiful creatures.

Kyryl Gaidai's work differs greatly from others. He prefers film cameras to digital and black-and-white photographic film to color. Gaidai said that this allows him to express his ideas more clearly. "When you're working with only a black-and-white color scheme it keeps you concentrated on the object you're taking a picture of," he said.

He picks out as one of his favorites an artistic composition of four Chinese meditative balls called Lao-Dzy, a symbol of spiritual calmness and balance. Looking like billiard balls with hieroglyphic prints, they are lined up one behind the other. In the picture, the four balls seem to appear from darkness, as if thrown by somebody to catch your attention



Oleg Bazhenov's turtle (above) and Kyryl Gaidai's meditative balls are displayed in Kyiv's Chocolate House. (Courtesy)

Chocolate House,
17/2 Shovkovychna St., metro Khreshchatyk,
10 a.m. – 8 p.m., until Dec. 3, closed on Mondays, www.fotostyle.com.ua. Entrance is free of charge.

Kyiv Post staff writer Anastasia Forina can be reached at forina@kyivpost.com

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Twin mascots in soccer outfits, one in Ukraine's blue and yellow colors, one in Poland's white and red, meet children during their presentation trip in Lviv on Nov. 20.



Lviv governor Vasyl Gorbal (L), Polish football mascot (C) and Lviv Mayor Andriy Sadovyi on Nov. 20 in Lviv.

Official mascots of the Euro 2012 football champions, to be co-hosted by Poland and Ukraine, arrived on Nov. 20. Dubbed as twin brothers, the young lads sported uniforms and hair styles in Polish and Ukrainian national colors. They are expected to visit all eight host cities. More than 20 actors were trained to animate the characters. Each costume weighs about 10 kilograms. Warner Brothers have designed the mascots that are yet to be named. Twins are yet to be named. You can vote to "Name the Mascots" at www.en.mascots.uefa.com/uefaeuro2012. Results will be announced on Dec. 4 in Warsaw, Poland. Mascots are expected in Kyiv on Nov. 28 and will be touring the city on a mobile platform, stopping near the circus and the Independence Square, among other venues. (UNIAN, AP)

Football mascots arrive in Ukraine

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The art exhibit made of textbooks looks painfully familiar to many office workers.



Curator Byorn Geldhof shows Isisele art piece by Nicholas Hlobo.



Businessmen ponder 'Wha' chu lookin' at?' work by Ruben Ochoa.

British-Ukrainian Chamber of Commerce explores modern art

Members and friends of the British-Ukrainian Chamber of Commerce enjoy an evening of modern art in the PinchukArtCentre on Nov. 23. Participants studied the works of 21 young artists who are contestants for the International Future Generation Art Prize, founded by billionaire Victor Pinchuk. (Roman Hrytsenko)



Kateryna Taylor, modern art expert (front)

New restaurant resurrects Lenin's economic plans



Lawyer and TV host Iryna Kalynynska (C)



Singer Karina Play (C) and showman Dmytro Oskin (R)

➔ A new restaurant opened on 2 Kopernika St. in Kyiv on Nov. 19. Called *Nepman*, it celebrates 1920s economic policies, known as NEP for New Economic Policy, which loosened up a tough communism state under Vladimir Lenin. Decorated in Soviet kitsch, it may become a regular watering hole for those nostalgic for the USSR. On opening night, women wore vintage frills and grandmother's hats. The host asked historical questions about Lenin's permission to allow private cafes and shops to open in the otherwise state-controlled economy. (Natalia Kravchuk)



Guests sample cheese from a pineapple bowl

Vote early but only once for Kyiv's best providers of services and goods



Readers of the Kyiv Post are intellectual networkers, launching new ideas, developing business and shaping public opinion. They are also "culture-preneurs"—the people who actively define the cultural scene. Once a year, they pick the best in their field of expertise, honoring accomplishment and inspiring others to follow suit.

The Kyiv Post announces the start of its 10th annual "Best of Kyiv" survey, which aims to identify and hunt down the best vixen and foxes on Kyiv's business and social trails. In its celebratory 10th poll, readers and experts are encouraged to vote for leading companies in 21 sectors. Pick your favorite bank and your preferred watering hole

online at www.kyivpost.com until Jan. 9. To our traditional categories, we added four newcomers: MBA program, pub, clothing chain and a non-profit, non-governmental organization.

