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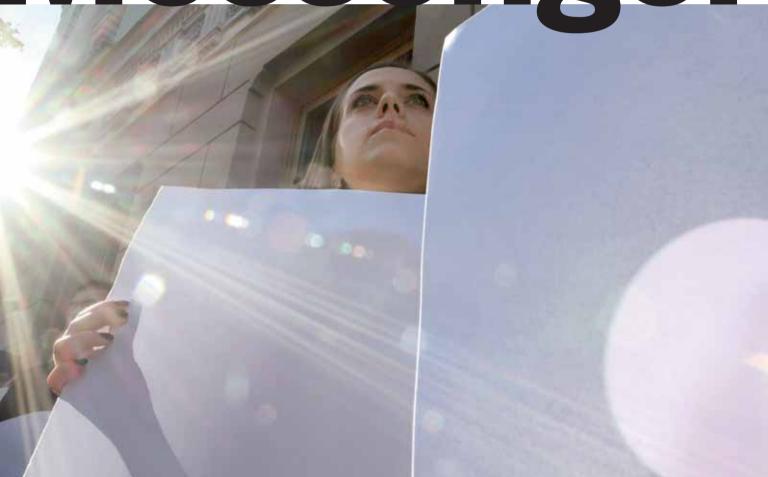


UKRAINIAN LEGAL ADVICE GERMAN ACCURACY

BEITEN BURKHARDT

February 22, 2013

INDEPENDENCE. COMMUNITY. TRUST



In this Oct. 1 photo, journalists demand that parliament cancel a proposed bill that would have criminalized libel. Journalists held blank placards symbolizing the muzzling of a free press by authorities. The rally in front of parliament was part of a broader media campaign in defense of freedom of speech. The bid to criminalize libel failed, but still authorities find ways to silence journalists through lawsuits that seek outrageously hefty payouts. (Pavlo Podufalov)

BY VLAD LAVROV

LAVROV@KYIVPOST.COM

As the nation names media freedom one of the top priorities for its chairmanship in the Organization for Security and Cooperation in Europe this year, a member of the ruling party has launched one of the most exorbitant libel lawsuits against journalists in recent times.

As this issue of the Kyiv Post went to press there were indications that the plaintiff will back down, likely as a result of pressure, combined with a verbal apology by the defendant.

Last November, pro-presidential Party of Regions lawmaker Yuliy Ioffe sued Oleksiy Svetikov, a journalist and public activist from Luhansk Oblast, for Hr 1 million (\$125,000). Ioffe was offended by an article published in February of 2012 in a number of local Internet publications and the website of the Committee of Voters of Ukraine, a nongovernmental election watchdog.

Svetikov, who heads the NGO's Luhansk branch, analyzed the chances

Employment/Real Estate/Classifieds

of various candidates to win in the majority constituencies in his oblast ahead of the Oct. 28 parliamentary elections. Writing about Ioffe, Svetikov mentioned him while talking about the influential political group of billionaire Dmitry Firtash and presidential chief of staff Serhiy Lyovochkin, as the candidate the group was likely to endorse.

Ioffe, who eventually won the elections, was indeed nominated by the Party of Regions for one of the singlemandate constituencies in Luhansk

Oblast, where Firtash has significant business interests. Still, Ioffe didn't take kindly to an article speculating about his closeness to Firtash and Lyovochkin.

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In his legal claim, Ioffe goes out of his way to distance himself from both.

"The information disseminated without any reason considerably compromises me in the eyes of citizens who negatively view the actions of Lyovochkin and Firtash," says Ioffe in his claim, which was filed in the city court of Severodonetsk in \rightarrow 16

Surprising events in three years as president

BY SVITLANA TUCHYNSKA TUCHYNSKA@KYIVPOST.COM

On the frosty morning of Feb. 25 three years ago, Viktor Yanukovych was sworn in as the fourth president of Ukraine. He had won the votes of almost 12.5 million people, or 48.95 percent, beating Yulia Tymoshenko, who got close to 11.6 million votes, or

45.47 percent. Both supporters and opponents of Yanukovych thought that, like it or not, the trajectory of his presidency would be clear. Yet the intervening years saw its share of surprises. Here are some of them:

Myth of pro-Russian president

Yanukovych was labeled pro-Russian during the 2004 Orange Revolution, when he lost the decisive round of presidential election to rival Viktor Yushchenko. In his unsuccessful quest, Yanukovych enjoyed strong support from outgoing President Leonid Kuchma and Russian President Vladimir Putin.

Upon election to the presidency in 2010, he made six official trips to Russia, more than any other country. In April 2010, Yanukovych signed the controversial Kharkiv Accords, allowing the Russian naval fleet to remain stationed in Crimea until 2042 for a \$100 discount per 1,000 cubic meters on natural gas imports from the price negotiated a year earlier by ex-Prime Minister Tymoshenko. But relations between the two countries have since soured. Ukraine pays one of the highest gas prices in Europe, and Moscow is pushing Ukraine to join the Russian-led Customs Union in exchange for further gas discounts.

"Russians definitely did not expect his obstinacy. Putin thought he can outsmart Yanukovych, pressure him into entering the Customs Union. But he is holding on and turned out more difficult for Russians to deal with than Yushchenko was and Tymoshenko would have been," says political analyst Vadym Karasiov.

Myth of oligarch puppet

Yanukovych was largely per - especially billionaire Rinat Akhmetov, $\rightarrow 2$

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Kyiv Post, 31A Pushkinska, Suite 600, 6th floor Kyiv, Ukraine, 01004

Advertising tel. +380 44 591-7788

fax +380 44 591-7789 advertising@kvivpost.com **Editorial staff**

tel. +380 44 591-3344

fax +380 44 591-3345 news@kvivpost.com

Subscriptions

tel. +380 44 591-3408 fax +380 44 591-7789

Distribution

Andrey Beley tel. +380 44 591-3409 fax +380 44 591-7789 distribution@kyivpost.com





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Myths & realities of Yanukovych's record

→1 Ukraine's richest man and financial backer of the Party of Regions. Instead, Yanukovych has taken care to boost the fortunes of "The Family," a loyal group of advisers who occupy top spots the government. In particular, the president's son, Oleksandr, has been a top recipient of government tenders and his company MAKO was recently estimated by PwC to have a net worth of Hr 1.7 billion. "Nobody expected him to be monopolizing power both in the country and in business. President Kuchma was balancing among clans. He was the moderator. He never created his own clan number one, like Yanukovych has. Therefore, Yanukovych, in fact, received much more real power than even Kuchma, who was considered authoritarian, Viktor Yanukovych greets bystanders prior to his inauguration in Kyiv on Feb. 25, 2010 to become the Oleksiy Haran, director of the school for political analysis at the Kyiv Mohyla nation's fourth president. (AFP photo/ Yaroslav Debely)

Myth of pragmatic team

Academy, said.

The business community, optimistic in 2010, is now largely disappointed. Many thought the wealthy businesspeople in the Party of Regions would bring pragmatism, professionalism and stability.

Indeed, the state's administrative capacity has improved. Experts praise the adoption of new, progressive legislation, particularly the Tax Code and Criminal Code. Natalie Jaresko, CEO of private equity firm Horizon Capital, runs down a list of successes: regulatory improvements helping reduce bureaucracy; a successful Euro 2012 football championship; the signing of the Shell natural gas development agreement; and steps toward pension reform.

Yet this has not been enough to make up for rising corruption and corporate raidership, which have all but blocked off further investment.

"Ukraine failed to recoup the GDP (gross domestic product) it lost in 2008-9, conduct structural reforms, improve its business climate, deal with corruption, foster fair competition, and eliminate red tape," says Alexei Kredisov, managing partner at Ernst & Young Ukraine.

Yanukovych bloopers

May 9, 2011, in Kyiv.)

sion since first becoming prime minister in 2002.

rations for the Euro 2012 football championship.)

Yanukovych has been famous for his bloopers, malapropos and moments of confu-

• "I urge journalists to keep a high ethical bar, to keep the principle of objectivity

and political bias." (On Sept. 3 2012, speaking at the World Newspaper Congress

"We generally think that the territory of our country should be dangerous for our

citizens and, especially, for our guests." (On May 25, 2012, speaking about prepa-

"Our holy duty before the slain ones is to overcome the shadows of the past, to

make future tragedies possible."(On June 22, 2011, speaking to World War II veter-

"We are regularly receiving reports of governors. But only when you see with your

own hands, touch with your own eyes, as the old Ukrainian tradition goes, then it

"Dmitri and I, we have decided that we will not speak about bad things, but rather

"The government will fight those who strive to warm up in a bloody bonfire." (On

· "President Obama asked how is the supply of the equipment going to the labora-

tories we are building in Kharkiv, which are going to work on low-enriched Iran."

(On Sept. 28, 2012, reporting to the press after his talk with U.S. President Barack

do (them)." (Sept. 21 2010, meeting with Russian President Dmitri Medvedev.)

is completely different." (On Oct. 12 2012, speaking in Luhansk)

Belgium Cuba 🐽 Brazil 🐽 "As a result, a small handof businesses report good results and are expanding their operations. The majority of other businesses show poor results,

Poland Belar Cyprus Greece In three years as President, Viktor Yanukovych made 61 officials trips abroad. Russia was the most frequently visited country. Source: president.gov.ua have negative expectations for the future, and are scaling down their investments and employment - as reported by the latest business leaders' poll conducted by the European

A well-traveled president

2011 Business Association, which unites over 900 companies." Myth of strong opposition

Israel

Kazakhstan

2012

2013

Many political analysts and opposition members confess that Yanukovych's quick seizure of power in the executive, legislative and judicial branches came as a surprise. "After just a month in power, Yanukovych canceled the political reform of 2004, going back to the Constitution of 1996 with more power for the president. It became clear that the Constitutional Court, as all (other) courts, are in Yanukovych's pocket," says Volodymyr Fesenko, head of Penta think tank. "After this, many were surprised how easily some members of parliament from the opposition joined the propresidential faction in parliament. So, Yanukovych had all the power in his hands - the government, the parliament, and the courts," says political analyst Vadym Karasiov.

"Most people underestimated Yanukovych. We thought he was more simple minded, primitive, if you will. But he turned out to be a very effective Machiavellian autocrat," Karasiov adds.

Myth of tolerating opposition

Vietnam, Singapore, Brunei

South Korea

Few, if any, expected Yanukovych would let Tymoshenko be imprisoned. In 2011, his rival was sentenced to seven years in prison for abuse of office for signing the 2009 gas deal with Russia. The trial is condemned as politically motivated by Western leaders and the Ukrainian opposition. "Most people did not suspect that to put Tymoshenko in jail would be so important for Yanukovych, and no pressure, either from abroad or inside Ukraine, will make him change his mind," Karasiov says.

Other opposition figures have also become targets of the administration's intolerance for opposition leader. Ex-Interior Minister Yuriy Lutsenko is in prison, while other members of Tymoshenko's government, as well as her husband, have sought asylum abroad. "The courts have remained dependent ... Moreover, the constitutional right to free assembly is violated by courts, who, in 80 percent of cases, ban assembly without legal reasons," says Yevhen Zakharov, head of the Helsinki human rights group in Ukraine.

