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Newly designed national mascots sponsored by Foreign Ministry spark criticism

→ 16



# KyivPost

vol. 16, issue 15

INDEPENDENCE. COMMUNITY. TRUST

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April 15, 2011

## On The Hot Seat



**In Europe's breadbasket, critics are talking about the 'Great Grain Robbery.' Agriculture Minister Mykola Prsyazhnyuk is under fire for state controls on grain exports that favor a controversial company, Klib InvestBud. Speaking with the Kyiv Post, Prsyazhnyuk defended the actions. See interview on pages 8-9.**

Agrarian Policy and Food Minister Mykola Prsyazhnyuk in his office on Kreshchatyk Street in Kyiv on April 12. (Joseph Sywenkyj)

### Dershowitz tells how he will help defend Kuchma

**KYIV POST STAFF**

For decades now, clients charged with serious crimes have turned to high-profile U.S. criminal defense lawyer Alan Dershowitz for help.

Dershowitz, a 72-year-old Harvard Law School professor, has been hired

by former President Leonid Kuchma, who is also 72, to get him exonerated of charges that he exceeded his authority as president in giving orders that led to the Sept. 16, 2000 murder of journalist Georgiy Gongadze.

Dershowitz, besides being a noted legal scholar, has represented → 10

**INSIDE:**

- **Unsuspecting Kyivans used in city land schemes, city prosecutor says. Page 2.**
- **U.S.-Ukraine Business Council and American Chamber of Commerce in Ukraine write about grain-export woes. Page 7.**

### French couple's desire for child brings trouble

**BY KATYA GRUSHENKO**  
GRUSHENKO@KYIVPOST.COM

**UZHGOROD, Ukraine** – The French couple wanted to become parents so badly that they broke the laws of two nations in doing so. Through the help of a broker, the couple found a

Ukrainian woman who gave birth to twin girls for them in January through surrogacy.

But authorities stopped the parents on March 21 at Ukraine's western border as they attempted to take the babies home to France. Lacking legal immigration documents for → 12

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Засновник ТОВ "Паблік-Медіа"  
Головний редактор Брайан Боннер  
Адреса видавця та засновника співпадають: Україна, м. Київ, 01034, вул. Прорізна, 22Б  
Реєстраційне свідоцтво Кв № 15261-3833ПР від 19.06.09.  
Передплатний індекс ДП Преса 40528  
Надруковано ТОВ «Новий друк», 02660, Київ, вулиця Магнітогорська, 1, тел.: 559-9147  
Замовлення № 11-4135  
Аудиторське обслуговування ТОВ АФ "ОЛГА Аудит"  
З приводу розміщення реклами звертайтеся: +380 44 234-65-03.  
Відповідальність за зміст реклами несе замовник.

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Андрій Ключев

## Україна: Розвиток сонячної енергетики на благо братів Ключевих

Юрій Онишків

Протягом останнього року Україна продовжувала робити потуги у бік розвитку альтернативних джерел енергії, пропонуючи підприємствам сприятливі тарифи та інші преференції. Проте, підприємства, пов'язані з урядовцями, отримують найбільше сприяння, а іншим гравцям залишається тільки мріяти про такі умови.

Так, підприємствам з відновлювальної енергетики, пов'язаним з першим віце-прем'єром Андрієм Ключевим та його братом — депутатом від Партії регіонів Сергієм Ключевим за останній рік уряд надав значне сприяння для розвитку...

## Київ: В схемі «дерібана» столичної землі был замешан Басс

Светлана Тучинская

Если вы — пенсионер, когда-либо получавший паек от Леонида Черновецкого, возможно, вы короткое время являлись счастливым владельцем дефицитного надела земли в Киеве, а потом продали ее, к примеру, родственнику бывшего заместителя мэра Дениса Басса. 84-летняя пенсионерка Жезлова Александра Федоровна узнала от Kyiv Post о том, что она и ее невестка получили и продали 20 соток земли в Киеве. Их имена проходили в решении горсовета от 17 сентября 2009 года и потом в договоре купли-продажи...

## Стиль жизни: Что ест на завтрак Юлия Тимошенко

Катерина Грушенко

Судя по одной из последних заметок в Твиттере, Юлия Тимошенко соблюдает Великий Пост. Фото скромной белой тарелочки с завтраком появилась на ее странице 11 апреля. Кроме дефицитной гречки, главная оппозиционерка позавтракала салатом из цветной капусты, спаржи, перца и кусочком тоста. Натюрморт дополнила чашка чёрного кофе. Бывший премьер порекомендовала такой завтрак всем постящимся и извинилась «за гречку»: «Сегодня это почти чёрная икра», - написала она...



Завтрак Юлии Тимошенко

## Мнение: Припиніть полювати на колишніх студентів!

Микола Томенко

Колишні студенти почали отримувати "листи щастя" від своїх вищих навчальних закладів з вимогою повернути кошти за навчання, сплачені державою. У своїх листах адміністрації вищих навчальних закладів посиляються на документи, підписані Президентом Леонідом Кучмою та Прем'єр-міністром Павлом Лазаренком в 1996 році. Оскільки йдеться про нормативні акти п'ятнадцятирічної давності, які не були підтверженні відповідними змінами до закону про вищу освіту, а також зважаючи на те, що студенти при вступі не підписували з адміністрацією ВНЗ відповідні угоди, уряд повинен роз'яснити ситуацію, яка склалася та зупинити полювання на колишніх студентів...

Полный текст статей и блогов можно прочитать на [www.kyivpost.ua](http://www.kyivpost.ua)



A Kyivan gets personal attention from Kyiv Mayor Leonid Chernovetsky (R) and Deputy Mayor Denys Bass (C) during Independence Day celebrations in 2009. (Yaroslav Debelyi)

# Unsuspecting Kyivans used in land schemes, city prosecutor says

BY SVITLANA TUCHYNSKA  
TUCHYNSKA@KYIVPOST.COM

Regular Kyivans, including pensioners, have unexpectedly found themselves used in massive land scams allegedly involving Mayor Leonid Chernovetsky.

Accused by Kyiv City Administration Chief Oleksandr Popov of costing the city \$9 billion through fraud and embezzlement, authorities are adding new details to how the alleged scams were carried out.

Chernovetsky's administration is suspected of using the personal information of supporters in an attempt to camouflage the transactions. Popov, with the blessing from President Viktor Yanukovich, last year sidelined Chernovetsky from running the city.

The Kyiv Post obtained a document from the prosecutor's office, addressed to the Kyiv City Council, that describes how ordinary people were used in allegedly criminal land deals. Their "ownership" of the land turned out to be temporary, with the parcels later transferred to the true beneficiaries of the schemes, authorities said.

For instance, on Sept. 17, 2009, the city council issued land parcels to 10 Kyivans on Sadovjy and Sosnyvyi alleys in Kyiv. Several months later,

all are recorded as having sold their parcels to a Kyivan named Yakiv Bass. As it turned out, the prosecutor's investigation learned that people did not even know that they were given parcels and, obviously, had no idea they sold it. According to Kyiv Post sources in the city administration, Bass is the father of former deputy mayor Denys Bass, a close ally of Chernovetsky.

The Kyiv Post was unable to reach Denys Bass for comment. His former spokesperson, Oleksandra Zhurakhovskaya, said he does not speak to the press. Chernovetsky's spokesperson declined to comment. Bass resigned from his post in 2010 after Popov was appointed to head the city administration.

Meanwhile, when asked why they supported a decision that turned out to be illegal, members of city council said everything looked right on paper.

It appears that unsuspecting citizens' signatures were forged and their passport information stolen.

An 84-year-old pensioner, Oleksandra Zhezlova, learned from the Kyiv Post that she and her daughter-in-law Vira Zhezlova had two land plots each in Kyiv. Their names are mentioned in the document, among eight others. →6

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4 Prosecutors: Kuchma, others caught on tape



5 Agricultural tycoon explains why he is suing government



6 Israel: Husband of Ukrainian woman masterminded Hamas rocket program



7 Russia battles with Europe over Ukraine



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1 Раскрыта причина гибели Юрия Гагарина



2 Задержанные в Минске признались и в других взрывах



3 Леся Гонгадзе: Кучма не убивал моего сына



4 Аварии на японских АЭС



5 За яичницу Синьковой пообещали "невыносимую жизнь" в СИЗО



6 Росіяни переписали текст обеліску жертвам Смоленської авіакатастрофи



7 Кабмін дозволив підняти ціни на пальне



8 Звернення президента до Верховної Ради (повний текст)



9 Стельмаху на рік не вистачило 4 млн. грн., знадобилася матеріальна допомога



10 На остановке в Москве произошел взрыв



## Leaders Talk

### Leaders Talk: Oleksiy Morshchagin, co-founder of Tube and Wire Company, EBA Donetsk Branch Board Chairman

FOR A LONG TIME INNOVATION HAS BEEN THE STRATEGIC GOAL FOR UKRAINE, WHILE THE PREFERENCE WAS GIVEN TO THE SO-CALLED PRIORITY FIELDS, WHICH INCLUDED METALWORK ALONGSIDE COAL MINING AND METALLURGY. CONSIDERING THE POWERFUL POTENTIAL OF METAL INDUSTRY AND HAVING THE GOOD UNDERSTANDING OF THE MARKET DEMAND IN UKRAINE, A GROUP OF BUSINESSMEN DECIDED TO SET UP A PRODUCTION OF ELECTRO-WELDED STEEL TUBE FOR REFRIGERATION INDUSTRY IN DONETSK KEEPING PRICES COMPETITIVELY LOW AGAINST THE SIMILAR IMPORTED PRODUCTS. TODAY WE TALK TO OLEKSIY MORSHCHAGIN THE PERSON WHO WAS LAYING THE CORNERSTONES OF THE TUBE AND WIRE COMPANY, EBA DONETSK BRANCH BOARD CHAIRMAN.

#### Was it easy to enter the metal industry market back in 2004?

Of course, it was a rather risky decision to enter the market of metal industry in Ukraine because of high raw material prices, lack of investment funds, obsolete equipment, absence of innovations, cut-throat competition from Chinese and other external suppliers. Nevertheless, with the help of efficient combination of lending and our own funds we managed to build a modern cold rolled electro-welded tube production line, which is one of the three similar lines working on the whole post-Soviet space.

#### What do you produce today and who are your main clients?

Nowadays, Tube and Wire Company sup-



**OLEKSIY Morshchagin,**  
Co-founder of Tube and Wire Company, EBA Donetsk Branch Board Chairman

plies such industries as mechanical, power and construction engineering, shipbuilding and metal construction. Nord (Donetsk) are Juka-Invest (Zhytomyr) are the strongest consumers in Ukraine. Besides, being at the home market, the enterprise exports tube to neighbouring countries of Russia, Belorussia and Slovakia to huge plants producing refrigerating equipment Indesit International (Lipetsk), Atlant (Minsk) etc.

#### The heavy industry production is a rather competitive environment, how do you deal with the strong competition on the market of metalwork?

The main counterparts of Tube and Wire Company are large Russian plants: Pervouralsk New Pipe Plant and Volgograd Tube Plant. They owe their competitive edge to the vicinity to the main consumers and ability to offer a wide product range. And this is a mixed blessing since their

scale does not allow them to swiftly adapt to the changing environment. As for us, it is easier to adjust to consumers' needs and to be responsive to unpredictable changes in economic situation. Naturally, it's getting ever tougher to maintain and to further expand our market share, nevertheless we are proud of our expertise in this sphere

and we do our best to provide further development and meet consumers' needs at the highest level.

#### For quite a while your company has kept the leading position on the metal production market. What is the secret of the company's successes?

I do appreciate my 14-year experience in doing business. The production was started from a scratch and it took time to overcome all obstacles and gain a stable position. Today the enterprise keeps the leading positions not only on the domestic but also on the European markets. I think that the secret of our success is in innovation and high quality of products stipulated by internal quality management. Considering the importance of free interaction of all departments in the organisation structure, operational part of the plant was divided into 4 production areas. Besides main industrial manufacturing

equipment, a great number of auxiliary tools and machines are used in a technological cycles that fastens the production cycle and makes it easier.

I control the development of quality management system personally. The company has its own laboratory equipped with advanced measuring and testing machinery for the final inspection and analysis of the process. Quality Assurance department controls precision of the results and adherence to customers' requirements. Thus, striving for the perfect quality is the main factor of our success.

#### As the Chairman of EBA Donetsk Branch Board and a businessman, what aspects do you think need improvement?

Working closely in production sphere, we suffer from VAT non-refund and unreasonably high crediting rates. So we are interested in resolution of these problems on the high governmental level. The EBA helps with these issues officially bringing concern of business to the attention of state authorities. We would like to further promote fair and transparent competition, respect intellectual and other property rights, promote and respect non-corruption practices and encourage compliance with prevailing law at all times.

Internally, we highly respect employees' rights, and do everything possible to provide them with healthy and safe work conditions and training opportunities. Besides, we strive to develop constructive relations with local and national government bodies to achieve a fair and productive business climate, recognising the importance of environmental protection. All these conditions set up reliable background for mutually beneficial cooperation and build up consumers' confidence in the quality of our production.

## OPINION



**ANNA Derevyanko,**  
EBA EXECUTIVE DIRECTOR

#### How to "dot the i" in investment

Looking back on the changes that took place and which we sense as a business association, we see that the government was really efficient in establishing political stability, formulating the economic reforms programme and sending the right messages to investors. There has been a further improvement in the business climate due to the general macro-economic stabilization on the world's arena, which helped Ukraine recuperate together with other countries severely hit by the crisis. What we still fail to see among others is the rule of law in place in the country and this hurts attracting new investors badly.

#### A Tip for the government

**Establish rule of law.** Companies admit that a lot is being done on the public level to promote the current government as an investor-friendly one, the central and local gov't bodies lately demonstrate an extremely open and cooperative stance towards making new investments come to Ukraine, conducting investment forums at all levels. Still, we regret to say that investors that are already on the market do not experience the same degree of commitment on the part of government which would make their operations in Ukraine stable, plannable and profitable. Lack of rule of law which is communicated by companies to potential market entrants is a very bad publicity and should be No 1 issue tackled by the state. Once the business community has got stable ongoing and well argued dialogue with authorities based on mutual trust and respect, existing investors will be the best ambassadors of Ukrainian welfare, sparing the government enormous effort for investor awareness campaign.

#### A Tip for companies

**Speak up and Cooperate.** Considering the high level of corruption that still plagues officials of different levels, the only efficient and legitimate way of combating it is not to keep it to oneself using the loopholes to solve specific problems but join other businesses and associations in giving it a public dimension. We have become convinced throughout many years of work that a lot can be done without indulging into corrupt practices. Three do's for that are: find the common language, participate in public discussion and be determined to assert once legitimate agenda.

## InFocus

### Ozone-friendly business-destroying practices

For a certain period of time, EBA member-companies have faced problems, resulting in ungrounded refusals and extensions of periods for issuing of permits, related to procedure of receiving permits in form of letters-clarifications from the Ministry of Ecology and Natural Resources of Ukraine for import of products that do not contain ozone-destroying substances according to Resolution of the Cabinet of Ministers of Ukraine No 1183.

The licensing procedure is stipulated by other regulations but it does not foresee separate procedure of proving absence of ozone-destroying substances nor does it contain separate list of documents that must be issued to receive the letter-clarification. Going beyond the rules set forth by the law, Ecology inspectors sometimes even require companies to submit clarifications of the Ministry.



**Vyacheslav Yandrykhinskiy,**  
Supply Chain Operations Manager  
of Unilever Ukraine LLC

"Recently, we have faced a problem that while passing the ecological control during the customs clearance in Odessa port, ecological inspectors require permission letters issued by the Ministry of Ecology and Natural Resources of Ukraine which confirm that products do not contain any ozone-destroying substances even for the goods imported in non-aerosol packaging.

Such actions contradict the normative prescription that respective letters required only for goods imported in aerosol

packaging according to Annex 4 of the Resolution of the Cabinet of Ministers of Ukraine "On approval of lists of goods, exports and imports subject to licensing and quotas for 2011" № 1183 of 22 December 2010. It is also out of synch with the official response № 16089/10/10-09 of 12 October 2009, received by the European Business Association from the State Ecological Inspection, which confirmed that respective letters for the products in non-aerosol packaging are not required. This situation negatively affects operations of the official importers, resulting in delay of customs clearance, demurrages, delays in delivering of products for sale. Such actions of the Ecological authorities also hamper the timely payment of customs duties to the State Budget."

Other EBA companies add that there is no clear detailed written permit procedure stipulating the documentation needed and its terms, just the Resolution of the CM with the updated list of ozone-depleting substances and products which might contain them and a nebulous licensing order of the Ministry of Environmental Protection are available.