Here's how it all works. Initial nominees are hand-picked by the Kyiv Post editorial staff. Then, an expert panel represented by last year's nominees screens the list. They vote in each category to narrow the selection down to five candidates. Then readers have a chance to honor their favorites online casting half of all ranking points towards the final selection. Results are determined by pairing up your votes with those of experts.

The on-line voting for Best of Kyiv 2010 begins on Nov. 27. To vote please

visit our website: <http://www.kyivpost.com/projects/social/>

Let your voice be heard!

What happens next is the most delicious part of the "Best of Kyiv" event. We honor winners during an evening of fine dining and partying in an exquisite venue to be announced later.

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→ The award ceremony will be held on **Jan. 27**.

List of TOP nominees for Best of Kyiv 2010

1. BEST INVESTMENT COMPANY	a. Concorde Capital	b. Dragon Capital	c. Horizon Capital	d. Renaissance Capital	e. Troika Dialog Ukraine					
2. BEST BANK SERVICES	a. Alfa-Bank	b. Citibank	c. OTP Bank	d. Raiffeisen Bank Aval	e. UkrSibbank BNP Paribas					
3. BEST TAX/AUDIT SERVICES	a. Baker Tilly Ukraine	b. Deloitte & Touche	c. Ernst & Young	d. KPMG	e. PricewaterhouseCoopers					
4. BEST LEGAL SERVICES	a. Baker & McKenzie	b. Clifford Chance	c. CMS Cameron McKenna	d. DLA Piper Ukraine	e. Magisters	f. Vasil Kisil & Partners				
5. BEST REAL ESTATE SERVICE	a. Blagovest	b. Colliers International	c. DTZ	d. NAI Pickard	e. Park Lane					
6. BEST HR AGENCY	a. Ancor SW	b. Brain Source International	c. Golden Staff	d. Hudson Global Resources Ukraine	e. Pedersen & Partners					
7. BEST TELECOMMUNICATIONS/INTERNET SERVICE PROVIDER	a. IPnet	b. Kyivstar mobile	c. MTS connect	d. Ukrtelekom	e. Volia					
8. BEST MOBILE OPERATOR	a. Golden Telecom	b. Kyivstar	c. Life	d. MTS	e. Utel					
9. BEST FREIGHT & FORWARDING COMPANY	a. DHL	b. Kuehne + Nagel	c. Maersk Logistics	d. Raben Ukraine	e. TNT Express					
10. BEST CAR SALES DEALER (BY HOLDING GROUP)	a. AWT BAVARIA	b. Honda Ukraine	c. Nissan Motor	d. Toyota Ukraine	e. Winner					
11. BEST PASSENGER AIRLINE	a. Air France-KLM	b. Austrian Airlines	c. British Airways	d. Lufthansa German Airlines	e. Ukraine International Airlines					
12. BEST HOTEL	a. Hyatt Regency Kyiv	b. InterContinental Kyiv	c. Opera	d. Premier Palace Hotel	e. Radisson SAS					
13. BEST ENGLISH LANGUAGE SCHOOL	a. British Council Ukraine	b. British International School	c. Kyiv Mohyla Business School (KMBS)	d. London School of English	e. Speak Up					
14. BEST MBA	a. Edinburgh Business School	b. International Institute of Business	c. International Management Institute (IMI-Kyiv)	d. Kyiv Mohyla Business School (KMBS)	f. Wisconsin International University in Ukraine					
15. BEST PRIVATE HEALTH SERVICE	a. American Medical Centers	b. Boris	c. Eurolab	d. ISIDA	e. Medikom					
16. BEST INSURANCE COMPANY	a. Allianz Ukraine	b. AXA Insurance	c. INGO Ukraine	d. Providna	e. PZU Ukraine					
17. BEST WINE BOUTIQUE	a. Good Wine	b. Lavinia	c. Polyana	d. Premium Wine	e. Wineport					
18. BEST RESTAURANT	a. Belvedere	b. Concord	c. Fellini	d. Goodman	e. Le Grand Café	f. Lipskiy Osobnyak	g. Nobu	h. Oliva	i. Pantagruel	j. Santori
19. BEST PUB	a. Arena Beer House	b. Belle-Vue	c. Docker Pub	d. Golden Gate	e. O'Briens					
20. BEST CLOTHING CHAIN	a. Laura Ashley	b. Mango	c. Marks & Spencer	d. United Colors of Benetton	e. Zara					
21. BEST IMPACT, BY NON-PROFIT ORGANIZATION	a. Children of Chernobyl Relief and Development Fund (CCRDF)	b. International HIV/AIDS Alliance	c. International Women's Club of Kyiv (IWCK)	d. Kyiv Lion's Club	e. Victor Pinchuk Foundation					
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For more information, please contact **Iuliia Panchuk** at panchuk@kyivpost.com or by phone at **+380 44 234-30-40**