Kyiv Post staff writer Svitlana Tuchynska can be reached at tuchynska@kyivpost.com

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Running in circles

When President Viktor Yanukovych came to power three years ago, his first foreign trip was to Brussels. Many looked upon this with hope - even with a change in government it seemed Ukraine would continue forging a pro-European path.

A lot of bitter realism pills have been swallowed since then. As the president gears up for the annual EU-Ukraine summit in Brussels on Feb. 25, expectations have withered. Persecution of political opponents and lack of rule of law have caused lasting damage in relations with the West.

In Brussels the focus has been on retailoring the Eastern Partnership, a foreign policy program designed to anchor relations with former Soviet countries in Eastern Europe and the Caucasus, including Ukraine. Instead of spreading democracy, building institutions and, perhaps, providing membership perspectives, most of its six members seem to be sliding deeper into authoritarianism.

A recent unofficial paper from the foreign ministers of Germany, Poland, Sweden and the Czech Republic focuses on more realistic goals for this partnership program: more visible EU-sponsored projects and an emphasis on free trade agreements, as well as a "more for more" model for individual countries implementing democratic reforms.

It did not have to be this way. As the linchpin of the intiative, Ukraine benefitted from much goodwill early on. Yet progress on the association agreement with the EU, which would have set an example and could've been a catalyst for change in the region, was torpedoed by democratic backsliding. Now, each little step towards the West is followed by renewed pressure at home on media or opposition figures

At present EU leaders are urging Ukraine to sign the Association Agreement at a key summit in November - last chance to do it for a long time, according to some. But Ukraine is required to demonstrate some progress in certain marker

Yet recent developments in the media sector (such as a sudden change of ownership at Inter TV channel, which in recent months started to become more balanced), new criminal cases rolled out against Yulia Tymoshenko, and calls by the Party of Regions for a new parliamentary election based on a new majority system, suggest old habits have not changed and there is no goodwill to do it.

Three years of Yanukovych's presidency have been wasted. Two more are left to go - or more.

The good pledge

Ukraine's oligarchs have received a fair share of criticism from the Kyiv Post over the years - to put it mildly. We never tire of repeating how they got their wealth through grabbing state property on the cheap, using government connections and/or blatant corruption

Viktor Pinchuk, Ukraine's second richest person, with a fortune exceeding \$3.7 billion, has been no exception. We didn't have many positive things to say when in 2004 Pinchuk, as the son-in-law of then-President Leonid Kuchma, alongside Rinat Akhmetov, the richest Ukrainian, infamously privatized the nation's largest and best steel mill in Kryvorizhstal. Later the mill was resold to Indian billionaire Lakshmi Mittal for more than fivefold the price Pinchuk and Akhmetov had paid.

So it's all the more admirable that on Feb. 14, Pinchuk made a decision that just a couple of years ago would have seemed totally alien to his system of values. He announced that at least a half of his enormous wealth would be given to charity.

Pinchuk pledged to invest into "education, healthcare, access to contemporary art and (Ukraine's) promotion." By doing so, Pinchuk became the first Ukrainian to join the Giving Pledge initiative, started a few years ago by billionaires Warren Buffet and Bill Gates, where the world's wealthiest individuals are making public pledges of their fortunes to charity.

"In our part of the world the legacy of communism has made many people more skeptical of the wealthy than in Western countries," Pinchuk wrote in his pledge. "I want to convince some of them that successful entrepreneurs and business leaders can be constructive, inventive and active contributors to making

So far, Pinchuk is the only one of Ukraine's rich to give his pledge. Akhmetov, Petro Poroshenko, Ihor Kolomoysky and many other billionaires should follow suit. So far, they have shown no inclination to redistribute their wealth on such

Moreover, the very system they used, and in part created, for acquiring their fortunes is still well in place. The proof of it is the growing wealth of President Viktor Yanukovych's son Oleksandr. Just days apart from Pinchuk's pledge, his MAKO Group released its 2011 financial results audited by PwC, attesting to his

Perhaps he, too, will one day pledge part of a vast fortune to charity. But it would be better to give people a fair chance now than a pittance latter



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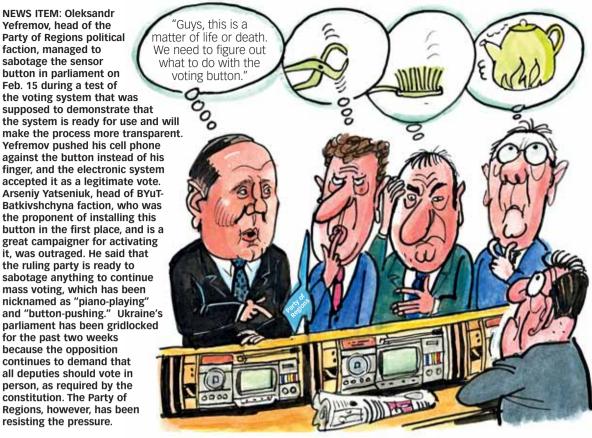
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NEWS ITEM: Oleksandr Yefremov, head of the Party of Regions political faction, managed to sabotage the sensor button in parliament on Feb. 15 during a test of the voting system that was supposed to demonstrate that the system is ready for use and will make the process more transparent. Yefremov pushed his cell phone against the button instead of his finger, and the electronic system accepted it as a legitimate vote. Arseniy Yatseniuk, head of BYuT-Batkivshchyna faction, who was the proponent of installing this button in the first place, and is a great campaigner for activating it, was outraged. He said that the ruling party is ready to sabotage anything to continue mass voting, which has been nicknamed as "piano-playing" and "button-pushing." Ukraine's parliament has been gridlocked for the past two weeks because the opposition continues to demand that all deputies should vote in

resisting the pressure.



Energy Community win-win for Ukraine and European Union



Editor's note: This op-ed by Günther H. Oettinger, the European Commissioner for Energy, is his special address to Ukraine's authorities on the eve of Ukraine-EU summit in Brussels, which is scheduled to take place on Feb. 25. It is published exclusively by the Kyiv Post in English.

In the immediate future, it is clear that Russia's offer for cheaper gas prices is very tempting. But gas prices are Ukraine's strongest dependence factor on Russia. It is in this context that Ukraine needs to ask itself of the advantages of the Energy Community.

The Energy Community member countries are progressively integrating into the EU's energy market by working towards economically viable, competitive, transparent and sustainable energy markets that are able to attract the necessary investments.

The EU is convinced that Ukraine's Energy Community membership is very much in its own interest for four main

First, deep structural reforms ensuring economic and financial viability of the Ukrainian energy sector will enable Ukraine to attract much needed investment into the energy sector and thereby develop its significant domestic energy resources.

The energy sector reforms have already attracted a number of foreign energy investors to the country, not only in the gas exploration area but also for gas supply and renewable energy projects. The signing of a production sharing agreement with Shell on Jan. 24 is a good example. It is now important that Ukraine makes sure that these investors are able to do business as envisaged. In this perspective Ukraine should continue the reforms in line with Energy Community commitments, also with regard to non-discriminatory access to the gas transmission system.

Second, gas sector reforms in accordance with Energy Community rules will give Ukraine access to the huge EU gas market for Ukraine's own gas production. The EU seeks a balanced trilateral EU-Russia-Ukraine solution on future gas flows to the EU and is willing to enter into tripartite consultations on gas transit. The Commission stands ready

to continue both its active support to the Ukrainian energy sector reforms and, together with international financial institutions (European Investment Bank, European Bank for Reconstruction and Development and the World Bank), to support the upgrading of the gas transit infrastructure in Ukraine to ensure that it remains a key part of the pan-European energy network.

Third, Energy Community membership means developing supply diversification jointly with the EU and improving Ukraine's energy independence as well as short and longterm security of supply. Ukraine is already making good use of this possibility. Since November 2012 Ukraine has been receiving gas from Germany through Poland (physical reverse flows) at apparently cheaper prices than it is paying for gas directly from Russia. Ukraine is also developing two additional routes of reverse natural gas supplies from from Slovakia and Hungary.

The development of a gas hub in Ukraine would further improve the security of supply and encourage investment in domestic production.

In the future, Ukraine should be able to access not only surplus Russian gas in Western Europe but also international markets. The EU is willing to explore the possibility of establishing a «gas corridor» to bring more long-term diversification options for Ukraine using, inter alia, existing pipelines in Western Ukraine that link to Romania, Hungary, Slovakia and Poland. To make such projects work, all the countries involved will need to cooperate and make sure that their operational controls for gas flows are in line with their legal commitments under the Energy Community Treaty and/or the internal market rules of the European Union. The Ukrainian gas network and its storage potential (31 bcm compared to 95 bcm for the EU as a whole) could continue to attract investment and be of great value if gas could be supplied to Ukraine from the EU for consumption

Fourth, the progressive integration into the EU energy market will help improve the competitiveness and sustainability of the Ukrainian energy market and bring long-term competitive and affordable energy prices in Ukraine. This will also bring incentives for energy efficiency improvements and protect Ukraine's energy security by ensuring a diversification of supply sources.

In conclusion, continued commitment to reform in line with the Energy Community Treaty is good for Ukraine's energy security and independence.

Günther H. Oettinger is the European Commissioner for Energy in the European Commission.

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• Kyiv Post CEO and Willard chairman, Michael Willard, recently addressed the Young President's Organization of Kyiv by invitation of Philip Morris General Director Christos Tsolkas.

Willard discussed the danger of companies buying space in newspapers as if it were legitimate news.

"A good story will always rise to the top. One doesn't have to undermine the credibility of all stories by buying press" he said.

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Ease of phone tapping feeds fears of police state

BY SVITLANA TUCHYNSKA

TUCHYNSKA@KYIVPOST.COM

Each year the Security Service of Ukraine (SBU), Ukraine's KGB successor agency, gets court orders to tap the phones of approximately 25,000 people. The number was released by Supreme Court head Vasyl Onopenko in 2011.

This is a lot. In Australia, for example, 3,488 warrants for wire taps were issued in 2010. In the U.S. 2,732 cases were authorized by federal and state courts in 2011.

But in Ukraine, this is just the tip of the iceberg. By law, the right to gather information via phone tapping solely belongs to the SBU, and usually requires a warrant granted by a court. However, warrantless wiretapping is allowed in cases when subjects are investigated by the counter-intelligence department.

Also, human rights activists and alleged victims say the SBU often deceives judges, typically by bundling together different people's phone numbers in a single request they file to

Volodymyr Boyko, a journalist at the ord-ua.com investigative web site says this is what happened to him, his chief editor Stanislav Rechynsky and Serhiy Leshchenko, deputy editor of Ukrainska Prayda web site. "Our phone numbers were put on the requested list for phone tapping that the SBU submitted to court. Instead of putting one phone number of a smuggler they were investigating, they put four numbers, claiming that all belong to this one person," says Boyko.