Another typical problem is that the both documents are issued only after the New Year and the companies can start getting new licenses or permits only in mid January, meaning that companies cannot import products requiring such permits for at least two months. With all these problems at hand, the applicants have no opportunity to consult the Ministry of Environmental Protection to clarify how the documents have to be prepared.

Finally, the list of products which might contain ozone-depleting substances is huge but not specific. It exceeds that of the Montreal Protocol and the lists of EPA and EU, covering medicines, organic dyes, polymer paints, fillings, cements, etc. It looks like Ukraine is much more environmentally conscious than the USA and EU combined. Together with the lack of detailed permit procedure this list provides a good opportunity for arbitration and unreasonable decisions.

## Editorial

## Grain grab

There's something rotten going on in Ukraine's promising but troubled grain market. And just as with the murky dealings long plaguing the nation's multibillion-dollar natural gas business, the stench can be traced to opaque companies where private interests close to Ukraine's highest echelons of power mix closely with the state. In the end, a select few appear to profit handsomely at the expense of national interests.

Enter Khib Investbud. Unknown to most Ukrainians until late last year, this part state-owned and part private company has received huge preferences by government – some say monopolistic deals – on the nation's lucrative grain market. Khib Investbud has risen from obscurity to become Ukraine's major grain player as domestic and international agribusinesses that have invested heavily into the nation count mounting losses triggered by government grain export restrictions.

To the shock of many, little-known Khib Investbud was given the lion's share of grain export quotas. Through what is widely considered to have been a non-transparent process, this firm was chosen over agribusiness giants that have long been prominently active in Ukraine. With no sizable stockpiles of grain or abundant storage facilities, Khib Investbud got much of the export quotas. It was also chosen as the state's agent to amass a national grain reserve. Disturbingly, Ukraine introduced the export restrictions despite a reasonably large harvest of nearly 40 million tons from last season's crop. Farmers were hit hardest, prevented from selling their grain at world market prices.

Who is profiting on the losses of farmers and investors? Insiders, grain firms and diplomats say windfalls are being made by insiders close to President Viktor Yanukovich. Documents also show that a top Russian bank ultimately controlled by Russian Prime Minister Vladimir Putin is also closely involved. If true, then this picture raises a big question. Does Yanukovich care more about the pockets of close friends and Russian interests than about domestic farmers, big investors and national interests?

If Yanukovich is serious about making Ukraine a civilized democracy, then a major policy shift is due. Otherwise, Ukraine risks becoming the "breadbasket of Russian and Ukrainian Cronies" as opposed to reclaiming its reputation as the "breadbasket of Europe."

## Smokescreens

Thanks to the likes of super-star criminal defense attorneys such as Alan Dershowitz, expect more smoke blown all over the truth of who should face justice over the 2000 murder of journalist Georgiy Gongadze. But don't let the smokescreen spread by Dershowitz and others divert attention away from the long list of evidence that points to Kuchma's involvement in Gongadze's murder and a longstanding cover-up.

In a Kyiv Post interview, Dershowitz superbly demonstrated his razzle-dazzle. But no talk of science or reasonable doubt from his mouth should divert attention away from these facts:

- 1) Gongadze's complaints of being followed by police have held up;
- 2) Kuchma authorities mishandled his body, and denied early on it was his;
- 3) Early on, secretly-made recordings implicated Kuchma in ordering subordinates to do away with Gongadze and the legitimacy of these recordings have been corroborated in many ways;
- 4) Authorities under Kuchma tried to falsely hang the murder on two convicts nicknamed "Cyclops and Sailor Boy;"
- 5) Three police officers were convicted and admitted to taking part in the crime;
- 6) Their superior, former Police General Oleksiy Pukach, claims his boss [former Interior Minister Yuriy Kravchenko, dead since 2005 of two gunshot wounds to the head] passed on orders from Kuchma to deal with Gongadze;
- 7) Former General Prosecutor Svyatoslav Piskun claims Kuchma fired him after he arrested Pukach;
- 8) Piskun says a court under Kuchma's rule was pressured into releasing Pukach from custody in 2003, in turn derailing the investigation for many years until Pukach was caught again in 2009;
- 9) Kuchma claims he could have been set up by mysterious people who produced false recordings of his voice. But instead of solving the case during his last five years of authoritarian presidential rule, a time when billions of dollars worth of prized assets were doled out to his son-in-law and other close associates through crony deals and at firesale prices, mounting evidence suggests much more effort under his rule was invested into a cover-up.

It's anyone's guess what Ukraine's notoriously corrupt judges will rule considering the above.

But ask yourself: Putting unreasonable doubt aside, what decision would an impartial jury make when faced with this evidence?



**NEWS ITEM:** On the eve of Russian Prime Minister Vladimir Putin's visit to Ukraine on April 12, Prime Minister Mykola Azarov said that Putin "has never exerted pressure" on Ukraine and that relations between the two nations rank as a "partnership." The reality, however, may be different. The Kremlin appears to be using a carrot-and-stick approach to keep Ukraine from signing a free trade agreement with the European Union. Putin has threatened to tighten customs procedures for Ukraine if the deal with the EU is reached, while offering Ukraine \$9 billion in natural gas discounts if it joins the Customs Union with Russia, Belarus and Kazakhstan. Commenting on the visit, presidential adviser Hanna Herman said Putin and Yanukovich "spoke the language of pragmatism." (Drawing by Anatoliy Petrovich Vasilenko)

## Journalists as servants in Yanukovich era



YURIY LUKANOV

Are changes and improvements required in the current state of freedom of the press and media in Ukraine?

Recently the Ukrainian government opened criminal prosecution against former President Leonid Kuchma. He is accused of abuse of authority, which led to the murder of journalist Georgiy Gongadze on Sept. 16, 2000.

A few months after Gongadze's disappearance, the opposition accused Kuchma of involvement in the murder, basing their accusation on tapes made by Major Mykola Melnychenko, a former presidential guard, which were supposedly secretly recorded in Kuchma's office. Melnychenko's tapes recorded Kuchma's clearly voiced irritation with Gongadze, which gave many reasons to believe that he ordered the journalist killed.

Now President Viktor Yanukovich has finally ordered an investigation to find the truth about the murder. But Ukrainian lawyers unanimously state that the charges against Kuchma are impossible to substantiate, mainly because the prosecutors are going to ground their evidence on Melnychenko's tapes, made by illegitimate means.

Ukrainian legislation states that evidence collected by illegitimate means cannot be considered as evidence in court proceedings. To introduce the Melnychenko tapes into court as legal evidence in the case, they need to follow additional formal and legal procedures. The prosecutors, who in fact belong to Yanukovich's team, will not take this step. So we will most likely see another example of traditional abuse of and selective use of justice.

The government team has opened these criminal proceedings in response to accusations from the West that the judicial system in Ukraine only prosecutes the opposition. Currently several influential members of the opposition are in jail. Kuchma was chosen as a token non-opposition victim because he both does not belong to the opposition or the current governmental hierarchy; in other words, he is not

"one of theirs." Therefore, it is possible to easily prosecute him.

On the one hand, Yanukovich shows his Western critics that he prosecutes not only members of the opposition while, on the other hand, he does not offend representatives of the ruling elites and political authorities.

This case clearly shows the philosophy of the current Ukrainian government, which is abuse, the essence of politics under Yanukovich. That is, he declares one policy and implements a completely different one. He assures the West he is committed to democracy but in practice he does not behave democratically.

This also is the case in such fields as freedom of speech.

Let me give you two factors that highlight this. Shortly before being elected president, Yanukovich advised journalists who asked him awkward questions at a press conference not to babble. In his inaugural address to the nation, Yanukovich did not mention freedom of speech.

Later, he repeatedly assured Western critics that he supports freedom of speech and he will safeguard it, that he will support the journalists, and so on. Meanwhile, his words typically diverge from the deeds. It became a routine practice for presidential security guards to arbitrarily throw accredited journalists on the ground.

Prime Minister Mykola Azarov's security team broke the camera of a TV crew. None of these security guards were punished, even though the journalists who were attacked and harmed complained to the prosecutor general.

The Ukrainian government treats journalists as their servants and does not stop just at brutal treatment. The infractions include applying censorship, even at the largest television channels. Of course, you cannot accuse the authorities of issuing direct orders to introduce censorship.

Officially, there is no such phenomenon as "temnyks" (secret instructions sent by the presidential administration to television channels during the Kuchma era). The word "temnyk," which originates from the word "darkness," was understood as direct instructions to mass media. "Temnyks" included instructions from the presidential administration on how to cover events in the country and what to ignore. Brutal censorship led to protests by journalists who launched a revolution that preceded the 2004 Orange Revolution [which overturned a presidential election rigged for → 5

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# A thaw in Ukraine?



ADRIAN  
KARATNYCKY

The recent indictment of former President Leonid Kuchma for abuse of power in the Sept. 16, 2000 murder of investigative journalist Georgiy Gongadze has sent shock waves through Ukraine's body politic.

The opening of a criminal process against a former patron of President Viktor Yanukovich is something few expected, as Kuchma was protected from prosecution during the five-year presidency of Viktor Yushchenko. Neither ex-Prime Minister Yulia Tymoshenko nor Yushchenko, two politicians whose rise to power was fueled by public discontent over the Gongadze murder, proved capable of doing what has occurred under Yanukovich.

For some, the charges are said to be part of an arcane and cynical plot that will eventually find Kuchma innocent and put the matter to rest. But that is unlikely.

The resurrection of this case, its public humiliation of Kuchma and the renewed spotlight on crimes that occurred during his reign is having the opposite effect. It is raising demands that a transparent and fair process occur. Any hint of a cover-up will only undermine Yanukovich's image.

As importantly, the international community knows that of more than 140,000 cases brought to trial in Ukraine last year, only 100 or so ended in acquittals. Thus, the news for Kuchma appears grim, as does the accumulating weight of evidence.

Taken on its own, the launching of a case against Kuchma, a pillar of Ukraine's establishment, defies reason and requires the weaving of complex conspiracy theories about — such as revenge by Yanukovich for Kuchma's alleged abandonment during the 2004 Orange Revolution, which denied Yanukovich the presidency in a rigged election, or the coveting of the vast fortune the Kuchma family has accumulated.

But recent trends point to another explanation.

There are clear signals of the beginning of a political thaw that reflects a return to the policy course many expected at the outset of the Yanukovich presidency. These early hopes, however, were dashed by signs of authoritarian behavior by police against protesters, the launching of criminal cases against Tymoshenko and other opposition leaders, and security service efforts to intimidate university rectors and leaders of non-governmental organizations.

Such authoritarian acts obscured positive policies in the areas of deregulation, tax policy, the opening of corruption cases against ruling party officials and political allies of the president, the downsizing of government, fiscal stability and the establishment of a more effective administrative system. Authoritarian policies also strained relations with Europe at a time when Ukraine's leadership is signaling that it is firmly committed to a deep and comprehensive free trade area with Europe and an association agreement despite Russian financial incentives and other blandishments.



Journalist Andriy Kulikov (R) and Darka Chepak, a former journalist who is now President Viktor Yanukovich's press secretary (C), talk with police during the "Stop Censorship!" demonstration in Kyiv on June 6. (Yaroslav Debelyi)

As a result of this commitment to a pro-European course, we are seeing unmistakable signs of modest political liberalization and a policy shift aimed at reducing domestic Ukrainian political tensions.

The appointment to the Yanukovich administration of respected journalist Darka Chepak — a founding member of the "Stop Censorship" movement — as the president's press spokesman and the naming of Maryna Stavnichuk, former top legal aide to Yushchenko and a respected member of the Venice Commission (a European rule of law monitor), as a key advisor underscore this shift.

Other signs of the thaw include recent government responsiveness to the demands of mass protests by students angry at the introduction of new fees, small entrepreneurs dismayed by tax code revisions and educators angry at cutbacks.

The chastising of the highly divisive Russophile Education Minister Dmytro Tabachnyk for his dismal relations with educators opens the door to his possible dismissal. Such a move, coupled with Yanukovich's restatement on April 7 that Ukrainian will remain as the sole state language, would represent a move away from policies provoking tensions between the country's Ukrainian-speaking west and Russophone east.

Yet another unmistakable signal is the improvement of the media environment at state-owned First National Television Channel, for years a government propaganda vehicle. Now the channel is offering prime time news programs hosted by one of Ukraine's most respected journalists, Savik Shuster, who consistently gives equal time to civil society and opposition leaders.

The recent flurry of prime-time TV appearances by Tymoshenko and the decision to allow her to travel to Brussels while under a pending criminal case is another sign of change. So, too, was passage with Yanukovich's support of Ukraine's first comprehensive freedom of information legislation.

In this context, the opening of a criminal case against Kuchma seems less of anomaly and more a part of a pattern by Yanukovich to restore the trust of his people, of Europe and of the United States as he seeks to move his country closer to European integration.

However, just as was the case under the Orange government of Yushchenko and Tymoshenko, there are powerful rent-seeking interest groups that continue to use their presence in and influence over the government to advance their narrow interests. Their avarice needs to be controlled.

Thus, just as when he was sharply criticized by Western leaders as Ukraine began straying from democratic practices, Yanukovich now should be saluted for the recent steps he has undertaken in the political sphere, though they are modest in scope. And Ukraine's president should be encouraged to continue his government's hard look at the crimes of the Kuchma era as well to deepen his attacks on corruption by political allies in Kyiv and in the Crimea.

As importantly, Yanukovich and Ukraine should be given clear-cut signals by the international community that such positive trends by Ukraine will open the door to full-fledged integration into the European Union.

*Adrian Karatnycky is senior scholar at the Atlantic Council of the United States and coordinator of its Ukraine-North America Dialogue.*

## Lukanov: Alarm bells will ring

→4 Yanukovich and led to Viktor Yushchenko's election on Dec. 26, 2004.]

Current monitoring of leading broadcast television channels shows the existence of censorship. In TV news, which is the main source of information for the majority of Ukrainians, what dominates is positive information about government activities and the government's point of view on current events while the opposition is either ignored or portrayed negatively. The Academy of Ukrainian Press found that in February of this year, 84 percent of the interviews published in the media were conducted with representatives of the government, 14 percent with the opposition and 2 percent with other parties.

This ratio is approximately 4:1 in favor of the government. Channel One National TV Channel, which is owned and controlled by the state, was unique in that 100 percent of the interviews it broadcast were with government authorities.

The Yanukovich administration has established

control over the media in a different manner from that of the Kuchma era. The government first established control over parliament and the judiciary, during which they clearly violated the constitution and several pieces of legislation, with the result that today Yanukovich controls all branches of power.

Naturally, the media owners, who typically are the wealthiest people in Ukraine, are eager to demonstrate their loyalty to the head of state. The president's attitude to each oligarch directly affects the success and efficiency of that oligarch's business. This situation has its effect on the media which is owned by Ukrainian oligarchs who ensure that their media display unswerving loyalty to the president.

The journalists' community is continually protesting against this situation, establishing, for example, the Stop Censorship movement in May, and regularly issues public statements in protest of obvious cases of censorship.

In addition, I should also mention that some TV channels do not censor and journalists who work

there protested against censorship and won. An example of such a channel is the STB channel.

But the fight goes on within the framework of the existing political system, which is currently dominated by oligarchs and the bureaucracy. These two groups exploit the resources of the country, whose economy now functions with the help of Western credits. The government believes that this system does not need free speech and that a free press is not required.

The situation in Ukraine can be only changed when the political system has been changed. The first alarm signal to the government took place last autumn when small and medium businesspersons across the country organized mass protests. I do not think that this will be the last alarm bell.

*Yuriy Lukanov is chairman of the Kyiv Independent Media Trade Union. Lukanov gave these remarks during the Oxford Model Ukraine Conference at St. Antony's College and New College at the University of Oxford, England from April 6-8.*



WITH  
NATALIYA SOLOVONYUK

What is your favorite thing to do on a beautiful spring day in Kyiv?



Vlad Tkach,

musician

"On a sunny day in Kyiv my favorite things are writing music, lyrics for songs somewhere in the park,

in nature. And if friends are with me, I'm happy."



Artem Sokolenko,

PR manager

"I love walking in the center of Kyiv on sunny days. At the Golden Gate, I like to drink

coffee and think about something pleasant."



Anastasiya Matyash,

student

"I like to walk through ancient Kyiv, to look at beautiful architecture. I like to spend my

leisure time with friends in my favorite places in Kyiv."



Lina Toshi,

an architect

"Kyiv is very beautiful and in the spring especially: warm, wonderful architecture, narrow streets and

ancient places. The heartwarming atmosphere of Kyiv attracts. I love just walking and listening to music alone or with friends."