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Have a lifestyle tip for us?

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The Kyiv Post welcomes tips and contributions. Please e-mail your ideas to Lifestyle Editor Yulia Popova, at

popova@kyivpost.com.

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Offices

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- AC Legal Group** (10 Grushevskogo St.)
- Aksonova & Associates** (29E Vorovskoho St.)
- American Chamber of Commerce** (12 Amosova St.)
- American Medical Center** (1 Berdychivska St.)
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- Belgravia Business Club** (18/1G Prorizna St.)
- British Council Ukraine** (4/12 Hrihoria Skovorody St.)
- Ciklum** (12 Amosova St.)
- Clifford Chance** (75 Zhylianska St.)
- DHL** (9 Luhova St.)
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- Grata** (9A Mykhailivskiy Lane)
- Hudson Global Resources** (19/21E Nyzhniy Val)
- KPMG** (11 Mykhailivska St.)
- Manpower Ukraine** (34B Predslavynska St.)
- MBA Strategy** (32 Bohdana Khmelnytskoho St.)
- SC Johnson** (19B Moskovskiy Prosp.)
- Senator Apartments** (6 Pirohova St.; 62/20 Dmitriivska St.)
- Staff Service Solution** (1-3 Frunze St.)
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- Ukraine-Europe Linguistic Centre** (20B Kominterni St.)
- UkrAVTO** (15/2 Velyka Vasylykivska St.)
- UkrSibbank** (14 Pushkinska St.)
- Via Kiev Lufthansa City Center** (172 Horkoho St.)

Restaurants

- Al Faro** (49A Velyka Vasylykivska St.)
- Amber** (30A Lesi Ukrainki Blvd.)

- Arizona Barbeque** (25 Naberezhno-Khreshchatytska St.)
- ATZUMARI** (17/52 Bohdana Khmelnytskoho St.)
- AutPab** (3/25 Kominterni St.)
- Babai beer Club** (4 Sofiivska St.)
- Bar BQ** (10/1 Horodetsko St.)
- BeerBerry** (17/52 Bohdana Khmelnytskoho St.)
- Belle Vue** (7 Saksahanskoho St.)
- Belvedere** (1 Dniprovsky Uzviz)
- Bierstube** (20 Velyka Vasylykivska St.)
- Bochka Pyvna** (3B Bohdana Khmelnytskoho St.; 19A Khreshchaty St.; 128 Borshchahivska St.; 19 Mezhyhirska St.)
- Bulvar Cafe/Shaliapin** (44 Velyka Vasylykivska St.)
- Cabaret 'Paradise'** (5-7/29 Taras Shevchenko Blvd.)
- Ciro's Pomodoro** (12 Shota Rustaveli St.)
- Coffee Life** (22 Yaroslaviv Val St.; 40 Uritskoho St.; 2 Turhenivska St.)
- Concord** (L. Tolstogo sq. BC «Kiev-Donbass» 8 floor)
- Dim Kavy** (15 Khreshchaty St., Passage)
- Dom Bergonie** (17 Pushkinska St.)
- DOUBLE COFFEE** (42 Bohdana Khmelnytskoho; 34B Moskovskiy Avenue St.; 6 Mykhailivska St.; 1/2 Konstantynivska St.)
- Dubki** (1 Stetsenko St.)
- Dva Bobra** (91 Komarova St., village Mila)
- ETNO** (23A Prorizna St.; 25 Pushkinska St.; 8/14 Velyka Zhytomyrska St.)
- Fellini** (5 Horodetsko St.)
- Fish Market** (24A Volodymyrska St.)
- Fluger** (18D Artema St.)
- Fridays** (5A Besarabska Square)
- Goodman Steak House** (75 Zhylianska St.)
- Grandal** (24B Polyova St.)
- Hameleon №5** (82 Turhenivska St.)
- Himalai** (23 Khreshchaty St.)
- IQ bar** (25 L. Tolstogo St.)
- IL Patio** (112 Saksahanskoho St.; 5A Besarabska Square; 5/13 Naberezhno-Khreshchatytska St.; 57/3 Velyka Vasylykivska St.)
- IZUMrud** (15/3 O. Gonchara St.)
- Izumi** (24A Mykhailivska St.; 46/2 Moskovska St.)
- John Bull Pub** (36 Saksahanskoho St.)
- Kaffa** (3 Shevchenko prov., 22 Saksahanskoho St.; 5 Skovorody St.)
- Klovsky** (16A Mechnykova St.)
- Korifey** (6 Horodetsko St.)