"We noticed no unusual sounds, nothing suspicious – the technology is very advanced now," Rechynsky explains, adding that he was tipped off about the tapping by his sources in the SBU.

The security service denies using any such tricks.

But late last year, a local court in Odesa convicted a police officer for illegally wiretapping the ruling Party of Regions lawmaker Serhiy Kivalov using the very scheme described by Boyko. Kivalov then said that investigators established that the officer was acting on orders from above, but they failed to follow up on the lead.

There is evidence that tapping is rather common in Ukraine.

"Actually there are numerous cases of criminal investigations of phone tapping or email hacking in Ukraine. But such information is protected by the secrecy of investigations," says Oleksandr Plotnikov, counsel and attorney-at-law at Arzinger Ukraine law firm.

"In developed nations the permission to tap somebody's phone and

gather information is granted in exceptional cases – for example if the person is being investigated under terrorism charges, the drug business and the like. But Ukrainian legislation allows tapping in any crime which is qualified as serious – that is with punishment of five years and more," says Yevhen Zakharov, head of Ukraine's Helsinki human rights group.

He says that in many developed nations secret services and the police are strictly obliged to file annual reports about cases of tapping and other stealth information gathering methods. They also inform the monitored person that their privacy was violated for the investigation.

"They report – how many times have they asked the courts, how many warrants were granted, which crimes they were regarding, how many criminal cases were opened as a result of information gathering," says Zakharov.

This is not the case in Ukraine. There are no such reports, and this data has been classified since 2005.

SBU spokesperson Maryna Ostapenko says that most tapping is conducted illegally by other parties, not the SBU, and the scale is impressive.

"People listen to their business rivals, spouses, politicians, gather compromising evidence. The equipment is imported illegally, usually from China," says Ostapenko.

Some cases of email and phone monitoring that became public

- Feb. 2013: Pavlo Demenskyi from Transparancy International Ukraine says his email
 was hacked and the unknown intruders sent provocative statements to the media,
 including ones demanding a moratorium on shale gas extraction in Ukraine.
- Feb. 2013: Spokesperson for former Deputy Prime Minister Hryhoriy Nemyria, Natalia Lysova says her email was hacked and somebody sent a statement to the media
- Feb. 2013: Yulia Tymoshenko's lawyer Serhiy Vlasenko says his email was hacked and he expects it to be leaked online soon.
- Jan. 2013: A phone conversation between Tymoshenko and her husband Oleksandr is leaked online.
- Jan. 2013: Investigative journalist Serhiy Leshchenko from Ukrainska Pravda news web site, says his email was hacked and the hackers were trying to get him to install a corrupt file to access both his computer and Ukrainska Pravda servers.
- Dec. 2012: Journalist Mustafa Nayem says he has grounds to believe that somebody is reading his email.
- Dec. 2012: Personal emails from Tymoshenko's daughter Eugenia's mailbox leaked on the internet. Eugenia Tymoshenko said that while most emails were original, some, like the ones with invoices for her mother's medical treatment at German Charite clinic, were forged.
- Feb. 2012: Emails of Sonya Koshkina, chief editor of LB.ua are published online.
- Sept. 2012: Personal email of Tymoshenko's close ally Nemyria and is leaked to the internet. The most controversy was caused by alleged payments made by Nemyria to a British PR company from his offshore Cyprus-based companies.
- July 2012: Private emails of political consultant Semen Uralov is allegedly hacked and emails published online. Uralov said the majority of emails were original and some were fake.
- June 2012: Tymoshenko's daughter Eugenia says her email was hacked. "My phones and phones of my relatives are also being tapped," she added.
- Jan. 2010: A telephone conversation of then Prime Minister Tymoshenko and Georgian president Mikheil Saakashvili is leaked online.
- June 2007: A phone conversation between then President Viktor Yushchenko and then Prime Minister Tymoshenko is leaked online.
- Nov. 2000: Hours of alleged conversations of then President Leonid Kuchma go public. The recordings were allegedly made by one of the president's guards.

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Legal battle looms over shale gas development

BY KATYA GORCHINSKAYA and DENIS RAFALSKY

What red cloth is for a Spanish bull, shale gas projects are for some of Ukraine's politicians and lawmakers.

The prospect of hydraulic fracturing (or fracking) for natural gas in shale and sandstone deep underground has triggered a frenzy of legal activity including a lawsuit, a suggestion for a moratorium on alternative hydrocarbons and a proposed parliamentary hearing.

Moreover, the rules and laws needed by the industry to operate have often been slow in coming, slowing down the industry's development in the notoriously energy-inefficient country. Nonetheless, most expect opponents will eventually be placated, and legal problems resolved.

Pro-gas developments

Ukraine's legal field is a desert when it comes to production of natural gas from shale or sandstone. In a recent interview with the Kviv Post, Peter Clark, general manager of Chevron, said regulations don't cover shale gas production; the concept of hydraulic fracturing doesn't exist in legislation, as don't horizontal wells of the kind used, among other things.

Clark said the industry is trying to address these issues through the American Chamber of Commerce, which works closely with the Ecology Ministry to patch up the legal gaps.

Vitaly Radchenko, an attorney



Pipes get changed at a gas drilling rig exploring the Marcellus Shale in Pennsylvania. Ukraine's shale gas development may be hampered by legal challenges. (AFP/MLADEN ANTONOV)

with CMS McKenna representing Royal Dutch Shell, leads the committee for fuel and energy at the American Chamber of Commerce. He says the rules for gas field development in Ukraine date back to 1971. "Of course, in 40 years, the technologies have changed, but the sub-legal field remains far behind," Radchenko said.

One of the priorities is new subsoil legislation, which the ecology ministry is currently working on. But after several drafts many of the peculiarities of shale gas production are still not accounted for, Radchenko says.

"The lawmakers don't understand shale gas," he says.

The chamber also took part in a project conducted by the U.S. Agency for International Development last year, which analyzed many aspects of the new industry, including legal and environmental issues. Ukraine's government was heavily involved in this project, too.

It produced a 200-page study, complete with recommendations on how to address legal and other challenges in this area. They are yet to be considered.

In the past year, there have also been a lot of positive changes in the legislation regulating product sharing agreements (PSA), the likes of which was signed between \rightarrow 9

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BUSINESS ADVISER

E-MONEY current legal IN UKRAINE: framework and prospects for development

The last decade is featured by a rapid development and implementation of electronic payments, facilitated by prompt progress in the area of IT-technologies and growth of financial markets

Although nowadays electronic payments are less popular in Ukraine, compared to the EU and USA, the turnover of domestic and cross-border electronic transactions involving Ukraine is constantly increasing. Obviously, emergence of new payment instruments in the financial market is a trend evoked by a high demand as to efficiency and reliability of payments.

Electronic money existed and was used in Ukraine without the necessary regulatory framework for quite a long time. The first attempt of the National Bank of Ukraine (the "NBU") to regulate the area of electronic money was made in 2008. Despite a slight progress of regulation since 2008, it remains underdeveloped primarily due to a rather restrictive NBU approach reflected in the existing normative acts, lack of a special law governing the activity of domestic and foreign electronic money systems in Ukraine, and absence of the required provisions in the Ukrainian legislation on bookkeeping and taxation of electronic money payments received by goods and services vendors.



As of today the legislative framework governing the issuance and circulation of electronic money consists of: (I) the Law of Ukraine "On Payment Systems and Money Transfer in Ukraine" No 2346-III as of 05 April 2003, as amended (the "Payment Systems Law"), (II) the NBU Regulation No 481 as of 04 November 2010 "On Amendments to Certain Legislative Acts of the NBU in respect of Regulation on Issuance and Circulation of Electronic Money' (the "E-Money Regulation"), and (III) the NBU Regulation No 223 as of 30 April 2010 "On Performance of Transactions Utilizing Special Payment Instruments"



Denis Lysenko

Partner

Yulia Kyrpa Partner

The above legislative framework stipulates below key principles of electronic money systems operation in Ukraine and sets forth a number of requirements applicable thereto.

Particularly, in accordance with the Payment Systems Law and E-Money Regulation, electronic

money is defined as units of value, which are stored on an electronic device, computer memory, etc, represent a certain monetary undertaking of the issuer and are accepted as payment instruments by the parties other than the issuer. Practically electronic money can be distinguished as

"hardware-based" and "software-based" — depending on the technology of their storage.

Electronic money can be issued solely by banks, however can be distributed by agents authorized to perform certain functions on servicing the system under the respective agreement entered into with the issuer. Electronic money can be issued in the national currency of Ukraine only ("UAH"). The amount of electronic money stored on one electronic device, which cannot be refilled is limited by UAH 2,000 and the amount of money stored on an electronic device which is subject to replenishment shall not exceed UAH 8,000. In accordance with the applicable legislation, banks, being e-money issuers, are obliged to redeem such money (i.e. to effectuate electronic money exchange back into cash or non-cash monetary funds) if they are requested to do so by electronic money users (i.e. private persons or legal entities utilizing such money for settlements). It should, however, be noted that according to the Payment Systems Law private persons are entitled to obtain and redeem electronic money in exchange of cash or non-cash funds and to utilize such money for purchasing goods and services or to transfer it to other private persons. Legal entities, in their turn, are allowed to use non-cash funds only for obtaining or redeeming electronic money and are prevented from transferring the electronic money to third parties for any purposes other than purchase of goods or services from the vendors.

Unfortunately, current legislative framework appears to be rather restraining and is holding back the potential development of e-money and e-commerce in Ukraine. In particular, the Payment Systems Law contains only few clauses devoted to issuance and circulation of e-money in Ukraine. The said law, together with the above NBU regulations, stipulates the following provisions significantly complicating the Ukrainian legislation compared to EU Directive 2000/46/EC as of 18 September 2000 "On the Taking Up, Pursuit of and Prudential Supervision of Business of Electronic Money Institutions'

- 1. the requirements as to a special status of e-money issuer (which must enjoy the status of a banking institution), that essentially narrows down the circle of potential issuers;
- 2. the requirement to obtain the NBU approval in relation to the rules of each particular e-money system prior to issuance of any electronic money by a bank (such rules must include a detailed chart of all transactions to be performed in the system, risk management and security instruments of the system, etc.); and
- ${\it 3. certain \ limitations \ in \ the \ area \ of \ e-money \ utilization, \ in \ particular, \ prohibition \ for \ unified}$ tax payers to accept any other payment instruments except for monetary funds in cash or non-cash form established by the Tax Code of Ukraine and impossibility to use electronic money for paying state duties and levies, etc.