Yevhen Denysenko,

a student

"I love hanging out with friends in the spring, with girls. After a cold winter in Kyiv, it's nice to walk

on my favorite Obolon promenade or in the parks."



Lyudmyla Volkova,

entrepreneur

"I like to walk in the Mariinsky Park in spring Kyiv: the spring sun, architecture, the

river. Everything puts me in a good mood."

Vox Populi is not only in print, but also online at [kyivpost.com](http://kyivpost.com) with different questions. If you have a question that you want answered, e-mail the idea to [kyivpost@kyivpost.com](mailto:kyivpost@kyivpost.com).

## Nation seeks new gas talks with Russia to lower price

**Reuters** – Ukraine will renew attempts later this month to try to persuade Russia to review a 2009 gas supply agreement and secure cheaper gas, Prime Minister Mykola Azarov said on April 13. One day earlier, Russian Prime Minister Vladimir Putin appeared to have ignored a call by Ukraine to change the 2009 agreement, which Kyiv says set an unfairly high price for Russian gas supplies and which now weighs heavily on the Ukrainian economy.

But Azarov told a government meeting on April 13 that Putin had promised to send a deputy to Kyiv on April 19 to discuss “the validity of the

current gas price formula.”

The 2009 agreement, signed by Russia’s Gazprom and Ukrainian gas holding Naftogaz under a preceding Ukrainian administration, set prices for Russian deliveries on the basis of the prices of oil products, which have since rocketed. It also set a base price of \$450 per 1,000 cubic meters, the highest in Europe.

Moscow has offered to reduce gas prices if Ukraine joins a Russia-led customs union. Kyiv has so far declined, saying such a move would derail free trade talks and integration with the European Union.

## Italy’s Eni to buy Cadogan’s Ukrainian hydrocarbon licenses

**Reuters** – British oil explorer Cadogan Petroleum said on April 13 that Italian oil and gas group Eni would buy a stake in two of its licenses in eastern Ukraine.

Eni will pay \$38 million initially and fund a \$30 million work program. Eni will also pay Cadogan up to an additional \$90 million, depending on successful results from the programs and getting production licenses. Eni will get a 30 percent interest in the Pokrovskoe license,

with an option to buy a further 30 percent interest. It will acquire a 60 percent interest in the Zagoryanska license.

Subject to approval from Cadogan shareholders and the Ukrainian Anti-Monopoly Commission, the deal is expected to close by July.

Cadogan, whose oil and gas activities are located exclusively in Ukraine, said it planned to use the proceeds to fund Zagoryanska work programs and develop its other assets.

# Authorities say Kyivans’ personal information used in land fraud deals

→2 “We never had any land and never asked for it. Me and my family, we all have lived in our apartment since 1948 or 1950,” said Oleksandra Zhezlova.

Zhezlova suspects that city authorities got the personal information when she applied for financial assistance.

The suspicion is that whoever perpetrated the land scheme was looking to place title to the land in the hands of unsuspecting citizens, who then would “transfer” the property over to the real beneficiaries.

Other “landowners” either never heard of being given any land or had applied for it years ago, but were refused. According to the Ukrainian land code, every citizen has the right to obtain 100 square meters of land in the city where he or she is registered in.

“While some members might have been unaware of the criminal scheme, I am sure most of them knew everything about it, but still supported it,” said Natalia Novak, deputy head of the Vitaliy Klitschko minority faction in city council.

People who were responsible for

## → City administrator who runs city says losses in scam land deals cost Kyivians almost \$9 billion

land issues – former head of land commission at city council Oleksiy Evlakh and former head of land department at city council Svitlana Makeyeva – are detained and both face charges.

Apart from issuing plots of land to the people who did not ask for it or were unaware of it, other illegal schemes were used. One of them involved opening empty cadastre files and voting on transactions involving these cases in city council. Documentation of land transactions then later were added to the file.

Often members of the city council brought in land clauses to the council’s order of the day without all necessary commissions and inspections. For example, Oleksiy Evlakh used this sce-

nario on Oct. 1, 2007 and bought 18 plots of the land at once.

The city prosecutor is investigating hundreds of such land cases, some are already in court. However, it is unclear if any high level city officials will face charges.

Meanwhile, while Chernovetsky admits “many mistakes” and acknowledges corruption in Kyiv, he told Korrespondent magazine in a recent interview that “exactly the same violations happen now under Popov. But I will not accuse Popov and his administration, because the uprooting of corruption has to start with right laws.”

Kyiv Post staff writer Svitlana Tuchynska can be reached at [tuchynska@kyivpost.com](mailto:tuchynska@kyivpost.com)

## → On the move

Send On the Move news to [otm@kyivpost.com](mailto:otm@kyivpost.com) or contact Kateryna Panova at 234-6500. It should include a photograph of the individual who has recently been appointed to a new position, a description of their duties and responsibilities, prior experience as well as education. Note: The Kyiv Post does not charge for publishing these notices or any news material.



**OLGA SHEVCHENKO** was appointed head of Scholz & Friends Kyiv, a full service communications agency. Shevchenko has worked in market-

ing and advertising more than 17 years. Before joining Scholz & Friends Kyiv, she headed Grey Advertising and Mather Communications (Ogilvy Group Ukraine). She also worked at SmithKline Beecham and SC Johnson marketing departments. Shevchenko is a graduate of Kyiv National Economic University, where she studied international economics and law.



**MAX PANFILOV** was appointed business development director at Baker Tilly Ukraine, a local branch of international auditing and advisory firm. Prior to this appoint-

ment, Panfilov worked for various large-scale companies in the United States of America and Ukraine. He comes to Baker Tilly with 20 years of experience in the technology and financial sectors. In the past, his responsibilities have ranged from project management to managing partner. Panfilov studied engineering and received a candidate of science degree at the Telecommunications Academy in Ukraine. He also has a master’s degree in management from Syracuse University in the USA.



**SOFIA OLIPHANT** was appointed chief executive officer of in Ukraine for 3M, an American multinational corporation. Her tasks in Ukraine for 3M will include

developing and implementing strategic plans, creating additional opportunities for growth and attracting new talent to the company. Oliphant began her career at 3M in 2000 in Germany as a product manager. She was later promoted to market development supervisor. Since 2003, Oliphant was responsible for development of 3M’s occupational health and safety division in Central and Eastern Europe, The Middle East and Africa. She was later appointed director of the division in Central and Eastern Europe.



**MARIA BARABASH** was appointed deputy CEO at NIKO asset management, a part of NIKO Corporation. In her new role, Barabash will be responsible for corporate development. Barabash comes to NIKO after working for the past two years as business development director at two Kyiv-based law firms: AstapovLawyers and Integrites. Earlier, she was an investment analyst at Capital Strategy, a company delivering advisory services for new ventures. Barabash is a graduate of Shevchenko Kyiv National University. She is currently studying at the Institute of Certified Financial Analysts with the aim of becoming a Chartered Financial Analyst.

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## Business Sense

WITH MORGAN WILLIAMS



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

# Agribusiness losses mount amid damaging 'Great Grain Robbery'

Ukraine historically has been called "the breadbasket of Europe." Even this underestimates Ukraine's potential. The nation today can be a huge "market basket" of high-value products, not a "breadbasket" of low-value products.

Agribusiness is Ukraine's most promising sector. But experts generally agree that Kyiv is moving in the wrong direction in this industry, with severe

restrictions and monopolization. An environment for high growth is not being created.

Some government leaders are talking about the same issues today as they were in the early 1990s, such as whether the private or public sector can do a better job of developing agribusiness, or whether it is good or bad to have international investors.

### World's Top Grain Producers (million tons)

	2008/09	2009/10
<b>Barley</b>		
World	155	150
Russia	23	18
France	12	13
<b>Ukraine</b>	13	12
Germany	12	12
<b>Corn</b>		
World	798	814
USA	307	333
China	166	158
Brazil	51	56
Argentina	15	23
<b>Ukraine</b>	11	11
<b>Wheat</b>		
World	683	683
China	112	115
India	79	81
Russia	64	62
USA	68	60
<b>Ukraine</b>	26	21

Source: UFC Capital

### Huge potential unmet

Year after year, Ukraine has been an underperformer. Everyone is tired of talking about "potential."

Most discussion centers on alarming trends and troublesome conditions, the lack of confidence in the business and financial community, the deteriorating and damaging investment climate, the obstacles being created by government agencies and instability in the marketplace.

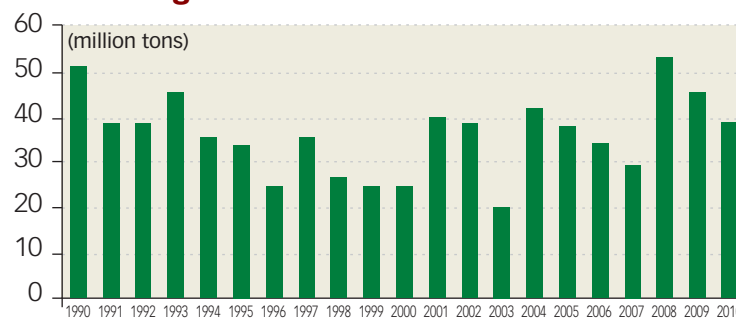
Investor appetite is lower. The basic philosophy of some government officials towards private economic development is not positive and friendly. Business and investors report that expansion plans are on hold. There is increased frustration.

### Wrong direction

Investors say they could double investments in agribusiness if the environment was right. Bankers and investors say lending and investment is far below what is possible. Many are not willing to finance the planting of 2011 crops due to government policy.

In light of the announced economic goals, it is a surprise to find the high speed train of agribusiness economic development in Ukraine is moving rapidly in the wrong direction and

### How much grain has Ukraine harvested since 1990?



Source: Dragon Capital, Ukrainian Government Estimates

on the wrong track. Many talk about the "Great Grain Robbery" in Ukraine when discussing the major grain export restrictions which began in August and continue today.

### Policies since August

Here are the major problems the business community has identified:

1. Value-added tax: The VAT system remains non-transparent and subject to manipulation. There has been pressure on exporters from tax authorities and the legal/security services, including criminal charges for alleged violations. Automatic VAT reimbursement will not apply to all and arrears persist.

2. Export restrictions: A whole series of export and other market restrictions have been introduced since August. Their justification and subsequent quota allocations lack any sort of transparency or accountability. Most international traders have been excluded from the export market. The major players in the private sector logically assume corruption and control is the driving force.

3. Monopolistic state control: Several programs have been put in place through government regulations which basically allows the government to monopolize and restrict in key areas, including grain exports, seed imports, cane sugar imports, detention of grain ships and forcing local commodity sales at below market prices. Also, several laws that give the government monopolistic power have been introduced in parliament.

These actions have caused huge losses and disruptions from the farming fields to family tables. Hundreds of millions of dollars of losses have been incurred by farmers, domestic and international agribusinesses, and other businesses in the food chain.

Experts estimate that the farmers' direct losses due just to export restrictions for the 2010/2011 marketing year will be more than \$2 billion through depressed local prices. Losses in the food chain could reach \$5 billion. Long-term losses could reach \$15 billion if present practices continue

### Positive changes needed

Most major players are loudly urging government to review their actions, to change course as soon as possible.

The government should open a real dialogue with the private business sector, bring transparency to the market, and provide new market tools such as pledges of long-term leases, pre-harvest financing, hedges, real commodity exchanges, crop insurance, liberalization of central bank rules and other such positive actions.

The people of Ukraine need and deserve an abundant supply of high quality, reasonably priced food products. The world is counting on Ukraine to do its part to substantially increase the world's food supply in the next 15 years to feed the growing population.

The amount of high value, high quality food products Ukraine could produce in the next 15 years is staggering – easily more than double what is now being produced. The amount of food the world needs and wants to buy from Ukraine is also staggering. All of which will produce needed jobs for Ukraine, income for the people, taxes for the government, wealth for Ukraine, overall economic growth and prosperity all the way down to the village level.

But for this to happen, Ukraine's potential in agribusiness will have to become reality – the sooner the better.

Morgan Williams is director of government affairs at the Washington D.C. office of SigmaBleyzer. He serves as President of the U.S.-Ukraine Business Council (USUBC), [www.usubc.org](http://www.usubc.org).

## Business Sense

WITH JORGE ZUKOSKI



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

# Agricultural investments in peril

American Chamber of Commerce members are among the biggest investors in Ukrainian agriculture, including food processing, logistics and trade. They have invested several billion dollars into the sector over the years.

However, their investments are now in peril, due to a sequence of steps and decisions made by the Ukrainian government and parliament. The list of missteps is long and frustrating. The lack of a clearly communicated and rational agricultural policy has only brought speculation and conspiracy theories as to goals and objectives.

The sector has moved away from the principles of a free market economy in many ways. These include:

- market interventions by closing exports through unjustifiable detention of grain vessels in September and October 2010;
- unfair and non-transparent distribution of export quotas in November 2010 and January 2011;
- legislative initiatives aimed at monopolizing the market;

- failure to refund value-added tax combined with growing pressure from law enforcement agencies for companies to withdraw VAT claims.

All these facts have led major agricultural companies to conclude that the Ukrainian government lacks understanding of the key role for agriculture.

The latest law passed by parliament mandates the sale of export quotas at auctions. Its enactment would mean an actual expropriation of the assets of grain traders that could not be exported due to barriers created by the government.

After losing hundreds of millions of dollars due to vessel demurrage costs, failure to deliver to international customers and six months of storage costs, the companies will now have to buy the right to export their assets. This is simply unacceptable.

Therefore, the American Chamber of Commerce has sent a request to President Viktor Yanukovich to veto this law. The legislation contradicts a number of Ukraine's laws and interna-

tional agreements. Furthermore, it is detrimental for the whole agricultural sector in general and Ukrainian farmers in particular. These export restrictions are dramatically driving down domestic prices of agricultural commodities.

Farmers are in need of cash at this time of the year – up to \$9 billion – to prepare for the next sowing season. They could easily get it if domestic market prices were not depressed.

However, if the quotas stay in place – in accordance with recent government decisions they will be auctioned until July 1 – Ukrainian farmers may lose \$1.9 billion to \$2.6 billion due to export restrictions. This equals 13 percent to 2 percent of total Ukrainian gross domestic product.

Also, there is still the unresolved issue of reimbursement of overdue and outstanding VAT refunds to exporters. So far, many companies that export agricultural commodities are neither receiving past due refunds nor qualifying for automatic VAT refunds, due to technicalities and barriers that have been

erected along the way. The American Chamber of Commerce is continuing a targeted advocacy campaign aimed to ensure the equitable and transparent repayment of past due VAT.

The focus needs to be on reforming the current VAT system to provide a long term, sustainable solution to the issue of VAT arrears.

It is our sincere hope that these issues can be resolved and Ukraine can once again embrace the concept of free markets in this important sector to the economy. The agricultural industry needs to be more competitive and attract desperately needed investment so that the sector can truly tap into its full potential and expand production dramatically.

A wide variety of issues are on our agenda during conversations with Agriculture Minister Mykola Prysyazhnyuk and other key policymakers.

An example of a concrete outcome of our recent meetings with Prysyazhnyuk was an agreement to establish an American Chamber of Commerce Agriculture Committee/Ministry of

Agriculture Working Group to address issues throughout the entire industry.

The message from our side continues to be the importance of creating and communicating an agricultural policy that will encourage increased production through the participation of local and foreign investors on a level playing field that does not favor any organization, regardless of composition or nationality of capital.

Market interference or monopolization of agricultural markets, leading to discriminatory treatment of investors, is detrimental to the building of a competitive industry. As a business community, we remain cautiously optimistic and will continue assisting national decision makers in improving the legislative and regulatory base in order to develop a more efficient and competitive agricultural industry based upon free market principles.

Jorge Zukoski is president of the American Chamber of Commerce in Ukraine, which unites leading companies from more than 50 nations.

# Prysyazhnyuk: Government, grain traders share blame

KYIV POST STAFF

Ukraine, a top world grain producer, rattled fragile global markets last autumn when it followed Russia in imposing export restrictions amid forecasts for poor global harvests.

The government justified the move as necessary to protect domestic food security, including keeping prices affordable for consumers. However, the 2010 total grain harvest came in at about 40 million tons, off only 13 percent from the previous year – making the export restrictions unjustified, according to some critics.

By placing curbs on Ukraine's multibillion-dollar grain export business, the government hurt precious hard currency earnings. It also punished some of the nation's largest investors – international grain traders and agribusinesses.