- Kraina Kavy** (5 Spas'ka St.)
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- Le Grand Café** (4 Muzeinyy Lane)
- Leo Club** (20 Parkova Doroha)
- Leonardo** (2 Besarabska Square)
- Luciano** (33V Dehtiarivska St.)
- Lun Van** (26 Bohdana Khmelnytskoho St.)
- MaLLina** (27B Sahaidachnoho St.)
- Marokana** (24 Lesi Ukrainki Blvd.)
- Marmaris** (40 Hlybochyt'ska St.)
- Monako** (20A Velyka Zhytomyrska St.)
- Natürlich** (3 Bohdana Khmelnytskoho St.)
- Neopolis** (19 Skovorody St.)
- New Bombay Palace** (33A Druzhby Narodiv Blvd.)
- News café** (6 Hetmana St.)
- O'Brien's** (17A Mykhailivska St.)
- O'Connor's** (15/8 Khoriva St.)
- O'Panass** (10 Tereshchenkivska St.)
- Oliva** (34 Velyka Vasylykivska St.; 25A Druzhby Narodiv Blvd.; 5 Kominterni St.)
- Panda** (76 Saksahanskoho St.)
- Panorama** (3 Sholudenko St.)
- Pantagruel** (1 Lysenko St.)
- Pizza Vezuvio** (25 Reitarska St.)
- Planet-Sushi** (68 Saksahanskoho, 12 Khreshchaty St., 57/3 Velyka Vasylykivska St., 8/14 Velyka Zhytomyrska St.)
- Potato House** (6/5 Zhytomyrska St.)
- Repriza** (40/25 Bohdana Khmelnytskoho St.; 38 Velyka Zhytomyrska St.; 26 Chervonoarmiytska St.)
- Route 66** (87/30 Zhylianska St.)
- Schnitzel Haus** (51 Saksahanskoho St.)
- Shastra** (126A Chervonozoraniy Prosp.)
- Shokoladnitsa** (53/80 Saksahanskoho St.; 48 Velyka Vasylykivska St.; 1/2 Baseina St.; 31/27 B. Khmelnytskoho St.; 4 Lunacharskoho St.; 33 Dniprovsk Naberezhna, 12 Luhova St.; 58/2A Artema St.)
- Shooters** (22 Moskovska St.)
- Soho** (82 Artema St.)
- Stina** (2 Besarabska Square)
- Suare** (11 Artema St.)
- Sunduk** (22A Prorizna St.)
- Sutra Bar** (3 Tymofivoy St.)
- Svitytsia** (13B Andriivskiy Uzviz)
- Tike** (31A Sahaidachnoho St.)
- Timeout** (50 Horkoho St.)