RECENT TRENDS IN THE UKRAINIAN FINANCIAL MARKET

Despite certain imperfections and flaws of the legislation discussed above, electronic money keeps expanding the sphere of its utilization in Ukraine. For instance, the recent legislative novelties set forth certain grounds for performance of payments via mobile phones or other wireless devices serviced by mobile operators (the "Mobile Devices"), which is becoming a recent trend in the Ukrainian financial market. In particular, such Mobile Devices provide access to a bank account of a user through various channels of telecommunication networks of the operator or through no-contact tools. Mobile operator, in its turn, is allowed to distribute scratch-cards for replenishment of Mobile Devices with the electronic money, acting as an agent of electronic money issuer. When effectuating payments via Mobile Devices, users are obliged to observe the rules of the respective payment system, bank rules and regulations, terms and conditions of the agreements with the bank and the mobile operator, as well as the requirements of the Ukrainian

Fortunately, mobile payments, being a cutting-edge technology in the West, are also becoming more and more popular in Ukraine. Currently a number of Ukrainian banks are focused on developing innovative mobile payment instruments, allowing smart-phone users to significantly facilitate the payment process. For instance, groundbreaking technologies released in the end of 2012 created a possibility to take a picture of the check in the supermarket or a restaurant by a smartphone and to pay-up the said check via such smartphone within one or two minutes. Needless to say that mobile applications for smartphones, ensuring possibilities for money transfers to various accounts worldwide, open up vast unexplored markets for banking services providers, bringing banks and their clients much closer to each other.

PROSPECTS FOR DEVELOPMENT OF E-MONEY SECTOR IN UKRAINE

Although a part of Ukrainian e-money sector has already been occupied by international payment systems established by foreign companies, there is still a significant niche in this market, having a large-scale potential for development. Apparently, simplification of the Ukrainian legislation in this area and bringing it in line with the equivalent EU regulations could substantially speed-up this process. Particularly, adoption of a separate law governing e-money payments, including those performed via Mobile Devices, would be an enormous step forward

Moreover, extension of the circle of electronic money issuers by enabling not only banks but other companies, meeting the criteria as to minimum capital requirements, IT-systems and business reputation, to issue electronic money, as well as allowing utilization of e-money in all areas of settlements between legal entities, private persons and the state, would create a vast number of opportunities for the development of this sector.

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Offshore keys to wealth transfer

BY MARK RACHKEVYCH

RACHKEVYCH@KYIVPOST.COM

To say that someone is so rich that their grandchildren will be set for life rings true only if proper attention has been paid to how to transfer wealth from one generation to the next.

There aren't that many options in Ukraine to do this simply because legislation doesn't exist to regulate estate management or have trusts funds for descendents of rich people to tap once they turn 18 and decide to enroll in

So high net worth individuals are turning to offshore tax havens, where most of their wealth is registered anyway, to ensure their successors are financially secure by establishing trusts (in common law countries) or private foundations (in civil law countries).

Vadim Medvedev, an associate at Avellum Partners, said interest in succession planning "is rising, which is caused by the fact that Ukrainian businesses are getting older, the beneficiary owners of business structures are getting older and they're starting to understand they won't live forever and are starting to think what they're going to do with their assets once they're gone."

Although Medvedev said the process is only beginning in Ukraine. "In Russia it started a little bit earlier, like a couple of years ago; now it's very popular with Russian businessmen – in Ukraine this has started and is growing," Medvedev told the Kviv Post.

But Ukrainians and Russians are wary of giving up partial control over their assets, say to a trustee or another entity, and thus opt for specific instruments, the lawyer said.

Some choose structures that allow their children to replace them at the head of a company when the time is right via a direct share transfer, or a vehicle that doesn't require a share transfer at all.

This can be done by setting up a private foundation in a dependable repository of riches, like the Isle of Man or the Channel Islands, where dividends and capital gains are exempted from income tax, to own a personal holding company. The foundation is a legal



Vadim Medvedev

person that has no legal owners with the assets of the foundation owned by the foundation itself, and the individual is formally just a beneficial owner who is entitled to the benefits of assets held by the foundation.

"And when your son is 30, you appoint him to the board, and after that he is the sole person who is responsible for the company," said Medvedev. "There's no formal succession, you just change the person who controls the company ... it's very convenient because you don't need wills."

In addition to shares in companies earmarked for succession, Medvedev said cash and tradable securities are also placed in trusts for offspring.

Other times, wealthy individuals who are less sure what will happen to them in the near future will set up trusts, usually in an offshore financial center, for their children. Typically, these come with specific instructions so the offspring don't waste all the money before turning 30 and receive a high-caliber education in the West.

But Ukrainian tax law doesn't recognize inheritance or assets received from an estate located offshore, so recipients in Ukraine could end up paying 70 percent tax on what is treated as ordinary income.

Thus Medvedev says to remit cash from private foundations or estates abroad, it must be done through offshore companies and later distributed as dividends to children to be taxed only 5 percent.

Medvedev said insurance companies are also used because certain polices allow children who reach a certain age to access money for specific purposes like getting an education.

In Ukraine, the tax code doesn't charge direct relatives like a spouse, child or parent for inheriting something like an apartment. The rate is 5 percent for non-relatives, and 15 percent if something is inherited from a non-Ukrainian resident.

The lawyer said he's also noticed that upwardly mobile Ukrainians aged between 25 and 40 are also starting to think about their retirement and leaving something behind for future generations

"Now they have a good salary, they have funds on which to live and they see the state pension is miserable," said

Usually, such people start off with life insurance policies that mature at a certain age, and putting money in private retirement funds. "Next come bank deposits," said Medvedev.

Some money received from insurance policies is tax exempt, while others in the best case scenario have a 5 percent rate on net profit for insurance policies.

But it's difficult for Ukrainians who have only Ukrainian assets to invest abroad, which often requires a certificate from the central bank, and in some cases, a security service background check before permission is granted.

"If all your money is in Ukraine, it's extremely difficult to get it abroad," said Medvedev.

That's why, according to the lawver, people who can get money to Switzerland or elsewhere, even \$10,000 or \$50,000 onto an account, do so.

And for those who don't, Medvedev advised to start thinking about retirement "because the Pension Fund is not comparable to what you're contributing to it."

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

Power brokers act on belief they are being eavesdropped

→ 6 She says it is very difficult to track such wiretapping. According to a top government official speaking under the condition of anonymity, 200 wiretapping units were imported lately to Ukraine.

The right to privacy of telephone conversations and correspondence is guaranteed under the Constitution of Ukraine and the Criminal Code. The prosecutor and a special Interior Ministry department are supposed to enforce this right, but none of the alleged victims the Kyiv Post spoke to turned to them.

Those who did so earlier, like journalists Oleksandr Korchynsky and Oleksandr Chalenko, were turned down due to "lack of evidence."

"Several individuals have been sentenced to criminal punishment for illegal wiretapping of telephone conversations of senior officials, but the overall percentage of such cases is low," says Oksana Voinarovska, partner



at Vasyl Kisil & Partners law firm. "Apparently, here not all the victims have the patience or resources to fight for their rights, or the illegal actions are carefully masked."

The most obstinate go all the way up to the European Court of Human Rights. The latest case took place in 2006, when a Ukrainian citizen successfully sued police officers for illegally obtaining their mail.

Others have found ways to adapt.

"I know my phone was tapped during the 2010 local elections. My acquaintances from the SBU told me openly about it. But I have never complained. In our technically advanced time and, especially in Ukraine, a person should understand that no electronic means of communications are confidential," says Svyatoslav Oliynyk, a former prosecutor and member of parliament.

Many members of parliament say they avoid discussing important political or business activities on the phone or via email. Some add that during important confidential meetings they switch off their cell phones and take out the battery to prevent any tapping.

"Those who truly care are investing in protecting themselves by hiring private specialists," adds Voinarovska of Vasyl Kisil & Partners.

Kyiv Post staff writer Svitlana Tuchynska can be reached at tuchynska@kyivpost.com

Opposition may slow shale gas development

→ 7 Ukraine and Royal Dutch Shell last month in Davos, Switzerland, and are also being negotiated by Chevron and ExxonMobil, who won tenders for exploration in May last year.

But despite many positive changes for PSAs, some errors were also introduced during the hectic legislative process. For example, a clause was accidentally deleted that allowed the Cabinet of Ministers to delegate supervision over Ukraine's compliance with the contract to local authorities. "This created legal vacuum," Radchenko says.

Legal moves against shale gas

There are also plenty of new legal initiatives against the shale gas industry, driven by the far-right Svoboda Party, their ideological nemesis the Communists, and Batkivshchyna, the biggest opposition force in parliament.

All oppositional parties, however, insist they are not against shale gas, but rather want to make its production safer, more transparent and ensure greater benefits for local communities.

Svoboda Party proposed a parliamentary hearing on shale gas development in Ukraine on March 20. It has yet to be approved by parliament, which has been paralyzed by infighting.

Iryna Sekh, head of ecology and natural resources committee in parliament, suggested in her explanatory note that shale gas development might cause ecological problems, spark protests, and result in multiple appeals by Ukrainian civic organizations to international bodies



Chevron's Clark said he has not received any invitations to take part in these hearings. "I hope we're asked to participate," he said.

Three Batkivshchyna representatives were even more radical in their actions, filing a draft law last month that proposed a full ban on exploration and development of all alternative hydrocarbons in Ukraine. The draft was authored by Arsen Avakov, Mykola Tomenko and Andriy Kozhemyakin and was not approved by the Batkivshchyna faction, its leader Arseniy Yatseniuk told Kyiv Post.

Tomenko said a moratorium was needed because there was a lack of information about Shell's project in the Yuzivska field, which stretches across the Kharkiv and Donetsk oblasts. Tomenko said their draft law was just a pressure tactic, and Yatseniuk said the draft will be called off.

But it remains in parliament, and has been supplemented by a new draft law on shale gas. Its authors, Tomenko

and Avakov call for "obligatory public debate" of draft PSAs between investors and Ukraine, as well as various environmental inspections and other forms of oversight.

Avakov said the document resulted from a week-long discussion with Kharkiv environmentalists on ways to make gas extraction safer without suggesting a full moratorium. "We don't want to hamper the positive processes," Avakov said.

Court hearing

There is at least one court hearing pending on issues related to shale gas development. Svoboda's lawmaker Ihor Shvaika challenged the PSA approval procedure by the Kharkiv Oblast Council – a precondition for signing the agreement with Shell. According to Shvaika, deputies of the local council did not get a chance to study the agreement for which they voted. The first hearing in his case is scheduled for Feb. 27, he told Kyiv Post.

If successful, Shvaika hopes to repeat the process in Donetsk regions, where the same violations allegedly took place. He said in case both courts confirm violations, Svoboda will have grounds to challenge the product sharing agreement signed between Shell and Ukraine's Nadra Yuzivska. He could not say whether the party will take any further legal action, though.

Kyiv Post editor Katya Gorchinskaya can be reached at gorchinskaya@kyivpost.com and staff writer Denis Rafalsky can be reached at rafalsky@kyivpost. Advertisement

BUSINESS ADVISER PROSPECTS

of the Market of Legal Assistance of Investment Activity in the Agrarian Sector in 2013

The question of how much money lawyers are going to earn on legal assistance of investment projects in agriculture in 2013 directly depends, of course, on both the general economic situation countrywide and business activity in this specific sector. And although analysts' pre-dictions are not too favourable, there are still grounds to believe that legal companies involved in this sector will avoid losses if they properly and promptly reorient their work into those areas characterized by intense investment activity. The potential of such areas and lines of activity will be considered herein.