Experts, however, said farmers were the most vulnerable and hardest hit. As in past years when export restrictions were introduced, farmers were prevented from selling their grain at world market prices. Now many wonder whether it's worth their while to plant crops this season. Those who want to plant are struggling to get bank loans to finance what some see as an increasingly risky market.

The government's new policies also included the granting of export quotas in an allegedly non-transparent way, triggering an international outcry.

These debates are taking place against the backdrop of whether

Ukraine's agriculture sector will reach its potential as "the breadbasket of Europe" and an agricultural superpower. Experts say protectionist policies, such as a moratorium on the buying and selling of land, stifle efforts to bring more investment. Billions of dollars of fresh investment into agriculture could boost yields on what is regarded as some of the world's richest farmland, the famous black earth or "chernozem."

For insight into government policy, the Kyiv Post turned to Agrarian Policy and Food Minister Mykola Prysyazhnyuk. He is at the center of the ongoing conflict between international grain trading giants and Ukraine's government.

**Kyiv Post:** It is far from a secret that many grain traders operating in Ukraine – foreign and domestic – have since last autumn protested the government's grain export restrictions, calling them unjustified, as well as an export quota issuance process that they claim is non-transparent. They are also deeply disturbed by Ukraine's grain market reform plans, including a law adopted last week by parliament which would force traders to pay money for grain export quotas, which, if signed into law by President Viktor Yanukovich, would use the funds raised for forward grain purchase contracts to help farmers that have been hit by the export restrictions.

**What is the root of this conflict?**

Mykola Prysyazhnyuk: Last year's (harvest season) was a difficult one for the global grain market – one of panic. We saw one country after another downgrading their grain harvests, starting with Russia, then Ukraine, as well as Austria, Argentina, Brazil, the U.S. and European countries.

When Ukraine started harvesting, our pricing policy was Hr 800-900 (\$100) per ton of wheat. Last June, we expected a harvest of 48 million tons. But within weeks, [harvest predictions fell due to bad weather and other factors] and prices started sharply rising. We saw we wouldn't get the harvest expected. The panic started.

We had about 12-13 million [tons] of grain left over, which we could have exported. But the general global panic forced the government to act. I understood that it would be better to have a civilized grain market regulator. But we saw that all countries were worried about their food security. And in this light, we had to take into consideration protection for a part of our society which does not live at a European level, and could not sustain European pricing.

Of course, the quota issue could have sparked complaints, as conditions were not worked out that could have given grain traders a chance to orient themselves. But the blame lies on both sides: our government and grain traders.

Last August and September, we routinely met with grain traders with the aim of working out a joint action plan. Our government was clear: food security is priority number one. But we did not manage to jointly develop a strategy. Government was, therefore, forced to introduce quotas.

By the way, this is not prohibited by the rules of the World Trade Organization [of which Ukraine is a member.] In taking this road, we were criticized, even as our neighbors completely banned export.

**KP:** Lobbyists representing multinational grain giants operating in Ukraine have described your government's actions as the "Great Grain Robbery." They say that export restrictions were not justified, given that the harvest was still big, about 40 million tons. They said that government actions glutted the market with inexpensive grain, creating a situation where there is not enough room to store the new harvest. And, they say, that traders and banks are not willing to finance grain purchases given the risk that they may not be able to export it. They also complain that the biggest grain export quota share was given to one previously little-known company, Khlil Investbud. They say this situation smacks of corruption. Foreign ambassadors to Ukraine are also expressing such concerns, that corruption could be at play.

MP: First of all, I am far from this. If some actions are classified as corrup-



Ukraine's Minister for Agrarian Policy and Food Mykola Prysyazhnyuk

## About Mykola Prysyazhnyuk

**Born:** Jan. 3, 1960, Ksaveriv village, Zhytomyr Oblast.

**Education:** Graduated from Voronezh University, Donbas Mining and Metallurgical Institute, the National Academy of Public Administration under the Office of the President of Ukraine, economist, engineer, master of public administration.

**Career:** Worked as a diamond cutter at the Krystal factory, fitter, foreman, chief process engineer at Ordzhonikidzevugillya coal mine; 2002-2005, first deputy chairman of Zhytomyr Regional State Administration; 2005-2007, head of the National Association of Meat and Meat Products Producers; member of parliament from 2006-2010; since 2010, minister of agrarian policy and food.

tion, they deserve to be investigated.

Secondly, with respect to the formation of state company Grain Ukraine, the state made the right decision here, which made it possible to preserve state assets which in previous years under state company Khlil Ukraine were constantly [at risk] of bankruptcy. Today, Grain Ukraine, [which is inheriting much of Khlil Ukraine's assets, including grain silos] is an attractive company. It will be turned into a joint stock company soon. We will agree with financial companies of world class about this. Thus, the state will not be a monopolist. The government never aimed to have a state monopoly.

As for the quotas, to some degree, they may have been introduced not at the right time. We are jointly, along with the traders, to blame for this. We are working with the European Business Association, American Chamber of Commerce in Ukraine, to develop a memorandum on how we will act next season. Because today, once again, nobody, including us, can say what the harvest will be like.

It is critically important for us to be a strong player on international grain markets. We understand that the market foremost wants our grain, not for now so much of our meat, chicken, vegetables. At this first stage, we are ready to fill this demand.

**KP:** Do you support, and do you think the president will sign the law adopted by parliament last week which would force traders to pay for quotas, with the funds in turn being used to support farmers? The Chamber of Commerce, EBA and traders say this law is not acceptable.

MP: It was the idea of traders [late last year] themselves to introduce quotas. We will see if the president signs it or not. His administration is today analyzing it.

**KP:** Maybe it's true that traders wanted the quotas instead of a complete export ban, but they complain that the quota issuance process was non-transparent. Traders, their lobbyists and Western diplomats say that Khlil Investbud received the lion's share of the quotas, despite the fact that it was little known, has unclear ownership and unclear grain stockpiles available for export. They say also that it looks as if the state and you are supporting this company.

MP: The emergence of Khlil Investbud, in my view, is a conse-

quence of Ukraine's law on state procurements. In this law, it is written that a state structure, such as the Agrarian Fund [state grain reserve], is not eligible to fulfill the role of a single bidder. It is written in the law that if a single company wins the contract for food security and formation of the reserve, then it must be a company in which no less than a 51 percent stake is private.

The government is now in talks with the World Bank to remove such nuances from our legislation. In my view, the state has the right to buy at its own cost the amount of agriculture products which are needed to protect food security and prevent unstable prices.

**KP:** Who are the private investors in Khlil Investbud?

MP: I don't know this and should not know this. But these are sufficiently transparent financial structures. Even the press has written that it is Russia's VTB [Vneshtorgbank bank.] is this not the case? You need to look at the registration documents.

**KP:** It is hard for us as journalists, as well as for the international grain traders, to understand what is really going on when the agriculture minister and Prime Minister Mykola Azarov say, as he has said in the past, that they don't know who the state's partner is in this company which plays a huge role on the grain market.

MP: If it is needed, we will provide [such information.] I can tomorrow give you registration [documents showing] the owners [Editor's Note: The documents were not received by the time this edition of the Kyiv Post went to press on April 14]. It is, by the way, known in all circles who the owners are.

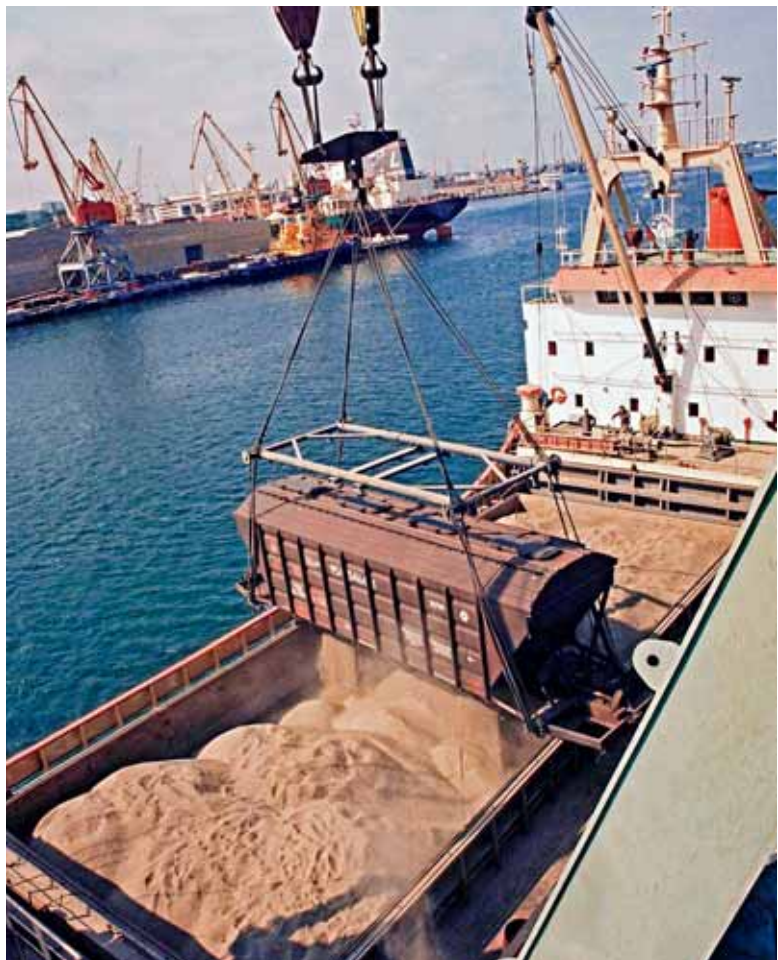
**KP:** So, you know who the owners of Khlil Investbud are?

MP: Of course. I will give it to you tomorrow, today...

**KP:** You must have heard that much of the grain market, and Western diplomats, are convinced that a certain [Party of Regions] lawmaker, Yuriy Ivaniushchenko, is the person who controls this company. And they say that you are close with him, and that the situation is not transparent. Maybe he is a de facto owner?

MP: I know all 450 parliament deputies, each one. And it's normal for a minister to know them all, including him.

**KP:** Does he have →9



Ships filling with grain in the Odesa port. Export restrictions since last August have roiled the agricultural industry, with grain traders crying foul over the allocation of a large share of the valuable export quotas to Khlil Investbud, a partly state-owned firm whose private owners are not clear. (UNIAN)



# Minister sheds little light on mysterious Khlіb Investbud

→ 8 any relations to [Khlіb Investbud]?

MP: Everyone says what they want to say, isn't it so? My job as a minister is to protect food security. I am obliged to have a certain amount of grain and to preserve the attractiveness of the country's agriculture sector. We are certainly doing this. Moreover, we are now holding talks with grain traders, and I am not satisfied that they only jump into work when harvesters collect grain. There is world experience – of Brazil and Argentina – where the harvest is financed one year in advance. This is our goal and the world market wants our grain.

KP: But banks and traders say that they can't put money into such ventures given what they just experienced, in not being able to export the grain, and given their big questions about future reforms of Ukraine's agriculture business.

MP: What reforms do not appeal to grain traders today?

KP: For example, they say the market is being monopolized.

MP: Why?

KP: They are pointing the finger at Khlіb Investbud, that they received the lion's share of quotas.

MP: But we are now talking about cancelling quotas for next season. We hope we will have enough grain for the domestic market and export. Let's

work together. Today, the state is not capable, nor is the agriculture market, of independently investing the funds needed to increase the harvest. Where shall we get the funds?

KP: But grain traders say that if the state did not interfere so much in the grain market, if the market was more predictable, they and banks could provide the financing.

MP: You are saying that the state interfered. But what did grain traders do for the past 19 years? Why did they not provide the financing?

KP: They say that what is happening now happened before, in 2007, for example. There were grain export restrictions imposed, and, in their words, an unfair quota issuance process. How much have international grain traders invested in Ukraine to develop the market?

MP: I can't underestimate the role of grain traders. We understand we can't develop this market without them. This is for sure. And I am confident that we will at this phase find the right joint plan on exports, food security and investments. You should understand that about 15 million people live in our villages. About 32 percent of our population is rural, compared to 2-3 percent in developed countries. A complete industrialization and globalization of our market is being proposed. We are not against it, but we need to take into



Questions have been raised about whether Party of Regions lawmaker Yuri Ivaniushchenko is involved in the grain business, specifically with Khlіb Investbud. He did not respond to Kyiv Post inquiries before this edition was published. He claims to have known President Viktor Yanukovich for a "long time." Both are from Yenakieve in Donetsk Oblast. (Natalia Kravchuk/Korrespondent)

consideration the realities and interests of our villagers and farmers.

KP: We heard that the state could soon sell its shareholding in Khlіb Investbud.

MP: We will auction it off, sell it, both the Grain Ukraine company and Khlіb Investbud.



Robert Browdi is general director of Khlіb Investbud. A representative of the company said the firm's ownership would be disclosed through the Agriculture Ministry. But when this edition of the Kyiv Post went to press on April 14, the information had not yet been received. (www.hlib-invest.com.ua)

KP: Nibulon, one of the biggest domestic agribusinesses, has recently filed a lawsuit against Ukraine for hurting its business through non-market and non-transparent policies. Other grain firms say they could do the same. Will Ukraine win such lawsuits?

MP: I don't think that grain trad-

ers will be motivated to do so. We are in constant talks with graders to come up with transparent, normal and mutually beneficial conditions. As for Nibulon, we will face them in court. Let the court decide who is right and wrong.

KP: Will Ukraine continue to restrict grain exports?

MP: The restrictions are to be lifted July 1. We are today discussing ways to speed up this process. Nonetheless, despite the existing restrictions, about 10 million tons of grain was exported.

KP: And who exported it? Can you give a breakdown?

MP: All the companies. This is not secret information. We will provide it to you. [Editor's Note: When the Kyiv Post went to press on April 14, the newspaper had not received the information.]

KP: Maybe its the case that traders are not telling the whole truth when they say they were not allowed to export their grain?

MP: We would be wrong to blame the grain traders in saying that they are not telling the truth. I understand them. They are a business. It's another issue that we failed to find common ground. This is our mutual fault.

I do not lay all the blame on grain traders, but I also do not want to take all the blame upon myself.





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# Dershowitz doubts case will be solved

→1 many high-profile clients. He was part of the legal defense team of former American football star O.J. Simpson, acquitted in 1995 of the murder of his ex-wife, Nicole Brown Simpson, and Ronald Goldman.

In an interview with the Kyiv Post, Dershowitz explains how and why he will defend Kuchma. His strategy appears to rest, for the moment, on challenging prosecutors' attempts to prove the authenticity of secretly made recordings of Kuchma by former presidential body guard Mykola Melnychenko. Portions of the hundreds of hours of tapes, made in 1999 and 2000, seem to implicate Kuchma in the Gongadze murder.

**Kyiv Post: How did you get involved in the case?**

Alan Dershowitz: I received a phone call from a former student of mine at Harvard Law School, who told me about the case. I then read a lot about it online and familiarized myself with the case. The decision to bring me into the case was made by President Leonid Kuchma. I met with him and presented my approach to the case. He presented me with his. The decision was made to have me proceed as a consultant, a strategist, somebody who has a lot of expertise on tape recordings and the science.

My interest over the years has been in the relationship between law and science. I've had about 15 murder cases in the United States, most involving scientific issues. I've won 13 of them, mostly by challenging the science.

I myself, many years ago, was a victim of a tampered tape. A young witness came to interview me and he had a tape recorder in a sock. He took the tape out with the scissors and scotch taped it very primitively. He changed my words around, taking out the word 'not.' Then he re-recorded over it and presented it to the prosecution. We sent it to the FBI [Federal Bureau of Investigation]. They determined it was a fake.

It was easy in those days, because they didn't have digital. Today, it's much harder to detect any kind of change. But the senior investigator for the especially severe cases in Ukraine

American lawyer Alan Dershowitz in Kyiv on April 11. (Joseph Sywenkyj)



on Sept. 10, 2010 determined that it was likely that you couldn't prove that [the Melnychenko tapes] was not a fake, and that there were strong evidences that they may have been doctored.

**KP: Your specific role will focus foremost on authenticity of the tapes?**

AD: That's one of my primary goals, to look at the authenticity of the tapes. I am also asked to provide overall strategic and tactical advice. I will be working closely with the Ukrainian lawyers.

Science is science. It's the same in America and in Ukraine, and all over the world a requirement is to replicate any experiment. The prosecution claims they have new evidence [confirming the authenticity of the Melnychenko tapes.] That's fine. Then give us the materials and we will see if we can replicate it and come to the same conclusion with our world renowned experts. Unless and until it's done, the case doesn't have any scien-

tific grounds. And the Constitution of Ukraine requires that all doubts be resolved against the prosecution and in favor of the defendant.