- To Dublin** (4 Raisa Okipna St.)
- Trans Force** (34B Moskovsky Prosp.)
- Tsarske Selo** (42/1 Ivan Mazepa St.)
- Under Wonder** (21 Velyka Vasylykivska St.)
- Uruk** (11 Yaroslaviv Val St.)
- Varenichna Pobeda** (14 Sofiivska St.)
- Verona Pizza** (71E Konstantynivska St.; 1 Lv. Tolstogo St.)
- Videnski Bulochky** (25B Sahaidachnoho St.; 14/1 Instytutska St.; 14 Mechnykova St.; 1-3/5 Pushkinska St.; 107/47 Saksahanskoho St.; 34 Lesi Ukrainki Blvd.; 20 Esplanadna St.)
- Viola's Bar** (1A Taras Shevchenko Blvd.)
- Warsteiner Pub** (4B Horodetsko St.)
- Wolkonsky Keyzer** (15 Khreshchaty St.; 57-29 Taras Shevchenko Blvd.)
- Yakitoria** (27A Taras Shevchenko Blvd.; 27 Lesi Ukrainki Blvd.)

Sport Clubs

- 5 Element** (29 Elektriv St.)
- Favorit** (6 Muzeinyy Lane)
- Kiev Sport Club** (5 Druzhby Narodiv Blvd.)
- Planeta Fitness** (10 Kropyvnytskoho St.)

Hotels

- Adria** (2 Raisa Okipna St.)
- Attaché Hotel** (59 Zhylianska St.)
- City Park Hotel** (20 Vorovskoho St.)
- Diarso** (5 Velyka Kiltseva Doroha)
- Domus Hotel** (19 Yaroslavskaya St.)
- Express** (38/40 Taras Shevchenko Blvd.)
- Gorniy Ruchey** (66 Michurina St., village Gora, Boryspil region)
- Hotel Dnipro** (1/2 Khreshchaty St.)
- Hyatt** (5A Alla Tarasova St.)
- Impressa Hotel** (21 Sahaidachnoho St.)
- Intercontinental** (2A Velyka Zhytomyrska St.)
- Kozatsky** (1/3 Mykhailivska St.; 2/32 Antonova St.)
- Kozatsky Stan** (Boryspilske Shose, 18 km)
- Khreshchaty hotel** (14 Khreshchaty St.)
- Lybid** (1 Peremohy Prosp.)
- Opera Hotel** (53 Bohdana Khmelnytskoho St.)
- Oselya** (11 Kameniariv St.)
- President Hotel** (12 Hospitalna St.)
- Premier Palace** (5-7/29 Taras Shevchenko Blvd.)

- Radisson Blu** (22 Yaroslaviv Val St.)
- Riviera** (15 Sahaidachnoho St.)
- Rus** (4 Hospitalna St.)
- Salyut** (11B Sichnevogovostannia St.)
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Educational establishments

- Business School MIM-Kyiv** (10/12B Shulyavska St.)
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- International Institute of Business** (8A Brest-Litovskiy Highway)
- Kyiv International School** (3A Sviatoshymsky Lane)
- Master Klass** (34 Ivan Mazepa St.)
- Pechersk International School** (7A Viktora Zably St.)
- Runov school** (30 Velyka Vasylykivska St.)
- Speak Up** (14 Kotsiubynskoho St., 25B Sahaidachnoho St., 4 Lunacharskoho St., 136 Peremohy Prosp., 14 Vasylykivska St., 26 Lesi Ukrainki Blvd., 3-a Gryshka St.)
- Sterling Business School** (7 Nesterivskiy prov.)
- The London School of English** (39 Polytehnichna St.)
- Valerie's school** (14 Mykhailivska St.)

Business Centers

- Arena** (2A Baseina St.)
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- Cubic Centre** (3 Sholudenko St.)
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BAM

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The Budget and Aid Management Project (the BAM Project) works with the Ministry of Finance in Ukraine on development of a better state budget process and a stronger management of foreign aid. It is financed by Swedish International Development Co-operation Agency, Sida. The project started operations in March 2010 and will continue work until the end of 2012, with a possible extension of project activities until the end of 2014.

We need to enhance our project team with a national budget expert with the following qualifications:

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If You are interested – send Your application and CV to the following e-mail address: bamproject@bamproject.org



IREX seeks applicants for the positions of Advising Editor and Grants and Financial Manager for the Regional Investigative Journalism Network (RIJN) program. The RIJN is a scalable program designed to link small, but potentially powerful investigative journalism centers and individual journalists across Europe and Eurasia.