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PROSPECTS OF THE M&A MARKET

The general market of mergers and acquisitions is experiencing the biggest decline. If we don't take into account the privatization processes irrelevant to the agrarian sector, the total amount of big deals in 2012 made up just slightly over \$ 1 bn, three times less than in 2011 (about \$ 3 bn). There have been only three big deals in the sphere of agrarian business (again food and processing industries are not taken into account). Two of the deals were struck by Kernel, who acquired Stiomi-Holding and Inter-Agro Holding, increasing its land bank to 330,000 ha by spending, according to some estimates, up to \$ 150 m. on the purchase of assets. The third deal was related to the takeover of Landkom International and its land bank of 75,000 ha by Alpcot Agro.

Experts estimate that in 2013 the volume of M&A deals will decline further by 15-20%. However, such analysis overlooks quite a considerable number of small deals, including the acquisition of small and medium agricultural enterprises owning or using land of up to 10,000 ha. Specific figures can be traced if one analyzes the dynamics of land supply growth of big companies in 2012. Thus the Ukrlandfarming agrarian holding increased its land assets by 102,000 ha (from 430,000 to 532,000), BB Agro, KSG Agro, Sintal and IMC have added approx. 50,000 ha each, Agroton and Astarta-Kyiv — 35,000 and

Certainly, one shouldn't expect a vast expansion like the one undertaken by Ukrlandfarming and HarvEast in 2010-2011 and Kernel in 2012, yet a steady trend of consolidation of land by big companies taking over small and medium agricultural enterprises will continue. The market potential lies behind the following figures: at present agrarian holdings own about 20% of agricultural land, which is half the total area of ploughland leased by small and medium enterprises (up to 40%). Analysts expect this imbalance to correct itself in years to come.

Interesting implications also arise from a comparative analysis of the number of M&A deals and their value. Strange as it may seem, the number of deals in 2012 in Ukraine has not dropped significantly in comparison to the previous year. Instead, the decline came from lower average values. Such deals were mainly related to the sale of shares in business for the sake of mobilizing investment or disposing of secondary assets in an attempt to optimize production in view of a worsening economic situation. This trend will continue this year as the causes behind it have not changed.

The mobilization of bank financing, which is practically inaccessible to many industries in Ukraine due to high interest rates, the instability of economic policy and the notorious peculiarities of monetary policy, has not been a major problem for agrarian enterprises in recent years. This is accounted for by the state program of partial reimbursement of interest rates on bank credits, which allows agrarians not to worry about the high price of credit resources and banks to be more or less sure of the borrowers' reliability. Thus, there is no reason to expect a reduction in lending this year, either.

In the same way, the state will continue its financial support of agricultural producers through the operations carried out by the Agrarian Fund of Ukraine. On Feb. 7, the state started the campaign of concluding forward contracts to purchase the crops harvested in 2013.

The situation of more serious mechanisms of mobilizing financial resources is more difficult, though. The debt financing market in 2012 in Ukraine was estimated at \$ 5.3 bn. Whether this level will be achieved in the current year depends upon many factors. Ukraine's lower credit rating does not give much grounds for optimism. Also discouraging international investors is the political instability, negative economic dynamics and deteriorating investment climate indicators. Investors will also be influenced to a great extent by the way the Ukrainian government will solve the issue repaying debt to the IMF, with this year's bill estimated at \$ 5.8 bn.

The unfavourable market situation is also a restrictive factor to IPOs or the mobilization of syndicated credits. Yet one can take advantage of the lull to work on ensuring one's business complies with requirements regarding transparency, organizational structure, accounting and reporting and management efficiency.

In such conditions agrarians may rediscover opportunities in credit products and programs of the EBRD and the IFC. The mechanism of agrarian receipts recently established by the law should also facilitate cooperation with donors. What is also promising is the announced establishment of a Ukrainian-Chinese fund for financing investment projects in the agrarian sector, which, according to the memorandum signed in Hong Kong, provides for the mobilization of \$ 6 bn. For the sake of implementation of the fund's projects, a Ukrainian-Chinese association was founded, involving already 16 national compa experience in the implementation of international projects.

Delivery of goods, facilities and equipment on credit by supplier companies will remain a common practice. Besides, European banks will further on readily provide credits with low interest rates for the purchase of goods produced in the EU. Since the investment activity will be mainly focused on the modernization of production facilities and the introduction of modern technologies, especially in the areas actively supported by state programs (for instance, construction of livestock and poultry farm complexes), the number of credit deals for the purchase of machinery and equipment is highly unlikely to decrease.

SOLVING PROBLEMS

Analysts have already begun to produce ratings of the problems investors and their legal partners face in Ukraine. According to InvestUkraine, a division of the State Agency for Investments and Management of National Projects of Ukraine, the major problem of foreign investors is relations with tax authorities. Next come the issues of audits and inefficiency of regulations, problems with land, relations with custom authorities, licensing and registration procedures. Besides, part of investors complain of "other" problems, in particular, the threat of raiders.

So, at least we shouldn't expect a significant decline in the quantitative figures of legal companies' activity. Let's hope in the financial figures, too.



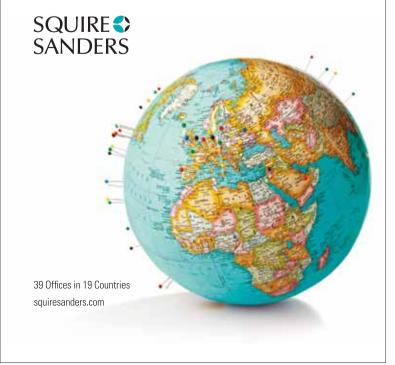


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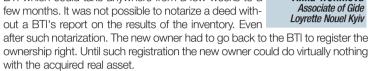
REGISTRATION OF OWNERSHIP RIGHTS

New procedure

A new, substantially simplified, system of registration of property rights to real assets went live on Jan. 1. From now on, notaries will not only certify sale agreements with respect to real assets and land plots but will also register new owners' rights thereto.

Ownership rights to real assets and land plots previously were registered by, respectively, local BTIs and the State Enterprise Centre for the State Land Cadastre.

In order to sell (or otherwise transact with) a real asset, the owner had to request a technical inventory by the BTI which could take anywhere from a few weeks to a few months. It was not possible to notarize a deed without a BTI's report on the results of the inventory. Even



From now on, notaries will be able to issue statements from the register of property rights prior to execution of the sale agreement. Such a statement will feature information to the effect that a respective person is the registered owner of the asset, that the asset is not charged or encumbered in any other manner.

After notarization of the agreement, the notary may, upon request of the new owner, register the latter's ownership right to the asset and issue a statement from the register of property rights to real assets. This basically means that the buyer will acquire the ownership right without leaving the notary's office. Moreover, the new owner will be able to transact with the acquired assets straight away.

Notaries are not empowered to inspect the technical condition of the real asset. Currently, it is not required to conduct a technical inventory of the asset being acquired. This means that those facilities which were subjected to unauthorized or non-formalized re-planning may now be sold with no obstacles. A technical inventory may be taken if the owner and the buyer so desire.

It is, however, important to point out that sometimes the ownership right to a real asset is registered by the State Registration Office rather than a notary. This includes registration of ownership rights to newly created assets (including after reconstruction, restoration, capital repair), in respect of which a certificate of ownership right was already issued, as well as newly parcelled and allocated land plots.

Those who need to make changes in the title documents should also go to a local branch of the State Registration Office where the real asset is situated.

Starting from 2013, state certificates of ownership right to land are no longer issued. This used to be the document that certified the owner's right to land. However, going forward, owners of newly parcelled and allocated land plots will receive a statement from the State Land Cadastre which they will need to register with the State Registration Office. This will be the title document to the land in lieu of the state certificate.

Suspension of state certificates significantly shortens the procedure for acquisition of rights to land as their issuance could take more than six months. Without one the owner could do nothing with the land plot. It is important to note that state certificates issued prior to 2013 will continue to remain in effect. In order to transact with a land plot the right to which is considered by a state certificate or a cadastre statement, the owner will need to procure a statement from the Register of Property Rights through a notary.

In addition to the information featured in the statement for real assets such a statement will also feature information with regard to any charges or encumbrances with regard to the land plot. The ownership right to the land plot will be registered by the notary in the event of execution and notarization of an agreement, or by the State Registration Office in the event if a newly parcelled and allocated land plot.

As you may be aware, execution of any agreement with respect to a land plot requires a cadastre number, which many land plots parcelled and allocated prior to 2004 do not have. This is easily remedied as a cadastre number may not be assigned by local offices of the State Agency for Land Resources, which will only take ten business days, by issuing a certificate and without changing the title documents or issuing new ones.

It is possible to check whether your ownership right to the land plot is registered through the public cadastre map available on the web-site of the State Agency for Land Resources of Ukraine — map.dazru.gov.ua/kadastrova-karta.

If you know the cadastre number of your land plot you may take a look at the plan of its location, verify the area, configuration, designation, and check whether the boundaries of your land plot overlay the boundaries of the neighbouring one. Information about the owner of the land plot is closed to the general public and is only available to notaries and state cadastre registrars.

Introduction of the these rules of registration of property rights to real assets and land plots will significantly simplify the procedure for execution of agreements in respect of such assets.

Owners will now have more flexibility when transacting with their property, while automation of the process of registration of property rights, as well as doing away with such processes as technical inventory, issuance of state certificates and the like will have a positive effect on the land and real estate markets. The new procedure will also ensure protection of the ownership rights.



4 Volodymyrska street 01001 Kyiv — Ukraine tel. +38 (044) 206 09 80 gln.kyiv@gide.com www.gide.com

Expats to Watch

Henniger brings German standards to world of Ukrainian tax accounting

BY JAKUB PARUSINSKI

PARUSINSKI@KYIVPOST.COM

Alina Trofimova

In the Hanseatic League that united Northern Europe in the 13th-17th centuries, merchants would shake hands to seal an agreement. Both sides were confident the terms of the deal would be respected, as breaching it meant loss of reputation and the end of the oath-breaker's career.

This principle, together with strict property rights and business friendly legislation, led to an age of wealth creation that would only be surpassed centuries later under the European Union.

And it is precisely that business ethic and discipline that Ukraine today lacks, argues Sven Henniger, director of Ukraine Consulting. Primarily focused on tax and accounting advisory services, it is part of a global network covering Russia, Belarus and Kazakhstan, and fittingly headquartered in the former Hansa city of Hamburg.

Ukraine Consulting's main business is guiding companies through the maze of Ukrainian tax and accounting legislation, from "birth to death" as Henniger puts it. Currently, that means operating in a difficult environment leagues away from Western standards.

"Coming from the U.S. they expect to set up a company in a day or a week," says Henniger, who first came to Ukraine in 2008. "They do not imagine how much paperwork there is."

As a result, operating in the gray or black economy is much easier for Ukrainian companies, Henniger says, but for long-term trust and development, such shadowy practices must end. The East German native makes sure his Ukrainian employees get into the habit of following strict procedures, even in menial tasks such as drafting letters.