Moreover, there is always going to be great doubts in this case as for 10 years the conclusion has been that you can't authenticate these tapes. What has suddenly happened to make them change their mind? There haven't been any new scientific developments, or recordings, there were no new witnesses, or new technologies. The only thing that happened is a change of personnel [at the prosecutor's office.] This suggests the case is being decided not by the rule of law or the rules of science, but by the whims of individuals.

**KP: Some say that in the first five years after the murder, while Kuchma was president, there was no real attempt to solve this case. Couldn't this be expected if he is, indeed, guilty?**

AD: Let's move away from the first five years to the second five years. During the second five years

you had a president who was antagonistic to Kuchma, and there was no proceeding.

**KP: You know, that's not what many people believe [that President Viktor Yushchenko was antagonistic to Kuchma.]**

AD: OK, I am not an expert on that. But if you read the report done [by prosecutors] on Sept 10, 2010, it's very, very professional. It's not done by a politician. It's done by a professional investigator. And if you look at the reports done by Kyiv Research and Forensic Science Institute – this is the institute that is relied on by this very same prosecutor. [At issue is that] people may go to jail as the result of the reports. Suddenly, they are saying we believe them when they agree with us, but we discount their findings when they don't agree with us.

The prosecutors went shopping for experts. They didn't like the experts that they usually use, so they went shopping for new experts. And when you go shopping, it's a very big mall out there. You can find anything you want. They found experts who disagreed with their own experts. Why should their new experts be given more credibility? Certainly there is always going to be a reasonable doubt.

**KP: Are you saying it's impossible to prove authenticity of a digital recording?**

AD: Absolutely. Under the circumstances of this case, it's absolutely impossible.

We don't know how the original tapes were made. We've heard 15 different stories. We also know that the memory cards were not held properly in a chain of custody. They were offered for sale. And the man who was offered to buy them thought they weren't authentic and wouldn't buy them. If you look at all the circumstances of how these tapes were obtained, no expert could tell you that in the context of this case there could be any certainty that the tapes are authentic.

There also are grave doubts of the legality on how they were obtained, and of course the Constitution of Ukraine says you cannot rely on the evidence that was obtained illegally.

But we are focusing primarily on that fact that we do not believe that the tapes authentically replicate what was said by Kuchma.

And the report [prosecutors produced last year] notes that when you listen to the relevant portions [of the tapes] that have to do with the murder of the journalist, the conversations are of low quality. It's impossible to hear the full conversation contents. But when you listen to the recordings that are not relevant, statements are clear, complete. This gives rise to the likelihood that somebody tempered with the relevant parts.

**KP: What's your understanding: do the prosecutors have the copies of original tapes?**

AD: They themselves don't know whether or not some are originals or clones. We want to see everything they've shown to their experts. We are entitled through world class experts who are relied on every day by the FBI, Ukrainian, French and British prosecutors and police, to try and replicate them. We are going to use them to replicate the experiment to see if it's valid.

**KP: You may have heard that Renat Kuzmin, deputy prosecutor general in charge of the case, said last week that they confirmed authenticity of a portions of the tapes relevant to the death of Gongadze as the result of fresh testing, and that the voices on the tapes are those of Verkhovna Rada speaker Volodymyr Lytvyn, Kuchma, and former Interior Minister Yuriy Kravchenko, who is now dead. Does the Kuchma defense know what studies is he talking about?**

AD: No, and we expect shortly to see the new report. The most important question: is there any new evidence, or is there a new analysis of the old evidence. In this case we would like to do an even newer analysis, to see if we can replicate their conclusions using even better experts.

**KP: Your plans also sound like expert shopping.**

AD: If you do shopping, you should do shopping on both sides. You can't let just one side do this. They shop, we shop. We will produce people who have credibility all over the world.

**KP: International human right watchdogs say Ukraine's legal system is unfair. Given this and the case's importance, do you think a grand jury style hearing is warranted?**

AD: We can't propose the changes to the legal system. We are operating within the Ukrainian legal system. I am going to assume good faith and a very valid system.

It's important that international lawyers be involved. It's a trend we are seeing more and more. For example, in [Russian former tycoon Mikhail] Khodorkovsky case there are American lawyers. Your former prime minister [Yulia Tymoshenko] also hired an American law firm. I think we will see a trend towards more foreign lawyers. There are 'Doctors Without Borders.' In the future we will see 'Lawyers Without Borders.'

**KP: Are you really pro- →11**



O.J. Simpson (R) talks with two of his attorneys in court in 1995 during his murder trial in Los Angeles that ended in Simpson's acquittal. U.S. lawyer Alan Dershowitz was part of Simpson's legal team and has now been retained by ex-Ukrainian President Leonid Kuchma, who faces charges in the 2000 murder of journalist Georgiy Gongadze. (AFP)

# Dershowitz says prosecutors won't be able to prove tapes' authenticity

→ **10** tecting someone who is innocent here? Kuchma doesn't have the best reputation in this country, neither do other former presidents in Ukraine, a nation notorious for corrupt leadership.

AD: It's in the nature of things that when you are a president, particularly an early president in a young democracy, there would be all kinds of questions. But one thing I strongly oppose is the criminalization of political differences. When you don't like somebody's politics, you charge them with crime.

KP: But this is exactly what many say Kuchma did by launching criminal prosecution against Yulia Tymoshenko the in early 2000s when she was deputy prime minister.

AD: I am generally not happy with political figures being put on trial. I don't know enough about that case, but I think that trend is very dangerous one for the democracy. In Ukraine, using these allegations the government is trying to prove that it's fair, that they went not only after the former prime minister, but after Kuchma as well.

KP: Kuchma in the past suggested that he was set up – first hinting it could have been Russia, more recently pointing at the U.S. Does he believe he was set up?

AD: This is not relevant to what happened. It's relevant to what didn't happen. What didn't happen is that Kuchma didn't order the killing of a journalist. That's the issue of this case, what the prosecution needs to prove beyond reasonable doubt. What did happen in this case. That's for journalists and for historians [to find out].

KP: Many believe it's crucial to investigate not only the tapes, but the whole case in its entirety. In the first couple of years after the body of Gongadze was found, for example, authorities first denied it was his body, then they said

→ **[The case] will be solved by journalists and historians.**

– Alan Dershowitz

it was his body, and later they said they found the murderers – two dead convicts nicknamed "Cyclops" and "Sailor Boy." There were so many different stories and explanations. And it all looks to an average person and journalist as a cover-up was being waged.

AD: This is for political figures and historians to go back in time and find out what happened between 2001 and 2005. As for the law, we have to deal with what they have charged Kuchma with. And I am confident [their case against him] cannot be proven beyond doubt.

KP: Isn't it vital to establish the truth in this case, and Kuchma's role, to hold top officials account-

able? In recent weeks, former Prosecutor General Svyatoslav Piskun, for example, suggested that there were orders from Kuchma to fire him when he first arrested Oleksiy Pukach, the former police general who allegedly admits to murdering Gongadze upon orders from higher officials.

AD: That's not what President Kuchma is charged with. It may be interesting history and the historians will have to dispute whether this happened. If he were charged with it, we would have to investigate it thoroughly. The charge is simply based on tape recordings and alleged testimony of Pukach. And that testimony is very questionable in terms of the circumstances under which it was made and what he expects to get in return. You have your job to do. I have a job to do. We have two different jobs.

KP: You challenge Pukach's testimony?

AD: I don't accept it. We have reasons that will come out later. I am not free to disclose them now. We absolutely and categorically reject Pukach's testimony. I think the prosecution has some doubts too, as otherwise they would put the tapes aside.

KP: Wouldn't it strengthen the defense case if you could show that someone else could've been behind setting this all up?

AD: There used to be a great television detective program in America called Perry Mason. At the end of the show, lawyer Perry Mason not only proved that his client didn't do it, but he always pointed the finger and said: "There is the real murderer!" That's fic-



Ukraine's ex-President Leonid Kuchma gets out of a car as he arrives at the general prosecutor's office in Kyiv on March 24. He is charged with exceeding his authority as president in giving orders that led to the Sept. 16, 2000 murder of journalist Georgiy Gongadze. (AFP)

tion, television, the movies! In real life, you decide the case based on evidence you have. Obviously, if we get new information that enables us to point fingers, we will do it. But we have no obligation.

KP: How much are you getting paid for taking part in this case?

AD: As you know it's improper for a lawyer to disclose his fees. But in general, I have three kinds of fees. Half of my cases I do pro bono, as my clients cannot afford to pay. Around 25 percent of my clients pay full fee, and 25 percent of my clients pay what they can pay. I charge Kuchma my regular full fee.

KP: Have you ever been involved in a case like this? Don't you think that it would make a great spy novel?

AD: It would make a great book. This is a fascinating story of intrigue

with international implications and grave implications to the rule of law.

KP: If you do decide to write a book about this case, how will it end?

AD: If I could write an ending, it would be a very boring one. The ending would be: The prosecution decided to drop the case without a trial. In that respect, it will not be a very good book, because the truth here is a little boring. There is no case.

KP: Do you think this case will ever be solved?

AD: It will be solved by journalists and historians. It seems to me that the case is now so old, 11 years old, that it's very unlikely it will be solved by a legal system. The legal system requires fresh, authenticated, legally admissible evidence beyond the reasonable doubt. That's a very high standard to me.

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# French couple unable to take twin babies home

→ **1** the babies, they tried to sneak across the Hungarian border with the infants hidden under a mattress in their van.

The case again highlights the ethical dilemmas of surrogacy motherhood and Ukraine's leading international role in the practice.

Now Alain and Margot (not their real names) face excruciating choices from their rented apartment in Uzhgorod.

They can abandon their homeland, where children born to surrogate mothers are not legally recognized.

Or they can surrender their children to Ukrainian authorities, who have charged the husband and his father, who accompanied the married couple, with attempting to illegally transport children abroad. They have vowed not to abandon their children.

For now, instead, the married couple has chosen instead to appeal to any European country that recognizes surrogate births to grant their children citizenship.

"When our surrogate got pregnant in May 2010 we were in the seventh heaven," said Margot, as she caressed one of the twin girls in her arms, shifting from smiles to tears. "We were so naive."

Like many other infertile couples, Alain and Margot tried to conceive or adopt a baby. They gave up after 10 years, and turned to the Internet for help.

Their search led them to the Biotex agency in Kyiv. They said the firm's owner, Albert Mann, promised to find a woman who would conceive their baby. Mann, they said, also offered legal assistance in taking the baby out of the country.

In doing so, the French couple joined a growing number of infertile foreign couples flocking to Ukraine in search of women who, for a fee, are willing to become impregnated and give birth to babies.

Ukraine's reproductive clinics and surrogate agencies have grown largely unimpeded since 2002, when surrogacy became legal in Ukraine. In the unregulated field, unscrupulous practices have arisen. That's why many

nations, including France, have outlawed the practice while others have tightly controlled it.

Besides Ukraine's unregulated environment, the nation has clinics that offer cheaper surrogacy services.

"Ukraine can offer all the services that the United States does, but it would be 3-4 times cheaper and there is no problem to find a healthy surrogate mother," said Serhiy Antonov, head of Center of Medical Law in Kyiv. While surrogacy costs up to \$100,000 in the United States, in Ukraine the procedure is available as cheaply as \$30,000.

Clinics say the number of foreign clients doubles every year. A single Intersono reproductive clinic in Lviv said that it had 50 foreign clients just last year.

Many surrogate mothers come from poor rural areas and get about \$12,000 for her services, plus a bonus for twins and a food allowance from pregnancy.

As with many other clinics, Mann of the Biotex agency used by the French couple said that he finds surrogate mothers mostly in villages near Kyiv. "I usually place an ad [looking for surrogate mothers] to a provincial newspaper and many women apply," Mann said.

## French couple story

After three months of correspondence, Alain and Margot came to Kyiv in February 2010 to sign their contract with Biotex. They did so despite a law in France, in effect since 1994, that prohibits surrogacy in France and, therefore, prohibits Alain and Margot from bringing their children back home.

But the desire to have children proved stronger than their willingness to obey this French law.

"We wanted children and we saw that many Italian couples worked with Biotex and took their children home [surrogacy is equally prohibited in Italy]," said Margot, justifying the couple's actions.

After the twins were born in January, Alain and Margot received the birth certificates in their names. According to Ukraine's laws, surrogate mothers



A father holds one of the baby twins girls born to a Ukrainian woman hired as a surrogate mother. After being denied permission to take their children back home to France, which doesn't recognize surrogate arrangements, the couple is stuck in limbo with the babies in Uzhgorod. They face charges in Ukraine for illegally attempting to take children out of the nation. (Laurent Geslin)

do not have legal rights to the child from conception.

The couple said that Mann advised them to hide their surrogacy agreement and declare the twins as their own when applying for passports to the children at the French Embassy in Ukraine.

The consulate workers, however, suspected a surrogacy arrangement. They sent the couple's case to a prosecutor in France and did not issue any documents that would have allowed the couple to take the twins home. In France, the legal rights of motherhood go to the woman who gave birth to the child.

"French Embassy workers requested documents, bills, hospitalization records, gynecological supervision," Margo said. "There was a long list of documents that we couldn't provide."

## A growing problem

Joseita Mira, who has served as consul in the French embassy in Ukraine since 2008, said that since September they have an increasing number of applications where they surrogacy

arrangements are suspected. As a consequence, French passports were not issued to the children.

"In some of the cases, refusals to give French citizenship or travelling documents have been issued by the prosecutor," Mira said.

An official from Italian Embassy in Ukraine's consulate said that they are also very familiar with this "growing phenomenon." The official confirmed issuing traveling documents to children he suspected of birth by surrogacy

## Murky dealers

Government officials advise couples not to believe clinics that promise legal help.

One clinic went so far as making this claim: "We guarantee that the legal department of our center will prepare all essential documents for your baby in the proper manner prescribed by our active laws, as we normally do for our clients from France. We guarantee that you will be able to take your child home without any legal problems."

Mira of the French consul called this statement "clear cut fraud" because clin-

ics "have no power over the decisions of French government to issue visa or passport." To avoid further "tragedies for children and parents," the embassy addressed the clinics and the government to put a stop to the cheating.

Desperate and homeless, Alain and Margot are now pleading for any European country to give citizenship to the twins so they can take them out of Ukraine.

While their dreams of parenthood have come true, their lives have become a nightmare because of it. The husband and father-in-law face up to seven years in prison if convicted of the charges against them of illegal border crossing.

But Mann, the owner of the Biotex clinic that helped the couple, thinks they will eventually be allowed to go back home with their baby girls.

"Embassy officials yell and curse, but at the end of the day they give all the surrogate children travelling documents," Mann said.

Kyiv Post staff writer Katya Grushenko can be reached at [grushenko@kyivpost.com](mailto:grushenko@kyivpost.com)

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# Curative watering holes in Truskavets



**Film Critic**

OXSANA FARYNA  
FARYNA@KYIVPOST.COM

**Grit, glamour of Donetsk captured by filmmaker**

Charming old-fashioned villas in Truskavets' mineral water resort city retain features from Austro-Hungarian rule in western Ukraine.



The latest film by German director Jacob Preuss about life in Donetsk has received the highest praise – not just from film critics.

Berlin-born Preuss managed to capture this industrial city in all its contrasts – the luxury of the political and business elites and the poverty of local coal miners. Speaking at the premiere of “The Other Chelsea – A Story from Donetsk” in March, Valentyna Sulko, who has worked as a mine operator for 20 years and played one of the lead parts in the movie, said the film was an insightful reflection of life: “We work very hard but enjoy our time as well.”

The 35-year-old director called his documentary a reference to English soccer club Chelsea, which was the beneficiary of the largesse of Russian oligarch Roman Abramovich, much as Shakhtar Donetsk has blossomed under Ukrainian billionaire and lawmaker Rinat Akhmetov.

During the time period shown in the movie, Shakhtar wins UEFA Cup, and Akhmetov opens a \$440-million stadium, the Donbass Arena.

However, the documentary is not actually about football. In the movie, 55-year-old Oleksander Shukin, or Sasha, has been working at Putylyvska coal mine for 30 years and has been a fan of Donetsk Shakhtar for almost all his life. Because of the miniscule wages and dangerous work, Sasha does not want his grandson to follow in his footsteps and become a miner; he wants him to become a football player for Shakhtar.

Miner Volodymyr Kiyani, 67, has already buried his son after a mining accident. Yet he continues going underground in a run-down mine and tries to enjoy life together with other miners.

Miners starring in the movie came to Kyiv for its premiere at the documentary film festival Docudays UA.