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- Develop activities to build relationships between investigative journalists and CSOs, government officials, academics, and relevant international organizations;

QUALIFICATIONS

- At least 10 years practical experience as a working investigative journalist or editor.
- Relevant professional experience in advising journalism or media programs;
- College or university degree in relevant field;
- Fluency in English.

TITLE: Grants and Financial Manager

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- Provide finance support to grantees
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- Five or more years of responsible work as a financial manager, grants manager or controller preferred
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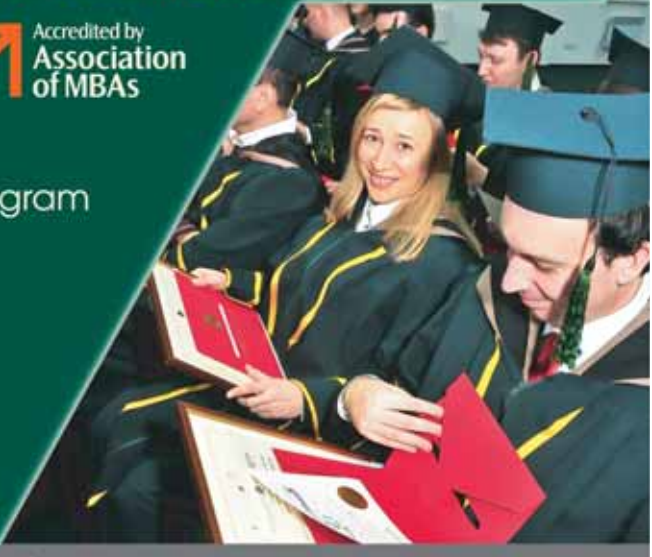
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Pushkinska	2	65	1500
Yaroslav Val	2	60	1500
Franko	2	52	1600
Voloska	2	70	1300
Reytarska	2	50	1500
Mezhyhirska	3	90	1800
Kostyolna	3	90	2100
Kreschatyk	3	110	2400
Striletska	3	100	3200
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Help Nastenka to hear the world

Nastenka is one year old. She has been diagnosed with double sensorineural hearing loss. She is not able to hear the sounds that will enable her to grow as a normal child. Currently there is only one solution: a cochlear implant. It will allow Nastenka to hear the voices of her parents, learn how to speak and grow as other children do. This kind of implant could be done free of charge, but there's a big problem: Only 20 operations are made per year, and we are around 500 places from the front of the line. Time is critical here - Nastenka must get this implant as soon as possible, as doctors say the chance for a successful education and normal childhood are falling with each month without it. The operation and implant cost a total of about 23,000 euros, and this is far beyond what the family could find in a short time. That's why her parents are asking the community to help their daughter.



Nastenka's Parents: Roman Dityatkov Tel. +3066-265-77-13 Galina Dityatkova Tel. +3066-112-91-71
 Detail Information is available at www.help.mama.biz.ua

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Please help her to hear the world like all we do and grow up with a better chance in life!
 We express sincere gratitude to the Kyiv Post

Looking for good clean fun on Saturday night? Go to Teatralna metro

Their pensions may be meager, but these elderly people know how to cheer themselves up.

Every weekend at 7 p.m., ensemble Druzhba meets up in the underpass of the Teatralna metro station to sing and dance to Ukrainian folk songs (1). Of 25 members, ages 47 to 79, most are women (5). They have all they need: strong voices, the accordion and most importantly - the spirit (3). Babushkas don ethnic Ukrainian costumes for national holidays or each other's birthdays. On Nov. 21, they got dressed up to celebrate one of their lead singers' birthday (4).

One costume costs about Hr 500, which makes up a bigger part of a monthly pension for many of them. Yet babushkas are undeterred. Unable to afford a big wardrobe, some of them buy second-hand garments in the true female fashion. Passers-by love their little shows (2) often stopping for longer than a minute to admire the young

spirit amid the wrinkles. Some people even join in.

Druzhba started their public performances 18 years ago on Maidan Nezalezhnosti square but were soon asked to move from the center. They chose Teatralna station as their stage and have been spreading joy for the last decade.

Story by Nataliya Horban
Photos by Yaroslav Debelyi



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