He recounts one example of a talent-



Sven Henniger Title: Director of Ukraine Consulting Nationality: German Time in Ukraine: Five years

Time in Ukraine: Five years
Tips for succeeding in Ukraine:
"Invest more time in the beginning, you
will be much more successful later."

ed but inconsistent worker who bristled at Henniger's stubborn insistence on formatting. But when she moved to a managerial position in a local company, she thanked him for instilling organization in a letter "written just the way I like it," Henniger says with pride.

Insisting on high and exacting standards, the accountant says, will help Ukraine reach its full potential.

At present, all of Ukraine Consulting's clients are companies with foreign capital, with around half tracing their origins back to Europe's Germanspeaking nations. His firm's German origins help reassure customers that they are working with someone who sticks to European standards, Henniger admitted, though it would be too much to speak of national solidarity.

"Their corporate language is mostly English," Henniger says. "These firms now mostly see themselves as global players, not just German companies."

Originally from Fuerstenberg/Havel, a small town north of Berlin in former East Germany, Henniger is no stranger to the East European region. Before coming to Ukraine in 2008, he worked at Russia Consulting in Moscow. Then, in 2009 to 2010, he was charged with setting up his firm's Minsk office, going back and forth almost every week.

It was during this period that Henniger saw the workings of the German Business Club in Belarus and decided to set up a similar operation in Kyiv. Officially launched in January 2011, it now counts around 40 members. While not as influential as some of the bigger business associations, Henniger admits, it is a good way for smaller companies that would otherwise get lost among the bigger players to have a voice. "And it's always pleasant for businesspeople to share their experiences in their native language."

Despite the tough work, the move to Kyiv was a pleasant one, Henniger says, as Ukraine's capital is a much greener and more enjoyable city to live in, and one were you are not dependent on travel by car.

"I enjoy the luxury situation of being able to walk to work," he says.

But while Kyiv does offer the perks of a smaller city, it remains a more challenging business environment, Henniger says, even when compared to Russia. "Russia plays it much more serious," he says. "Authorities have a better understanding of business issues, and the courts are better able to understand what the business aspects of a case are."

Kyiv Post editor Jakub Parusinski can be reached at parusinski@kyivpost.com

On the move

PAID ANNOUNCEMENT



Avellum Partners welcomes as its new senior associate, **YURIY RYLACH**. Yuriy specializes in general corporate and commercial, civil aviation, employment, hotel, resorts and tourism, mergers & acquisitions, and tax.

Yuriy received his Master's degree in international law with honors from the Institute of International Relations at the Taras Shevchenko Kyiv National University in 2003. He also passed courses

on Asymmetry in International Relations and Foreign Policy of the Unites States and Canada at the University of Toronto, York University (Toronto, Canada) in 2004.

Before joining Avellum Partners Yuriy worked as a Partner at Görlitz & Partner. His professional experience also includes work as an associate at DLA Piper Ukraine and as a senior associate at law firms Melnychenko and Likarchuk and Affidavit.

Yuriy advised and will continue advising large international and local corporations, including Andreas Stihl, Holger Christiansen, and Robert Bosch Group.

Avellum Partners is one of the leading Ukrainian law firms specialising in corporate finance and covering capital markets, competition, dispute resolution, finance, mergers and acquisitions, real estate, restructurings, and tax. The Firm helps foreign and Ukrainian investors to close complicated corporate finance transactions successfully and promptly.



A 13300

EUGENE BLINOV has

been promoted to a Partner of AstapovLawyers International Law Group. He leads its International Arbitration Practice.

Eugene Blinov has extensive experience representing companies at various international

arbitration forums. He also manages multiple disputes submitted to courts of numerous jurisdictions and represents parties in shareholder and post-M&A, equipment supply and investment disputes of commodities, energy, maritime and insurance sectors.

Eugene Blinov has provided a unique understanding and presentation of the clients in many high-profile litigations and arbitrations.

He has been recognized as a notable practitioner in International Arbitration by Ukrainian Law Firms: Handbook for foreign clients 2012.

AstapovLawyers International Law Group is an international full-service law firm with offices in Kyiv, Moscow, Almaty and London. The firm is among TOP-4 best law firms in Ukraine, TOP-25 best law firms in Russia and fast growing firms in Kazakhstan.

Have a new employee or promoted someone recently? Let Kyiv Post readers know about all the changes in your business, government agency or non-profit organization through a paid announcement in the On The Move section. For information about how to place your On The Move item at the low rate of Hr 1,440, please call advertising at 591-77-88 or email advertising@kyivpost.com.



Going Out Guide

Vaya Con Dios farewell

Perhaps one of the best Belgian musical bands ever, Vaya Con Dios

Founded in 1986, it has been best known for its evergreen hits "Nah

neh nah," and "What's a Woman." Its music is often described as a

unique mixture of Latin and jazz music sprinkled with blues rhythms.

The name of the band means Go with God in Spanish, a usual way

and last show in Ukraine at the same time. It is a part of its ongoing

Hr 50 🙆

to say good bye in Spain. The band's Kyiv concert will be its first

Vaya Con Dios concert. Feb.24. Palats Ukraina (13 Velyka

will perform its best hits on Feb.24 in Kyiv's Palats Ukraina.

tour

farewell tour across the world.

Friday, February 22

Classical music

Subscription No.6. Violin Music.

Symphony Orchestra of the

National Philharmonic of Ukraine

Playing Khachaturyan, Prokofiev.

National Philharmonic. 7 p.m. Hr

Classics on Fridays. Works of

Brahms, Mozart, Paganini,

Rosenblatt, Ruff (piano, clarinet).

Movies

Hitchcock (biography, drama). Kyiv.

11 a.m., 1 p.m., 5 p.m., 7 p.m. Hr

The Master (drama). Zhovten. 12:20

a.m., 1:50 p.m., 4:45 p.m., 7:15 p.m.,

Dark Skies (thriller). Oskar. 10:30

a.m., 2:30 p.m., 4:30 p.m., 6:30 p.m.,

Beautiful Creatures (drama). Oskar.

1:20 p.m., 4:40 p.m., 7 p.m. Hr 35-65

The Last Stand (action, thriller).

Oskar. 10:20 a.m, 2:20 p.m., 6 p.m.,

8:30 p.m., 10:30 p.m. Hr 20-55

9:10 p.m. Hr 20-100 0

8:10 p.m. Hr 25-65 🕖

Master Klass. 8 p.m. Hr 50 2

45-110 0

20-65 2

Vasylkivska St.). 7 p.m. Hr 200-1,300 0

see address in the box below and on the pull-out map.

Comments and tips are welcome. Email the lifestyle team at ls@kyivpost.com

For tickets online, please visit kvytky.ua, parter.ua, freedomhall.com.ua, bilethouse.com.ua, karabas.com, or biletik.ua.

Feb.24

The Master (drama). Zhovten. 12:20 a.m., 1:50 p.m., 4:45 p.m., 7:15 p.m., 9:10 p.m. Hr 20-100 0

Dark Skies (thriller). Oskar. 10:30 a.m., 2:30 p.m., 4:30 p.m., 6:30 p.m., 8:30 p.m., 10:30 p.m. Hr 20-55 🕖

Beautiful Creatures (drama). Oskar.1:20 p.m., 4:40 p.m., 7 p.m. Hr 35-65 🕖

The Last Stand (action, thriller). Oskar. 10:20 a.m, 2:20 p.m., 6 p.m., 8:10 p.m. Hr 25-65 🕖

Live music

Mad Heads XL & Whistlin' Dixie (country rock). Docker Pub. 10 p.m. Hr 100 🕕

Ot Vinta & Crazy Train. Docker's ABC. 10 p.m. Hr 75 2

Wake Up! (disco). Art Club 44. 10 p.m. Free 3

Clubs

Women's Protector Day (erotic show). Krasnaya Shapochka. 9 p.m. Call for the fee

Anthony Middleton (Audiofly, Barcelona). Mantra. 11 p.m. Hr 100 for females, Hr 200 for males 18

Back to the 2000. Saxon. 11 p.m. Hr 25-60 6

Theaters

Hymn of the Democratic Youth (premiere). Ivan Franko Theater. 7 p.m. Hr 15-150 **1**

The Cherry Orchard (drama, based on Anton Chekhov play). Lesya Ukrainka Theater. 7 p.m. Hr 15-120 2

The Queue (comedy). Drama & Comedy Theater on the left bank of Dnipro. 7 p.m. Hr 50-80 4

Confession of a Nun (Women Theater). Palats Ukraina. 7 p.m. Hr 60-80 0

Shows

Oleksandr Rozenbaum. Palats Ukraina. 7 p.m. Hr 250-2,500 0

Katya Sambuka. Stereo Plaza. 11:59 p.m. Hr 150-250 📵

Noggano. Stereo Plaza. 8 p.m. Hr 250-1,000 📵

Petr Nalich. NAU Center of Culture

and Arts. 7 p.m. Hr 180-450 @ Therapy Sessions, X Years of

Filth. Cinema Club. 10 p.m. Hr 140 4 VIA Zhyguli. Tolstoy Restaurant-club. 10 p.m. Hr 150 🚇

Burlesque (cabaret). Arts and Cultural Center of Interior Ministry (16/12 Pylypa Orlyka St.). 7 p.m. Hr

Miscellaneous

Ukrainian Formula, Landscape Line. Ivan Honchar Museum. 10 a.m. - 5:30 p.m. Hr 15 📵

Martin Stranka (photography exhibition). Brucie Collections (55b Artema St.). 11 a.m. - 6 p.m. Free

World Press Photo 2012. Kviv City Historical Museum (3 Instytutska St.) 10 a m - 8 n m Hr 15-30

Fine Art Ukraine 2012. Mystetskyi Arsenal. 11 a.m. - 8 p.m. Hr 20-40 @ Farewell to Winter. Kyivska Rus Park. 10 a.m. Hr 80 6

Sunday, February 24

Classical music

Masterpieces of Classical Music. Works of Bach, Skoryk (piano, flute). National Philharmonic. 7 p.m. Hr 40-80 **①**

Movies

Hitchcock (biography, drama). Kyiv. 11 a.m., 1 p.m., 5 p.m., 7 p.m. Hr

The Master (drama). Zhovten. 12:20 a.m., 1:50 p.m., 4:45 p.m., 7:15 p.m., 9:10 p.m. Hr 20-100 0

Dark Skies (thriller). Oskar. 10:30 a.m., 2:30 p.m., 4:30 p.m., 6:30 p.m., 8:30 p.m., 10:30 p.m. Hr 20-55 🕖

Beautiful Creatures (drama). Oskar. 1:20 p.m., 4:40 p.m., 7 p.m. Hr 35-65

The Last Stand (action, thriller). Oskar. 10:20 a.m, 2:20 p.m., 6 p.m., 8:10 p.m. Hr 25-65 🕖

Live music

Animals Session (classic rock). Docker Pub. 9:30 p.m. Free 1

Partizanskie Vytivky (Russian rock). Docker's ABC. 10 p.m. Free 2 Give Me the Light. Divan. 8 p.m.