“The director worked with us a lot, almost two years,” miner Leonid Lukych said. “What he has filmed is really true. Everything in the movie is shown so naturally.”

In contrast to miners, 31-year-old Mykola Levchenko, secretary of Donetsk city council and a member of the pro-presidential Party of Regions, has several cars, a luxuriously furnished apartment and a beautiful blonde fiancé. Like Donetsk miners, Levchenko also comes to the stadium when Shakhtar plays, but the young politician sits high above their heads in a VIP box.

A portrait of Soviet dictator Josef Stalin can be seen in →20

BY YULIYA POPOVA  
POPOVA@KYIVPOST.COM

**TRUSKAVETS, Ukraine** – There are two things that matter about this little spa town in the foothills of the Carpathian Mountains: water and accommodation. The mineral water sprouting from natural springs in Truskavets is said to cure various illnesses, but mainly those related to gastral diseases. To secure its timely intake – before or after a meal, five or 10 times a day – it's important to book the right hotel, which are plentiful but lacking in quality.

Pumps with “miracle” water – rich in magnesium, calcium and other miner-

als – are located in the bottom of a valley, in the fragrant cedar and pine trees' park. Although looking like a badly tiled bathroom, Soviet pavilions with taps pumping the healing water from the mountains are crowded year-round. Many Ukrainians, as well as Russians and Poles, regard Truskavets as a rival to Germany's Baden-Baden or Czech Karlovy Vary's medical escapes, among others. Young and old, but mainly old, flock to this town year round to drink Naftusya – the famous water said to work miracles in the fields of urology, gastroenterology and metabolic diseases.

The town itself – only a night-trip away from Kyiv by train or an hour by

→ 'Miracle' water from Truskavets springs may stink of crude oil but is touted as a way to cure illnesses

bus from Lviv – appeals not just with water. Founded during the Austro-Hungarian rule in western Ukraine,

this watering hole boasts neat wooden villas, with many of them resembling alpine architecture from the early 1900s when the first railroad connected Truskavets with Berlin, Prague and Warsaw. Hackly Soviet-built hotels dominate the town's skyline mindful of the region's Soviet occupation since 1939. Apart from being a budget spa retreat, this historic mix swathed in luscious greenery is also good for businesses enjoying special tax breaks.

Construction is booming in the area as this salty liquid smelling of crude oil – approved by non-governmental World Federation of Hydrotherapy and Climatotherapy, seems rather popular with medical tourists. →17

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**Italy:** June 3, Independence Day

**Sweden:** June 10, National Day

**Czech Republic:** July 8, Kiril and Mepholdiy Day

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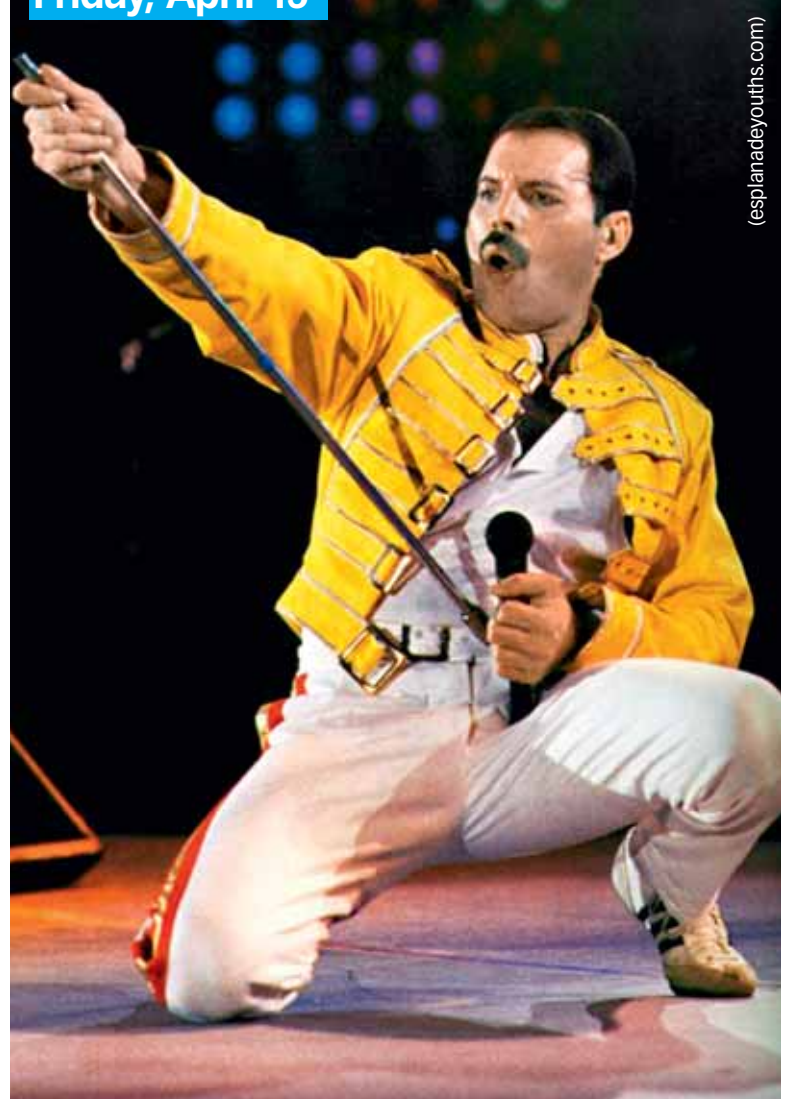
Wednesday, April 20



## Goran Bregovic

Here is a lesson from Serbian musician Goran Bregovic: Don't always take your teacher's word as gold. He was kicked out of the musical school for being "untalented." With a zest for innovations and experiment, guitarist Bregovic has been trying himself as a solo musician and also together with different bands. In 1997, the Serb founded Weddings and Funerals Orchestra that consist of almost 40 musicians. He composes Balkan and gypsy style music, often heavy on brass and tango rhythms. In the orchestra he plays the guitar at the same time as he's conducting the show. It'd be interesting to see what his teachers have to say now. **Wednesday, April 20, Palats Ukraina, 103 Velyka Vasylkivska St., 247-2303. Tickets: Hr 180-2,250.**

Friday, April 15



## Queen tribute

It's been 40 years since legendary British band Queen first appeared on stage. Many of those who were born at that time have grown up by now. A band from Kharkiv, Masquerade, will pay tribute to arguably one of the best music groups of all time. Musicians will try to reconstruct one of Queen's most famous concerts at Wembley Stadium in 1986. It is definitely a great challenge for any musician to even attempt to perform Queen songs. Generations were brought up listening to Queen's flamboyant rock and daring innovations that influenced the shape of modern music today. That is the mark of a true classic. **Friday, April 15, 7 p.m., Sullivan Room Kiev, 8 Prorizna St., (066) 485-5555. Tickets: Hr 60.**

Sunday, April 17



## Free outdoors

Scientists have repeatedly said that exercising lifts your mood. To test the magic pill of outdoors sports and perhaps make new friends, head to Shevchenko Park for the Fitness Sundays project. Fitness instructors from various gyms conduct sports classes every Sunday until the end of April. The workout program is suitable for everyone, regardless of age. Fitness Sundays is a non-profit, social initiative designed to encourage Kyivans to work out more. If things go well with municipal authorities, organizers hope to make Fitness Sundays sessions regular throughout summer. **Sunday, April 17 and 24, 2 p.m., Shevchenko Park, metro Universytet or Ploshcha Lva Tolstogo. Free admission.**



## More concerts

**Saturday, April 16** – Concert of traditional Chinese music performed by the Chinese community in Ukraine, 7 p.m., Cultural center Master-Klass, 34 Mazepy St., metro Arsenalna, www.masterklass.org/eng, 594-1063. Tickets: Hr 50.

**Sunday, April 17** – Chamber ensemble Kyiv Soloists will perform pieces by Haydn and Pergolesi at 7 p.m., National philharmonic, 2 Volodymyrsky Uzviz, 278-1697, www.filarmonia.com.ua. Tickets: Hr 30-80.

**Sunday, April 17** – Harmonica festival with Polish and Ukrainian musicians playing jazz and blues, 7 p.m., Club 44, 44 Khreshchatyk St., 279-4137. Tickets: Hr 50.

**Tuesday, April 19** – German alternative rock band Guano Apes, 7 p.m., Alta Expo center, 11A Moskovsky Prospect, metro Petrivka. Tickets: Hr 350-450.

Tuesday, April 19



## De Phazz

German band De Phazz has puzzled many who attempted to define their music. Their compositions don't fall under a definition of any style and float around the margins of jazz, reggae and even house. To label them at least in some way, the fans decode the name "De Phazz" into the "DEstination PHuture jazz." Formed in 1997, the three-member band performs songs in English and sometimes French. They are coming to Kyiv with their program "The best of," so if you have never come across these innovative Germans and want to get your first scoop of what critics call "intellectual music," this is a good evening. **Tuesday, April 19, 9 p.m., Crystall Hall, 1 Dniprovsky Uzviz St., 288-5069. Tickets: Hr 250-1,400.**

Movies



Mathieu Amalric's film 'On Tour' premiered in 2010 Cannes Film Festival and won him Best Director award. (www.euronews.net)

PRE-OPENING NIGHT FILM FESTIVAL

A successful French producer suddenly quits everything and runs to America in search of a new life. He later returns with a group of burlesque dancers to travel around France in search of France. See where it gets them in "On Tour."

Two couples meet and fall in love with each other keeping it secret from everyone, especially their children. But feelings get complicated as they usually do in "Happy Few."

Suzanne is married to a successful surgeon. They have two kids and live happily in the south of France. But soon she gets bored with her bourgeois lifestyle and decides to go back to work as a physiotherapist where she falls for a co-worker. As the attraction gets mutual, Suzanne needs to make a choice in "Leaving."

A teenager decides to write an essay about homelessness for her French class. She meets homeless girl nicknamed No and after a few meetings Lou can't imagine her life without her new unpredictable friend in "No and Me."

A group of Trappist monks in Algeria must decide whether they should leave or stay after the fundamental terrorists kill several foreign workers, bringing panic to the neighborhood in "Of Gods and Men."

A fearless gunman returns to his homeland Daisy Town with the president's order

to bring peace. He'll fall in love and fight his enemies in western-style adventurous comedy "Lucky Luke."

Films are shown in French with Ukrainian subtitles or simultaneous translation.

SERENDIPITY

Language: English with English subtitles  
Comedy/Romance/Fantasy. USA (2001)  
Directed by Peter Chelsom  
Starring John Cusack, Kate Beckinsale and Jeremy Piven

Days before Christmas Jon and Sara meet in New York while buying presents for their partners. They like each other but one romantic night together is not enough to burn bridges with their loved ones. So they decide to test fate by splitting up and seeing if destiny brings them back together. Jon writes his phone number on a five dollar note and Sara - in an old book. They break the note and give the book away. Many years later, unable to find each other after that night, they are both engaged to be married. Jon tries to track down the girl he couldn't forget for years, and Sara flies from California to give destiny one last chance in reuniting them.

THE EXECUTIONER

Drama/Comedy. Spain (1963)  
Directed by Luis Garcia Berlanga  
Starring Nino Manfredi, Emma Penella

The coffin maker Jose Luis marries the executioner's daughter and should inherit his father-in-law's job, when he retires. There's got to be an executioner in the family for them to get an apartment they've been waiting for a long time. Jose Luis agrees to do the job, but as soon as he gets a bloody assignment, he immediately resigns. But his family puts pressure on him so he ends up literally being dragged to "work."

SHORTS ATTACK FESTIVAL

If you think that love is pain, welcome to the club. Festival "Love is a Catastrophe" presents a selection of short films from all over the world. In surreal and sometimes odd onscreen stories an alien comes to Earth and finds love, while a scuba diver falls for a fish.

A grandmother fights for her beloved car. Two people in love survive the end of the world. An Italian aristocrat loses her dear cat in the airport. A woman struggles with jealousy.

And someone gets lost in the fields. All shorts are shown in original languages with Ukrainian subtitles.

MASTERCLASS CINEMA CLUB

34 Mazepy St., 594-1063.

The Executioner: April 19 at 7 p.m.  
Serendipity: April 21 at 7 p.m.

ZHOVTEN

26 Kostyantynivska St., 205-5951.

Shorts Attack!  
April 15 at 5:10 p.m. and 8:10 p.m.  
April 16-17 at 1 p.m., 4:55 p.m. and 6:25 p.m.  
April 18 at 12:40 p.m., 5:10 p.m., 8:10 p.m.  
April 19-20 at 12:20 p.m., 3:20 p.m. and 6:20 p.m.

UKRAINA CINEMA

5 Horodetskoho St., 279-6750, 279-6302

Pre-Opening Night Film Festival:  
On Tour: April 15 at 9:10 p.m.  
Of Gods and Men: April 15 at 7 p.m., 16 at 9:10 p.m.  
Lucky Luke: April 16 at 7 p.m., 17 at 9:10 p.m.  
Happy Few: April 17 at 7 p.m., 18 at 9:10 p.m., 20 at 7 p.m.  
No and Me: April 18 at 7 p.m., 19 at 9:10 p.m.  
Leaving: April 19 at 7 p.m., 20 at 9:10 p.m.

Live Music



Latvian singer Karl Khlamkin (www.photofile.ru)

ART CLUB 44

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

Concerts traditionally start at 8 - 10 p.m.

April 15 Karl Khlamkin, Hr 80

April 16 Angie Nears, Hr 50

April 17 First Blues Harp Festival in Ukraine, Hr 50

April 18 Tarshis, Hr 20

April 19 Spring Jazz Nights: New

Generation, Stas Chumakov Band, Hr 30

April 20 Brazzaville (USA), Hr 100

April 21 Legkiy Flirt, Hr 50

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

Concerts traditionally start at 9-10 p.m.

April 15 G Sound, Animals Session

April 16 L.A., Lucky Band

April 17 Che-MD (Moldova), Hr 30

April 20 Horoshiy, Plohoz, Zloy

April 21 Some like it Hot

PORTER PUB

3 Sichnevyogo Povstannya St., 280-1996, www.porter.com.ua

Concerts traditionally start at 7:30 p.m.

April 15 Shubin Band

April 16 Max Vatutin

April 17 Ace Ventura

April 20 Ivan Blizuz

April 21 Abbey Road

JAZZ DO IT

76A Velyka Vasylykivska St., 289-56-06, www.jazz-doit.com.ua

Concerts traditionally start at 8:30 p.m.

April 15 Alexander Saratskiy & Alexei

Tuzov

April 16 Evergreen

April 20 Elena Pugachova

DOCKER'S ABC

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

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

April 15 Ot Vinta, Red Rocks, Hr 70

April 16 S.Foma Project, Karnavalnaya

Zhara, Hr 70

April 17 Tres deseos Latino Party, free

admission

April 18 Mojo Jo Jo, free admission

April 19 Animals Session, Hr 20

April 20 Rockin' Wolves, Hr 30

April 21 Tex-Mex Company, Hr 30

DOCKER PUB

25 Bohatyrska St., metro Heroyiv Dnipro, www.docker.com.ua

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

April 15 Mad Heads XL, Tex-Mex

Company, Hr 70

April 16 Motor' Rolla, Foxtrot Music Band,

Hr 70

April 17 Nogu Svelo (Russia), Animals

Session,

April 18 Gera, Second Breath, free

admission

April 19 More Huana, free admission

April 20 The Magma, free admission

April 21 Tex-Mex Company, free

admission

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# Criticized mascots part of \$100,000 image makeover

BY NATALIYA HORBAN

HORBAN@KYIVPOST.COM

Ukraine's realities are not as bad as its image abroad. So, to help foreigners forget about fistfights in parliament and gas wars with Russia, the Ministry of Foreign Affairs has paid \$100,000 to a private company to develop a positive branding strategy. But instead of supporting the initiative, many Ukrainians are indignant about it.

The heaviest criticism is leveled at two cartoon characters, Sprytko and Harnyunya, which will soon adorn refrigerator magnets and t-shirts, among other souvenirs. CFC Consulting, the Kyiv-based company that rolled out their creation on March 24, found critics ranging from Deputy Prime Minister Borys Kolesnikov to eccentric Russian designer Artemiy Lebedev. Some think the mascots look like Japanese anime characters. Others noted that that the company won the contract without any competitive tender.

This reaction seems natural in a country where authorities are routinely suspected of mispending billions of dollars in public funds. A recent example involves Kyiv City Mayor Leonid Chernovetsky, fingered by City Administrator Oleksandr Popov for



Russian designer Artemiy Lebedev. (Yaroslav Debelyi)

costing the city Hr 70 billion through giveaways of 779 hectares of land. On the national scale, former Prime Minister Yulia Tymoshenko has been charged with wrongfully diverting funds raised under the Kyoto Protocol to the pension fund.