Clubs

Russian Party. Ajour. 11 p.m. Free for females, Hr 100 for males @

R'n'B Boom. Forsage. 11 p.m. Hr 10-30 9

Hen Party. Disco Radio Hall. 11 p.m. Hr 50 🥸

Theaters

Frederick Boulevard or Crime (premiere). Ivan Franko Theater. 7 p.m. Hr 15-120 **1**

Parable of the Prodigal Father (comedy). Drama & Comedy Theater on the left bank of Dnipro. 7 p.m. Hr 50-80 4

Eggnog of Two Eggs (comedy). Molody Theater. 7 p.m. Hr 50-90 8

Waiting for Godo (Les Kurbas theater). Palats Ukraina. 7 p.m. Hr 100-200 0

Shows

Timur Shaov. National Tchaikovsky Academy of Music. 7 p.m. Hr 120-400 4

Vaya Con Dios. Palats Ukraina. 7 p.m. Hr 200-1,300 **1** Misha Mavashi. Bochka. 7 p.m. Hr

110-190 6 Roma VPR. Underground Music Hall.

8 p.m. Hr 80-100 18

CosmoJazz. Atmasfera 360. 8 p.m. Hr 80-100 🥸

Miscellaneous

Ukrainian Formula. Landscape Line. Ivan Honchar Museum. 10 a.m. – 5:30 p.m. Hr 15 🜖

Martin Stranka (photography exhibition). Brucie Collections (55b Artema St.). 12:01 p.m. - 5 p.m. Free

World Press Photo 2012. Kviv Citv Historical Museum (3 Instytutska St.) 10 a.m. - 8 p.m. Hr 15-30

Fine Art Ukraine 2012. Mystetskyi Arsenal. 11 a.m. - 8 p.m. Hr 20-40 @ Farewell to Winter. Kyivska Rus Park, 10 a.m. Hr 80 @

Snow Free Games. X-Park. 11 a.m.

Monday, February 25

Classical music

Maurice Andre Tribute. Works of Albinoni, Vivaldi, Telemann, Marcello (organ, violoncello). House of Organ Music. 7:30 p.m. Hr 20-80 2

Movies

Hitchcock (biography, drama). Kyiv. 11 a.m., 1 p.m., 5 p.m., 7 p.m. Hr

The Master (drama). Zhovten. 12:20 a.m., 1:50 p.m., 4:45 p.m., 7:15 p.m., 9:10 p.m. Hr 20-100 **1**

Dark Skies (thriller). Oskar. 10:30 a.m., 2:30 p.m., 4:30 p.m., 6:30 p.m., 8:30 p.m., 10:30 p.m. Hr 20-55 🕖

Beautiful Creatures (drama). Oskar.1:20 p.m., 4:40 p.m., 7 p.m. Hr

The Last Stand (action, thriller). Oskar. 10:20 a.m, 2:20 p.m., 6 p.m.,

Live music

8:10 p.m. Hr 25-65 🕖

Chill Out (disco rock). Docker Pub. 9:30 p.m. Free 0

Karnavalnaya Zhara. Docker's ABC. 10 p.m. Free 2

Divan Jazz Band. Divan. 8 p.m.

Theaters

The Follies of Love (farce). Lesya Ukrainka Theater, 7 p.m. Hr 20-200 2

Four Reasons to Get Married (comedy). Drama & Comedy Theater on the left bank of Dnipro. 7 p.m. Hr 70-120 4

The Empire of the Angels (based on Bernard Werber's novel). Palats Ukraina. 7 p.m. Hr 180-220 1

Miscellaneous

World Press Photo 2012. Kyiv City Historical Museum (3 Instytutska St.) 10 a.m. – 8 p.m. Hr 15-30

Tuesday, February 26

Classical music

Works of Mozart, Beethoven, Smetana, Hillman (organ). House of Organ Music, 7:30 p.m. Hr 20-80 2

Great Poets in Music Concert. Works of Klebanov and Filts by the Lyrics of Lina Kostenko. National Philharmonic. 7 p.m. Hr 40-80 ①

Movies

Hitchcock (biography, drama). Kyiv. 11 a.m., 1 p.m., 5 p.m., 7 p.m. Hr

The Master (drama), Zhovten, 12:20 a.m., 1:50 p.m., 4:45 p.m., 7:15 p.m., 9:10 p.m. Hr 20-100 1

Dark Skies (thriller). Oskar. 10:30

a.m., 2:30 p.m., 4:30 p.m., 6:30 p.m., 8:30 p.m., 10:30 p.m. Hr 20-55 🕖

Beautiful Creatures (drama). Oskar. 1:20 p.m., 4:40 p.m., 7 p.m. Hr 35-65 🕖

The Last Stand (action, thriller). Oskar. 10:20 a.m, 2:20 p.m., 6 p.m., 8:10 p.m. Hr 25-65

Live music

Karnavalnaya Zhara. Docker Pub. 9:30 p.m. Free 🕕

Tres Deseos (latino party). Docker's ABC. 10 p.m. Hr 20 2

Big Second (duet). Divan. 8 p.m. Free 4

Theaters

Wife Is Wife (comedy). Ivan Franko Theater. 7 p.m. Hr 20-200 1

The Imaginary Invalid (premiere, comedy). Lesya Ukrainka Theater. 7 p.m. Hr 20-200 2

Sylva (operetta). Operetta Theater. 7 p.m. Hr 60-90 9

The Empire of the Angels (based on Bernard Werber's novel). Palats Ukraina. 7 p.m. Hr 180-220 0

Wednesday, February 27

Classical music

Music of Haydn and Mozart (organ). House of Organ Music. 7:30 p.m. Hr 30-90 2

Pages from the Best Programs. **Kyiv Chamber Orchestra Playing** Vivaldi, Pergolesi. National Philharmonic. 7 p.m. Hr 20-100 1

Movies

Hitchcock (biography, drama). Kyiv. 11 a.m., 1 p.m., 5 p.m., 7 p.m. Hr 20-65 2

The Master (drama). Zhovten. 12:20 a.m., 1:50 p.m., 4:45 p.m., 7:15 p.m., 9:10 p.m. Hr 20-100 0 Dark Skies (thriller). Oskar. 10:30

a.m., 2:30 p.m., 4:30 p.m., 6:30 p.m., 8:30 p.m., 10:30 p.m. Hr 20-55 🕖

Beautiful Creatures (drama). Oskar. 1:20 p.m., 4:40 p.m., 7 p.m. Hr 35-65 🕖

The Last Stand (action, thriller). Oskar. 10:20 a.m, 2:20 p.m., 6 p.m.,

8:10 p.m. Hr 25-65 🕖

Live music

Rockin' Wolves. Docker Pub. 9:30 p.m. Free 🕕

The Magma (pop rock). Docker's ABC. 10 p.m. Hr 30 2 UA Underground (indie). Art Club

44. 10 p.m. Hr 40 3 Jazz Wednesday with Deep Tone Project. Divan. 8 p.m. Free 4

Theaters

Lux For Foreigners (premiere).

Burlesque cabaret show

A seductive show of dancing and singing award-winning musical films Chicago (2002), Moulin Rouge (2001), Cabaret (1966) and Burlesque (2010) will be performed on Feb.23 in the Center of Arts and Culture of Ukrainian Ministry of Internal Affairs. The cabaret's lineup includes young Ukrainian dancers and singers. Their bright costumes choreography will definitely please the

and dazzling



spectator's eye. Burlesque cabaret. Feb.23. Center of Arts and Culture of Ukrainian Ministry of Internal Affairs (16/12 Pylypa Orlyka St.). 7 p.m. Hr 70-250

Live music Ot Vinta & Red Rocks (rock hits). Docker Pub. 10 p.m. Hr 75 1

Mad Heads XL & Rock Four (best world hits). Docker's ABC. 10 p.m.

Led Zeppelin Cover Party. Art Club 44. 10 p.m. Hr 50 3

Astarta (folk), Divan, 8 p.m. Free 4

Clubs Misfits Party. Cinema Club. 11 p.m. Hr 40-50 4

Rave On. Saxon. 11 p.m. Hr 20-50 5 Military Party. Disco Radio Hall. 10 p.m. Hr 50-60 29

Sexy Disco 90s. Seven Music Hall. 11 p.m. Free 2

Goa Rockers. Mantra. 11 p.m. Hr

Fine Art Ukraine 2012. Mystetskyi Arsenal. 11 a.m. - 8 p.m. Hr 20-40 @

Saturday, February 23 Classical music

Theaters

Yeppe the Mountaineer (pre-

miere). Lesya Ukrainka Theater. 8 p.m.

Playing Chonkin (comedy). Drama

& Comedy Theater on the left bank of

Welcome to Ukraine (premiere).

Operetta Theater. 7 p.m. Hr 80-120 9

Shows

Diskoteka Avariya. Crystal Hall. 9

Vladimir Asmolov. Kinopanorama.

Astropilot (audiovisual concert).

Sunsay. Tolstoy Restaurant-club. 10

Miscellaneous

Introversion (art exhibition). M17

Contemporary Art Center. 10 a.m.

Ukrainian Formula. Landscape

Line. Ivan Honchar Museum. 10 a.m.

exhibition). Brucie Collections (55b

World Press Photo 2012. Kviv Citv

Historical Museum (3 Instytutska St.)

Artema St.). 10 a.m. - 7 p.m. Free

(photography

Atmasfera 360. 8 p.m. Hr 80 🕸

Dnipro. 7 p.m. Hr 50-80 4

p.m. Hr 280-1,000 **①**

7 p.m. Hr 120-350 🔞

– 5:30 p.m. Hr 15 🗐

Martin Stranka

10 a.m. – 8 p.m. Hr 15-30

a.m. Hr 200 🙆

Works of Liszt, Schubert, Dvorak, Brahms, Bizet, Grieg (organ). House of Organ Music. 7:30 p.m. Hr

Subscription No.8. Magic Guitar. Works of Bach, Assad, Ivanowic, Moraytis, Rack, Piazzolla, Diens. National Philharmonic. 7 p.m. Hr

Movies

Hitchcock (biography, drama). Kyiv.

11 a.m., 1 p.m., 5 p.m., 7 p.m. Hr

Snow-Free Games

Extreme sports fans are in for a treat. A snowfree games festival featuring extreme sports competitions will be held on Feb.24 at Kyiv's Druzhby Narodiv Park. More than 50 sportsmen from Ukraine and Russia are set to participate in a series of contests, including ice climbing, curling, hockey, drifting on four-wheelers

and even dog

sledding.



accompanied by a musical performance and other treats.