PR companies facelifting the country's image have also run into controversies in the past. In 2005, Kharkiv-based Konglomerat won a bid and received nearly \$2.5 million from the Foreign Ministry to create a positive attitude towards Ukraine abroad. Other companies, including CFC Consulting, filed a lawsuit against the ministry but lost.

This time the spotlight is on the CFC, the company managed and run by Western-educated young PR professionals. They said they didn't expect so much discussion of two cartoon characters who "make up no more than 2-3 percent from the whole strategy." Partner Vasyl Myroshnychenko said that a major part of the project is devoted to "promoting Ukraine as a filming ground, the center for modern art and business opportunities."

Nevertheless, Sprytko and Harnyunya took a beating for the whole campaign. Their eyes, hairstyles, costumes and names, which seem hard to pronounce for non-native speakers, were all fair game — nothing escaped critics' attention.

Kolesnikov said it looked liked the characters had been designed by "the veterans from the Foreign Ministry or Reich." Russian designer Lebedev observed signs of mental illnesses in the "location of the iris on the eyeball."

In response, designers studied other famous cartoon characters, such as "Mishka" bear mascot for the 1980 Moscow Olympics and a leopard for the 2014 Winter

→ Ministry of Foreign Affairs bid to improve nation's image abroad runs into criticism

Olympics in Sochi, and found similar eye patterns. "We were neither trying to create an anatomically precise copy of a Ukrainian with all the right proportions nor a wax sculpture for Madame Tussauds museum. We just made a souvenir," said Yuriy Sak, the creative director from the CFC.

Consultants also reassure that foreigners will not have any problems pronouncing names Sprytko and Harnyunya. "I lived in England for a long time, worked with international students, and I am aware of various peculiarities of different languages," Sak said.



CFC Consulting team from left: senior advisor Oleksiy Syvak, partner Vasyl Myroshnychenko and partner Konstantin Gridin in their office. (Joseph Sywenkyj)



Mascots Harnyunya (L) and Sprytko are often criticized for looking more like Japanese cartoon characters than Ukrainian. (Courtesy)

Tastes differ when it comes to appearances, but when public money is involved, the pressure's on. "We chose CFC Consulting because they are a respected player on the market. Sadly, it's hard to trust tenders when it comes to branding campaigns," said Foreign Ministry spokesman Oleh Voloshyn in comments to the online news site Tochka.

CFC jumped on the offer because "it was a matter of honor," said Myroshnychenko. "We spent most of the money received and earned practically nothing." According to the CFC ledger, half the budget was spent on printing brochures and posters, \$12,000 to conduct surveys across five

continents and the rest on wages and administrative expenses.

This is not the company's first branding project. In 2002, they worked to include Ukraine to the Euronews weather map and Eurovision Song Contest competition. But their critics are unrelenting.

CFC Consulting seems to enjoy extra publicity, even if some of it has been tarnished. "The mascots for Euro-2012 were developed by a world famous company Warner Brothers and they received large criticism," said Myroshnychenko. "If the company that knows what it is doing drew so much negative feedback, we take the criticism as a compliment."

But at any rate, no branding strategy can be effective unless there are grounds for positive associations. Myroshnychenko agrees that Ukraine has huge problems with corruption, among many other things, but "at the same time we have 46 million people, a massive territory, resources and many talents [that the world should know about.]"

Kyiv Post staff writer Nataliya Horban can be reached at horban@kyivpost.com

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Truskavets' main pump room was officially opened in the 1830s when the Galicia region in western Ukraine was a part of the Austro-Hungarian empire. (Courtesy)

# Truskavets lures with budget spa

→ **13** Many Soviet clinics and private practices team with doctors ready to inspect patients at bargain prices compared to those in Kyiv or abroad. For Hr 85, for instance, a gastroenterologist in the modern clinic Med Palace will examine you and prescribe the times and quantities of drinking the water. For Hr 150, you can do an ultrasonic

scan using state-of-the-art equipment of your liver and stomach. In nearby Soviet-looking grey clinics examinations are three times cheaper but don't expect much of the service or any modern equipment there.

Since drinking schedules may require a trip down to the pavilion as many as six times a day, it's important where to stay. There are dozens of hotels and sanatoriums in Truskavets but most of them cater to a low-budget Ukrainian traveler who's able to spend no more than \$300 during the recommended two-week stay to feel the effects of the water. Pretty villas with wooden carvings on the windows and oak porches look very inviting on the outside but inside they often harbor squeaky floors, Soviet-looking furniture and gaudy bed covers. They are, however, a part of the charm.

Prices range from Hr 200 for a standard double in Lisova Pisnya hotel

– right next to the spring – to Hr 1,500 in Rixos-Prykarpattya, the most expensive hotel in the town some 20 minutes away from the water point. But since the town's cultural program and nature walks can be explored in a matter of two days, it's best to book a spa-hotel with a swimming pool to kill time between watering. Khizhina Spa is one of those rare places in Truskavets that makes one forget that you are in Ukraine. Built in the image of a natural Thai or Balinese resort with stone floors and woodwork everywhere, it offers simple rooms starting from Hr 400. The price includes unlimited use of saunas, salt and aroma caves and a swimming pool. There's also a variety of treatments: from honey massages to pearl baths for the fraction of prices charged in Kyiv.

If recuperating from an illness is not on the agenda, this town is a nice little place to pamper your skin and air



A young woman feeds pigeons in front the main pump-room in Truskavets. (Ukrinform)



A couple drinks water from Sophia mineral spring in Truskavets. The water has to be consumed on the spot because it is believed to lose its therapeutic qualities in the open air. (Ukrinform)

your brain. Life in Truskavets is slower than slow and making friends there is hardly an option if you travel alone. Baths with mountain wax, ozocerite, improve the immune system and fight inflammatory illnesses or problems with joints. As this type of wax is mined in the Carpathians, local people often sell chunks of it on the street as policemen try to hackle them away. Vendors also offer funny-looking mugs, which look like small hookahs that are good to take to the springs with you. The water is absolutely free, by the way, and there are no plastic cups near the taps so make sure to bring your own.

In terms of food, there are ethnic restaurants all over town but it's the

absence of good coffee that will make any coffee-lover frustrated. Only an hour away from Lviv, the city deemed one of the birthplaces of cafe culture, Truskavets is cursed with instant coffees and automatic machines. The only place, which brews decent drinks for Hr 9, is cafe Zalizny Kin not far from the springs.

Perhaps, the lack of coffee has been masterminded by doctors who would rather have their patients indulge in hydrocarbons and magnesium in Naftusya – the water, apparently unique in the world if you believe the signs in the pump rooms.

Kyiv Post lifestyle editor Yuliya Popova can be reached at [popova@kyivpost.com](mailto:popova@kyivpost.com)

**Useful links:**

- Private health clinic and spa center: Med Palace, [www.truskavetskurort.ua](http://www.truskavetskurort.ua)
- Hotels:**
- Lisova Pisnya, [www.forest-song.ho.ua](http://www.forest-song.ho.ua)
- Rixos-Prykarpattya, [www.rixos.com.ua/eng](http://www.rixos.com.ua/eng)
- Khizhina Spa, [www.higinaspa.com.ua/en](http://www.higinaspa.com.ua/en)
- Mariot hotel and medical center, (no relation to Marriott) [www.mariot.net.ua](http://www.mariot.net.ua)

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# World in Ukraine

Maersk Line is the partner of "Danish in Ukraine" project

**Editor's Note:** The Kyiv Post continues its "World in Ukraine" series with a look at Denmark, which celebrates on April 16 the birthday of Queen Margrethe II. The queen's main tasks are to represent the kingdom abroad and to be a unifying figure-head at home. The next "World in Ukraine" segments will be Spain on April 22 and the Netherlands on May 13.

# Danes small in number, but big in influence on Ukraine

BY **KATYA GRUSHENKO**  
GRUSHENKO@KYIVPOST.COM

Not more than 200 Danes live in Ukraine, making it impossible for the reserved Scandinavians to stand out in numbers or by appearance in the nation of 45 million. So they found a different way to leave a mark: opening more than 100 businesses, from pig farms in Western Ukraine to world shipping giants like Maersk.

"It comes from being a trading nation," said Jesper Rishoj Pedersen, managing director of Maersk Ukraine, which claims a 20 percent share of the Ukrainian shipping market. "We've had centuries of history in dealing with international trade and it's very important to deliver goods on time."

The Scandinavian country with great access to mainland Europe, Denmark became one of the most trade-oriented economies in the world starting from the Viking expeditions, which pillaged England and France as early as 800. Warriors one day and traders the next, Vikings imported silver, silk, spices and pottery, among other goods.

Now Maersk transports steel, grain, poultry and eggs from Ukraine on their huge vessels. The Danish have invested some \$1.3 billion into Ukraine since 1991 according to the Danish embassy 2009 records.

Pedersen, 40, first came to Eastern Europe in 1994 as a trainee for Maersk in Poland. Taking up a job with another shipping company later in Moscow, Pedersen said that business deals made then were far from what a foreigner might have expected.

"A typical negotiation would be when a bunch of street market owners, wearing sports suits and [holding] guns in their pockets, want a container of clothes shipped in from China," recalled Pedersen. "They would be rough and would want immediate results knowing nothing about either documents they need to provide or customs clearance rules."



**Henrik Kaufholz of Scoop, which funds journalistic investigations.**

Many things have changed since then. As ports were privatized and upgraded, the volume of trade increased lowering eventually the shipping costs. Business suits have replaced sports jackets during meetings, but "the culture of making deals is still the same," said Pedersen.

"If in Denmark we would need to meet clients

**Giant Rickmers ship from the Maersk Line calls in the Port of Hamburg in 2010. (Courtesy)**



10 times before signing a contract, here people are used to do deals right here and right now." In his experience operating without personal connections in Ukraine is next to impossible because of "rampant corruption."

"Rules can be interpreted in several ways... and [if you don't want to bribe] it is always better to take the chance of getting fined... otherwise, it's to be expected that greater scrutiny will happen eventually and more 'non-compliance' will be found," he said.

While Maersk struggles with corruption in Ukraine, another Dane started a project to weed it out. Henrik Kaufholz is in charge of Scoop, an organization funded by the Danish government since 2003, which funds investigative journalism projects.

"One of the first investigations we sponsored was in Odesa," said

Kaufholz. "It was about a studio, which was looking for young women to play in a drama club, but in reality it was a pornography hub."

Scoop sponsorship scheme extends to 13 countries in the Balkans and Eastern Europe. Granting up to \$53,000 to journalists with promising ideas for investigations, Scoop also partners them with professionals abroad and provides back-up assistance if a reporter gets in trouble.

Kyiv Post reporter Peter Byrne received a grant in 2003 to investigate the tape scandal implicating former President Leonid Kuchma in the 2000 murder of journalist Georgiy Gongadze. The investigation found that Yevhen Marchuk, the former head of the National Security Council, was involved in the taping of Kuchma. Marchuk has denied any involvement in the scandal. Based on these findings, former Ukrainian diplomat Volodymyr Tsvil wrote a book "In the Center of the Tape Scandal."

"Ten to 25 investigations come yearly from Ukraine," Kaufholz, 64, said. The latest work to impress him was a report from Kremenchuk, which uncovered how money for the state's tuberculosis programs were spent on bogus medicines.



**Queen Margrethe II of Denmark**

Both Kaufholz and Pederson commended Ukrainians for fighting corruption and not giving up on their state.

"I admire that so many young people are starting their own businesses here. Such risk-taking is very uncommon in Denmark, where only a few become entrepreneurs," Pederson said.

*Kyiv Post staff writer Katya Grushenko can be reached at [grushenko@kyivpost.com](mailto:grushenko@kyivpost.com)*



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# More than 100 businesses from Denmark in nation

BY KATYA GRUSHENKO  
GRUSHENKO@KYIVPOST.COM

Michael Borg-Hansen, the Danish ambassador to Ukraine, is not a newcomer to Eastern Europe. Having served at various posts abroad, including Moscow, Washington and London and as adviser for the then Prime Minister Anders Fogh Rasmussen, he based himself in Ukraine in 2009 to serve as ambassador for Ukraine, Georgia and Armenia.

While Denmark is a tiny nation of less than 6 million people, its government ranks high for respect of rule of law and transparency. Borg-Hansen said his work in Ukraine includes defending Danish businesses against corruption and bureaucracy.

**Kyiv Post: Denmark is a very developed country, both politically and economically. How does having your monarchy fits into this equation?**

Michael Borg-Hansen: Monarchy itself has very little political meaning, but if the monarch enjoys popularity among people, he or she becomes the "moral voice" in the country and the symbol of Denmark abroad. It's the case with our queen, Margrethe II, now and her eldest son, Crown Prince Frederik, who has been voted the most popular man in the country and also



Crown Prince Frederik and Princess Mary, and children Christian and Isabella in 2009. (Courtesy)



Michael Borg-Hansen, the Danish ambassador to Ukraine

looked up to in Greenland and the Faroe Islands.

The queen holds one very public speech on the eve of the New Year. Of course, the draft of the speech is written by the government, but she adds her personal touch to it. It the last one she has been quite frank about immigration. She encouraged Danes to treat people who come to our country well and respect their culture.

**KP: Has immigration been a big problem in Denmark lately?**

MH: It has been a very politically challenged question for the last decade. Originally, we accepted some immigration from Turkey and Yugoslavia for the purpose of more labor force. There are some refugees from Vietnam who came also. Many of these people came from different cultural backgrounds and didn't want to integrate – accept the norms and rules of the country you choose to move to. They formed their own groups within society with

their own rules and didn't want to become parts of Danish society. And people reacted strongly against that. Denmark is a very small country, culturally very homogeneous. Until this exotic element turned up, you would have 5 million people with the same religion with the same traditions, even looking physically the same. Therefore people were very concerned when they observed these tendencies. The reaction was quite strong.

**KP: How about the Ukrainian immigrants in Denmark, do they cause problems?**

MH: Ukrainians fit fine into the society; they integrate very well. The Ukrainian group is big enough to have formed an association and they unveiled a bust of Taras Shevchenko in one of the parks in Copenhagen recently. We also have up to 2,000 young Ukrainians coming as agricultural trainees to Denmark each year. They learn not only how to organize

production on a farm, but also how to run a business. Coming back to Ukraine, I saw some of them working at the Danish pig farms. Very often they go directly into middle management and maybe in 10 years, they will take over of some these businesses.

**KP: How about the Danes in Ukraine, what do they do here?**

MH: There is less than 100 Danes registered at the embassy, but there might be another 100 staying here. The Danish element here is concentrated in the western Ukraine, where they run all sorts of businesses: Information technology, textile, furniture, pig farms.

**KP: While there are more than 100 Danish companies in Ukraine, you don't stand on the top list of Ukraine's investors. Why is that?**

MH: Typical Danish companies are middle-sized and invest in narrow market niches. Also, unlike other countries that have been in this region for cen-

turies, Danish investors are relatively new ones.

**KP: Many foreign investors complain that it's very hard to run small businesses in Ukraine. Yet Danes somehow manage it well. What's the secret?**

MH: They, of course, are very resilient, but also rather flexible.

**KP: What are the problems that they run into?**

MH: They run into well known glut-tony of bureaucracy, where way too many officials create way too many licenses and papers that needs to be filled out. I've seen in Georgia, which I've covered as ambassador also from here, how one can cut down red tape and fight corruption. It hasn't happened in Ukraine.

As an ambassador, I try to help out those businesses by meeting with customs and tax authorities and discussing concrete cases, encouraging them to improve their record. The rules in the country are not strong enough that one can rely on them; it's still all about personal influence. I'm happy with the results of my work though and it's far more exciting for me to work in Ukraine than inside of the European Union because I really could make a difference.

**KP: What would make it easier for Danish investors to work in Ukraine?**

MH: Well, it's not a big mystery what has to be done – reforms should be implemented, transparency should be the rule of the day, there has to be an even play field for everybody.

Denmark, the smallest of the Scandinavian countries wants to base its energy consumption only on renewable forms of energy by 2050.

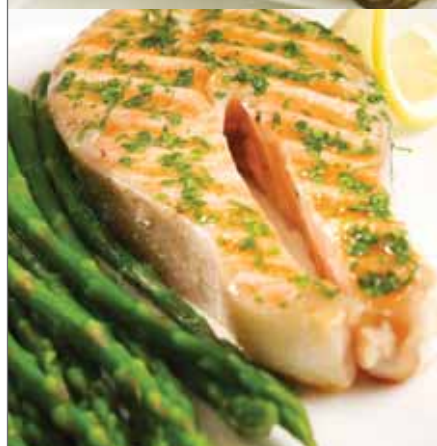
- Area: total: 43,094 square kilometers
- Population: 5.5 million
- Capital, population: Copenhagen, 1.2 million (2009)
- Ethnic groups: Scandinavian, Inuit, Faroese, German, Turkish, Iranian, Somali
- GDP (purchasing power parity): \$201.4 billion (2010)
- GDP per capita: \$57,260 (2007)
- Religion: 82 percent belong to the National Lutheran Church
- Average life expectancy: Men 76 years, women 80.5 years.

Source: CIA World Factbook and the Danish Embassy in Ukraine

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A scene from the documentary about Donetsk miners shows the decrepit state of equipment in Putylivska mine, which was opened in 1919 and reconstructed only once some 40 years ago. (Courtesy)



Secretary of the Donetsk City Council Mykola Levchenko (above) and Donetsk miners are lead characters in the documentary 'The Other Chelsea — A Story from Donetsk.' (Courtesy)

# Film captures real Donetsk

→ **13** Levchenko's office. The deputy himself does not always pick up the landline while at work but finds time to discuss curtains for his new house, which he's been building in a Donetsk suburb. He describes how he owns a construction business in Donetsk — which is not permitted as he is a public official. But the next scene denies his earlier words, saying he has already left the company.

"It's the first time we saw the true face of those in power," said Ukrainian director Serhiy Bukovsky after the screening. "The camera in a documentary movie is like an X-ray machine: If someone lies, everybody can see it."

Ukrainian journalist Yegor Sobolev who co-hosted the premiere in Kyiv said that local reporters should do what German director had done. The German director said, however, that he had not aimed to investigate the

→ Party of Regions deputy attempted to buy copyright for the film, but the director refused.

Ukrainian authorities but to show the phenomenon of Donetsk as it is. Preuss believed he was able to capture his subject so well as he was a foreigner in Donetsk. Local people were interested in him and more eager to talk than with a Ukrainian director or journalist.

Preuss said Levchenko flew to Berlin while the movie was being edited and wanted to buy a copyright for the film. The director refused. The deputy refused to comment on the movie to Kyiv Post.

The documentary has been successfully touring film festivals across Europe since last year. This summer the movie will be broadcast in Germany, Israel, Finland and Sweden. The next screening in Ukraine will take place in Donetsk later this month.

Kyiv Post staff writer Oksana Faryna can be reached at [faryna@kyivpost.com](mailto:faryna@kyivpost.com)

**The Other Chelsea – A Story from Donetsk**

Donetsk, Zvezdochka cinema, 57 Universytetska st., (062) 387-1414. April 22, 7 p.m. Free admission.



German director Jacob Preuss (R) attends his movie screening in the German Embassy in Kyiv on March 29 (Olexiy Furman).

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Models in orgac clothing by designer Olesya Telizhenko



# Going organic

➔ In the run up to Earth Day on April 22, Ukrainian environmental organizations opened the Green Week with a fashion show. Designer Olesya Telizhenko presented a collection made of organic fabrics on April 11 in Chornobyl museum at 1 Khorevy Provulok invites visitors free of charge until April 17, [www.chornobylmuseum.kiev.ua](http://www.chornobylmuseum.kiev.ua). On April 16, join others in cleaning the city ([www.letsdoit.org.ua](http://www.letsdoit.org.ua)) and visit central Botanical Gardens at 1, Temyryzivska free of charge. For the festive spring cleaning, come to Mariyinsky Park near the parliament to take part in eco-games, find out how to lead green lifestyle, watch theatrical performances and party with Ukrainian singers. For the full program of events that will last through the whole day, visit [www.denzemli.org.ua](http://www.denzemli.org.ua). United Nations announced 2011 the year of forests so Ukrainian environmentalists called their event Forest Tale. (Joseph Sywenkyj)



Designer Olesya Telizhenko



Models prepare to present organic clothes.

If you want Kyiv Post Paparazzi to cover your event, please send details or invitations to [news@kyivpost.com](mailto:news@kyivpost.com) or contact photo editor Yaroslav Debelyi at 234-6500



Actor Ostap Stupka (R) with his wife Iryna.



## Space Odyssey exhibit marks 50 years in space

A mother enjoys a triptych with Soviet cosmonaut Yuri Gagarin, the first human in space.



First Ukrainian cosmonaut Leonid Kadenyuk



A woman captures an exhibit on her phone.

Museum Mystetsky Arsenal opened the space exhibit on April 12 to mark 50 years of the first human journey to space. Among the highlights, German artists of Rochus Aust/Re-Load Futura group showed a video performance trying to describe what Yuri Gagarin could have felt during the flight. The show lasted 108 minutes — that's how long the Vostok-1 space ship was in open space with Gagarin onboard. The exhibition is open till April 27 at 12-14, Lavrska St. (former Mazepi street). (AP, Ukrainian photo)



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- 7+ years of relevant work experience as an associate in an international/local law firm or as an in-house lawyer
- Excellent academic credentials from a top Ukrainian law school
- An LL.M or similar degree from a US or UK law school is an advantage
- Strong analytical, legal writing and research skills
- Excellent spoken and written English (including legal drafting), Ukrainian and Russian are a must
- Experience in handling a full legal due diligence process
- Experience in drafting memoranda on corporate, business and tax matters;
- Strong time management and organizational skills
- Ability to work under pressure

Only candidates matching the above criteria will be considered. Visit our web-site  
www.rulg.com

Applications should be sent to hr@ulg.kiev.ua



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The opportunity to fully manage a growing business and to become part of the success story through performance-based compensation and the possibility of equity participation in the future

Who do we need:

A seasoned professional who has the knowledge, the ability and the energy to create a success story in the delivery/restaurant business in Ukraine.

Please, forward your CV to the following email address:  
HR@veronapizza.ua

PR expert/journalist

MINI

Degree in journalism  
Experience in EU, USAID projects  
media campaigns holding wide contacts with media, NGO. Ukrainian, Russian, English, French  
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Looking for full/part-time job in international project

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Natalia

Project management/Executive

MINI

Master's degree in Politics.  
2 years experience in NGO and political party, writing and monitoring, organisation of conferences, accomodation and accompaniment of foreign guests.  
Network of contacts, attractive, communication skills, interested in advantageous and perspective offer

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RESUME

F/35 Kyiv  
valen\_bk@i.com.ua  
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Accountant part-time

MINI

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ACCA (professional stage) worked in UK and USA

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Український Форум 2010 HR 10th June 2010, Kiev Business centre "Parus"

Ukrainian HR Forum 2010, 10th of June, "Parus" Business Center, Kiev



**Tatyana Petrouk**  
Director of Human Resources  
TNK-BP, Kiev



**Yuliya Pilipenko**  
VP HR & Organizational Development  
Vimpelcom, Moscow



**Inna Mokrovolska**  
Area HR Manager  
GlaxoSmithKline Ukraine, Kiev



**Olga Kravchenko**  
HR Director  
AXA Ukraine, Kiev



**Siroj Loikov**  
HR Director  
Russian Standard Corporation, Moscow



**Tetyana Plyusnina**  
Head of Human Resources  
Raiffeisen Bank Aval, Kiev

and other HR experts


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## SENIOR HIV/AIDS ADVISOR

United States Agency for International Development (USAID)/Ukraine  
Announcement # 05-2011

**DUTIES AND RESPONSIBILITIES:**

The incumbent will play a critical technical and managerial role as the lead HIV/AIDS policy and program advisor on the development, management and coordination of the USAID HIV policy and program portfolio in Ukraine. For Ukraine, the Senior HIV Advisor will work within the context of the US Government/Government of Ukraine HIV Partnership Framework and report directly to the Office's Deputy Director. The Senior HIV Advisor will serve as the foremost Ukrainian medical and public health HIV expert for USAID. The incumbent will also provide HIV advisory services as needed to the AID offices in Belarus and Moldova, provide strategic advice to the Director of the Office of Health and Social Transition and the USAID mission on the HIV/AIDS program. The Senior HIV Advisor will serve as a USAID HIV liaison to the Global Fund. The incumbent will take the lead in articulating the Country Operational Plan, will represent USAID at a range of HIV policy and program meetings with the GOU, other donors and the Global Fund and other HIV implementing partners and maintain a technical dialogue with all Centers for Disease Control, Peace Corps and Department of Defense HIV consultants. The incumbent will serve as an activity manager for the HIV policy and capacity building project and another strategic policy project. The incumbent collaborates closely with all USG partners on HIV, TB and family planning and carry out regular site visits both within the Ukraine and the other two regional missions when needed. The Senior HIV Advisor leads and drafts technical and programmatic HIV reports for a variety of audiences including the interagency HIV team.

**REQUIRED QUALIFICATIONS:**

**A. Education:** A medical doctor with at least 10 years of experience in HIV policy and program management is preferred. The Ukrainian equivalent of a master's degree in public health (magistra) is highly desirable.

**B. Prior Work Experience:** Five years of experience on donor financed health programs is required with at least two years working on a complex HIV program. Previous work experience with USAID or other international donors managing and coordinating complex projects is highly desirable.

**C. Language Proficiency:** Level IV (fluent) in English, and native facility in Ukrainian and Russian is required.

The full version of this Announcement is accessible at  
<http://ukraine.usaid.gov/emp.shtml>

**CLOSING DATE FOR APPLICATIONS:**  
**April 27, 2011 at 6:00 PM Kyiv time, by e-mail attachment only to**  
**kyv05-2011@usaid.gov**



## HEAD OF LEGAL DEPARTMENT

**Client:** foreign holding company.

**Requirements:**

- higher education (Law, Master's Degree);
- 3-5 years experience as Lawyer in an international company (preferably telecommunication or other similar service providers);
- knowledge of international law (previous work with international contracts);
- fluent English (business legal);
- target and result-oriented;
- team player;
- stress-resistant person.

**Responsibilities:**

- contracts and agreements legal support of the company's suppliers and contractors (inclusive international contracts);
- devising of legal measures to prevent piracy of intellectual property which is used by the company;
- handling dispute resolution and claims, arbitration;
- reporting to General Manager.

**Region:** Kiev

**Contact data:**  
mc@powerfact.com.ua,  
Marina Checheneva,  
Recruiter,  
Power Pact HR Consulting.



## ADMINISTRATOR OF BILLING SYSTEM

**Client:** foreign holding company.

**Requirements:**

- experience of maintenance/launching billing systems in telecommunication or adjacent industries;
- oracle certificate and/or recommendation letter from Oracle Ukraine;
- basic knowledge of UNIX based, Windows OS administration;
- pre-intermediate/intermediate level of English + professional vocabulary;
- result and people oriented team-player.

**Responsibilities:**

- participation in launching and adjustment of billing system;
- integration of the billing system within other IT-systems of the company;
- development of technical characteristics of the required equipment to be purchased / rented by data-centers
- preparation and coordination with supplier of necessary improvements of the systems arising in process of system utilization
- operating the billing system, providing 24/7 support

**Region:** Kiev

**Contact data:**  
og@powerfact.com.ua  
Olga Godunova,  
Recruiter,  
Power Pact HR Consulting.

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**NOTICE OF DISSOLUTION**  
Globe Brokers Ltd.  
Notice is hereby given that Globe Brokers Ltd. IBC No. 011679 of 103 Sham Peng Tong Plaza, Victoria, Mahe, Seychelles is being dissolved and the dissolution commenced on the 02 March 2011. Who has any claims against the company must lodge their claims with the liquidator within 1 month hereof. GRAND PLUS LTD. of 1755 Coney Drive, 4th Floor, Belize City, Belize has been appointed as a liquidator of the company. GRAND PLUS LTD. Liquidator



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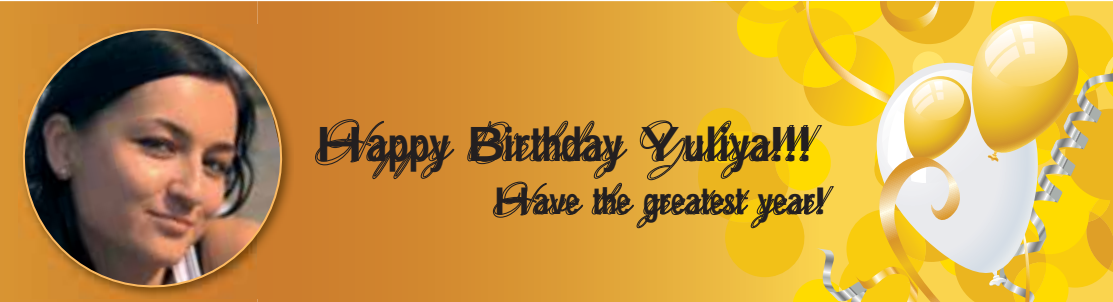
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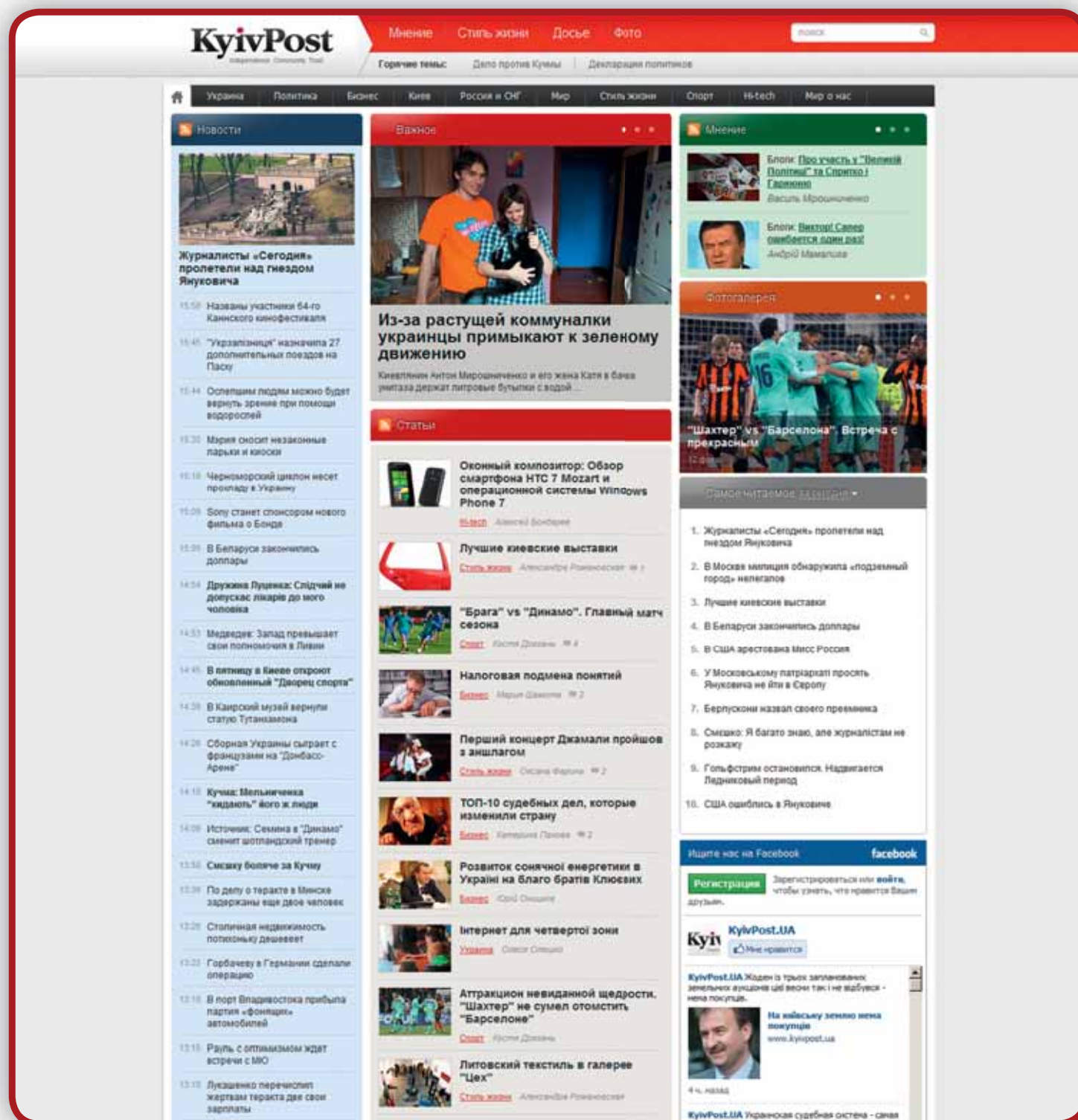
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Have the greatest year!

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