Snow Free Games. Feb.24. Druzhby Narodiv Park. 11 a.m. Free admission @

Lesya Ukrainka Theater. 7 p.m. Hr 150-500 2

The Master and Margarita (ballet). Opera Theater. 7 p.m. Hr 10-150 6

Athens Nights (comedy). Molody Theater, 7 p.m. Hr 50-90 8

Hamlet (tragedy). Palats Ukraina, small stage. 7 p.m. Hr 50-100 0

Vechirniy Kvartal. The Best (comedy show). Palats Ukraina. 7 p.m. Hr 100-2,500 🕕

Miscellaneous

Rema Days Kiev (printing and advertising exhibition). International Exhibition Center. 10 a.m. - 5 p.m.

World Press Photo 2012. Kyiv City Historical Museum (3 Instytutska St.) 10 a.m. - 8 p.m. Hr 15-30

Thursday, February 28

Classical music

Works of Vivaldi, Bach, Muffat, Daken (organ). House of Organ Music, 7:30 p.m. Hr 20-80

Turchak Stephan Tribute. **National Symphony Orchestra** of Ukraine Playing Respighi, Strauss, Berlioz. Philharmonic. 7 p.m. Hr 20-100

Live music

Whistlin' Dixie (country rock). Docker Pub. 9:30 p.m. Free 1

Tex-Mex Company. Docker's ABC.

Rabbit In The Hat (indie rock). Divan. 8 p.m. Free 4

Theaters

Little Adultery (drama), Ivan Franko Theater, 7 p.m. Hr 15-120 1

White Raven. Joan of Arc (rock opera). Lesya Ukrainka Theater. 7 p.m. Hr 20-200 2

Lifelong Cheating (premiere) Drama & Comedy Theater on the left bank of Dnipro. 7 p.m. Hr 70-120 4

Uncle Vanya (play by Anton Chekhov). Molody Theater. 7 p.m. Hr 50-90 8

Shows

Vechirniy Kvartal. The Best (comedy show). Palats Ukraina. 7 p.m. Hr 100-1,500 0

Nikita Dzhygurda. Underground Music Hall. 8 p.m. Hr 165-220 8

Miscellaneous

Rema Days Kiev (printing and advertising exhibition). International Exhibition Center. 10 a.m. - 5 p.m.

Friday, March 1

Classical music

Subscription No.10. Symphonic **Dimension. National Symphony** Orchestra of Ukraine Playing Berlioz. Debussy, Philharmonic. 7 p.m. Hr 45-105 1

Theaters

The Marriage (based on Nikolay Gogol's novel). Ivan Franko Theater. 7 p.m. Hr 15-150 🕕

Trees Die Standing (drama). Lesya Ukrainka Theater. 7 p.m. Hr 15-120 🝳

Anna Karenina (drama). Drama & Comedy Theater on the left bank of Dnipro. 7 p.m. Hr 40-70 4

This Jewish Happiness (musical). Operetta Theater. 7 p.m. Hr 60-120 9

Shows

Ivanushki International. Stereo Plaza. 8 p.m. Hr 250-1,000 63

Pianoboy. Crystal Hall. 9 p.m. Hr 150-300 🛈 Fedor Chystyakov. Bochka. 9 p.m.

Pur:Pur. Tolstoy Reastaurant-club. 10 p.m. Hr 200 🙆

Miscellaneous

Rema Days Kiev (printing and advertising exhibition). International Exhibition Center. 10 a.m. - 4 p.m. Hr 40 🜀

March Present 2013. Expocenter of Ukraine, 10 a.m. Free 0

Saturday, March 2

Classical music

Teacher and his Students Concert. Works of Bach, Paganini, Saint-Saens, Schnitke, Sarasate, Gershwin, Vernyavsky (violin, piano). National Philharmonic 7 p.m. Hr 40-80 1

Theaters

Two Indigo Colored Flowers (choreographic drama). Ivan Franko Theater. 7 p.m. Hr 15-120 1

The Imaginary Invalid (premiere, comedy). Lesya Ukrainka Theater. 7 p.m. Hr 20-200 2

Dangerous Liaisons (drama). Drama & Comedy Theater on the left bank of Dnipro. 7 p.m. Hr 50-80 4

Ordinary Story (drama). Molody Theater. 7 p.m. Hr 40-70 8

Shows

Stomp. Zhovtnevy Palats. 5 p.m., 8:30 p.m. Hr 200-700 9

Pavel Ignatiev. Warm Jazz Nights. Teacher's House (57 Volodymyrska St.). 7 p.m. Hr 50-300

Kirpichi. Underground Music Hall. 8 p.m. Hr 100-120 8

Miscellaneous

Viva. The Most Beautiful People of Ukraine 2012. Palats Ukraina. 7 p.m. Hr 150-1,700 🕕

School of Scientific Wonders. Artist's House. 11 a.m. Hr 60-150 6

March Present 2013. Expocenter of Ukraine. 10 a.m. Free 0

International Championship of Pedigreed Cats 2013. Concert and dance hall "Rovesnyk" (2 Perova Blvd.). 9 a.m. - 7 p.m. Hr 25-35

Sunday, March 3

Classical music

Subscription No.7. Piano Music Art. Works of Beethoven, Schumann, Chopin. National Philharmonic. 7 p.m. Hr 45-105

Theaters

Hymn of the Democratic Youth (premiere). Ivan Franko Theater. 7 p.m. Hr 15-150 🕕

Quartet for Two (premiere). Molody Theater, 7 p.m. Hr 50-90 8

Sorochinsky Fair (operetta). Operetta Theater. 7 p.m. Hr 60-120 9

Loony Jourden (comedy based on Molière's play The Bourgeois Gentleman). Palats Ukraina. 7 p.m. Hr 70 🕕

Shows

Stomp. Zhovtnevy Palats. 3 p.m., 6:30 p.m. Hr 300-700 9

For You Only (March 8th joint concert). Palats Sportu. 6 p.m. Hr 200School of Scientific Wonders Artist's House, 1 p.m. Hr 60-150 6

Survival Manual (rock). Bochka. 7 p.m. Hr 70 5

Chicherina (rock). Docker Pub. 9 p.m. Hr 150-1,620 0

Miscellaneous

March Present 2013. Expocenter of Ukraine 10 a m. Free 10

International Championship of Pedigreed Cats 2013. Concert and dance hall "Rovesnyk" (2 Perova Blvd.). 9 a.m. - 7 p.m. Hr 25-35



Dynamo Kyiv

second half of Ukraine's Premier League season kicks off with the 19th round on March 1

The capital's legendary Dynamo Kyiv club faces visitors Kryvbas from Kryvy Rih at home on March 3. With 13 league titles under its belt, Dynamo is currently in third place, while Kryvbas is in 12th. The game is worth watching not only because the sport's exciting unpredictability, but also to see how new Dynamo coach Oleh Blokhin leads his team after recovering from surgery in the off-season. Ticket information can be found on www.nsc-olimpiyskiy.com.ua/en, a schedule of Dynamo Kyiv's games on www.fcdynamo.kiev.ua.

Dynamo Kyiv vs Kryvbas Kryvy Rih. March 3. Olympic Stadium (55 Velyka Vasylkivska St.) 7:30 p.m. 😌

Addresses of venues

of Ukraine 2 Volodymyr Uzviz St.,

278-1697 filarmonia.com.ua/en

School of Jazz and Pop Art 7-A Chelyabinska St.,

517-6188 National Tchaikovsky

operna-nmau.kiev.ua

Zhovten 26 Kostyantynivska St., 205-5951 zhovten-kino.kiev.ua

19 Velyka Vasylkivska

Chervonoarmiyska), 234-7381 kievkino.com.ua **⑤**Kinopanorama

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287-6780 O Ukraine 5 Gorodetskogo St.,

Outdoor cinema 31 Nyzhnioyurkivska St. http://kinokombo.blogspot.com/

1B Obolonsky Av.

kino.ukr.net/cinema/kiev/ Live Music

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3Art Club 44 44B Khreshchatvk St. 279-4137 club44.com.ua

235-7366 festrestdivan.com.ua Bochka 22 Verhniv Val St.

6 Route 66 87/30 Zhylyanska St. 584-3865 www.route66.com.ua

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bionicaclub.com.ua Seven Music Club

se7en.com.ua Party Room

partyroom.com.ua 4 Cinema Club 1 Enthusiastov St. 295-5854

Saxon Club 4 Trutenko Onufriy St., 257-4070 saxonclub.com.ua

Oprothy Pub 16/43 Saksahanskoho St., pubdorothy.com.ua Sky Bar

5 Velyka Vasylkivska St. (former Chervonoarmivska) 465-8880

❸Sullivan Room 8 Prorizna St., 095-455sullivanroom.kiev.ua

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115D Horkogo St., 353fiesta.im **G**Golden Gate pub.

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17 Moskovskaya St 280-13-22 club-cbf.com.ua Home

2 Perova Blvd., 558-2545, 383-7738 home-club.kiev.ua Green Theatre

Ajour 3 Leontovicha St., 234-7494 avalon.ua/en

12 Frunze St., Thu-Sat 417-2546 myspace.com/xlibclub

ॐ Vodka Bar Maidan Nezalezhnosti, Globus mall, 2nd line, 371-1102

TransForce 28B Moskovskyi Ave. 221-8981

390-1712 Disco Radio Hall

Manilov 067-230-0272

Strasnaya Shapochka **Theaters**

3 Ivana Franka Sgr. 279-5921 ft.org.ua Lesya Ukrainka Russian Drama Theater

Khmelnytskogo St. 234-4223 rusdram.com.ua

koleso.teatr.kiev.ua Orama & Comedy of Dnipro 25 Brovarsky Avenue. 517-8980

Theater in Podil 4 Kontraktova Pl., 425-5489 Theateronpodol.com National Opera Theater of Ukraine

50 Volodymyrska St., 279-1169 opera.com.ua House of Actors

7 Yaroslaviv Val St., 235-2081 actorhall.com.ua Molody Theater

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kiev-operetta.kiev.ua ONew Theater on Pechersk
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newtheater.kiev.ua • Kiev Opera and Ballet Theater for Children and Youth 2 Mezhyhirska St.,

425-4280 musictheater.kiev.ua Dakh Modern Art dax.com.ua

BArt Union Chorny artkvadrat.com

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freedomhall.com.ua Stereo Plaza 222-8040 stereoplaza.com.ua @Palats Sportu

1 Sportyvna Square

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nmnapu.org.ua Ostrich farm

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Mazepy St. 280-7976 vuam.org.ua 9M17 Contemporary Art Center

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modern-museum.org.ua

Spartak stadium Mystetskyi Arsenal 10-12 Lavrska St.

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229-0193 atmasfera.com.ua Soviart 22a Andriyivskyi Uzviz, 425-2219

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soviart.com.ua

234-4006, 236-8919 Chaika airfield Petropavlivska Borshchagivka village 424-8293

410-9310, 419-8777

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http://www.nasha-karta. 31 Nyzhniovurkiyska St. http://kinokombo.blogs-

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dropzone.kiev.ua

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uni-sport.edu.ua

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http://fakeart.com.ua Camera photo gallery

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Entertainment complex Druzhby Narodiv Park www.xpark.kiev.ua 229-2617

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40-B, Peremogy Ave. 456-3804 acco.ua 3 Natural History Museum Khmelnytskogo St

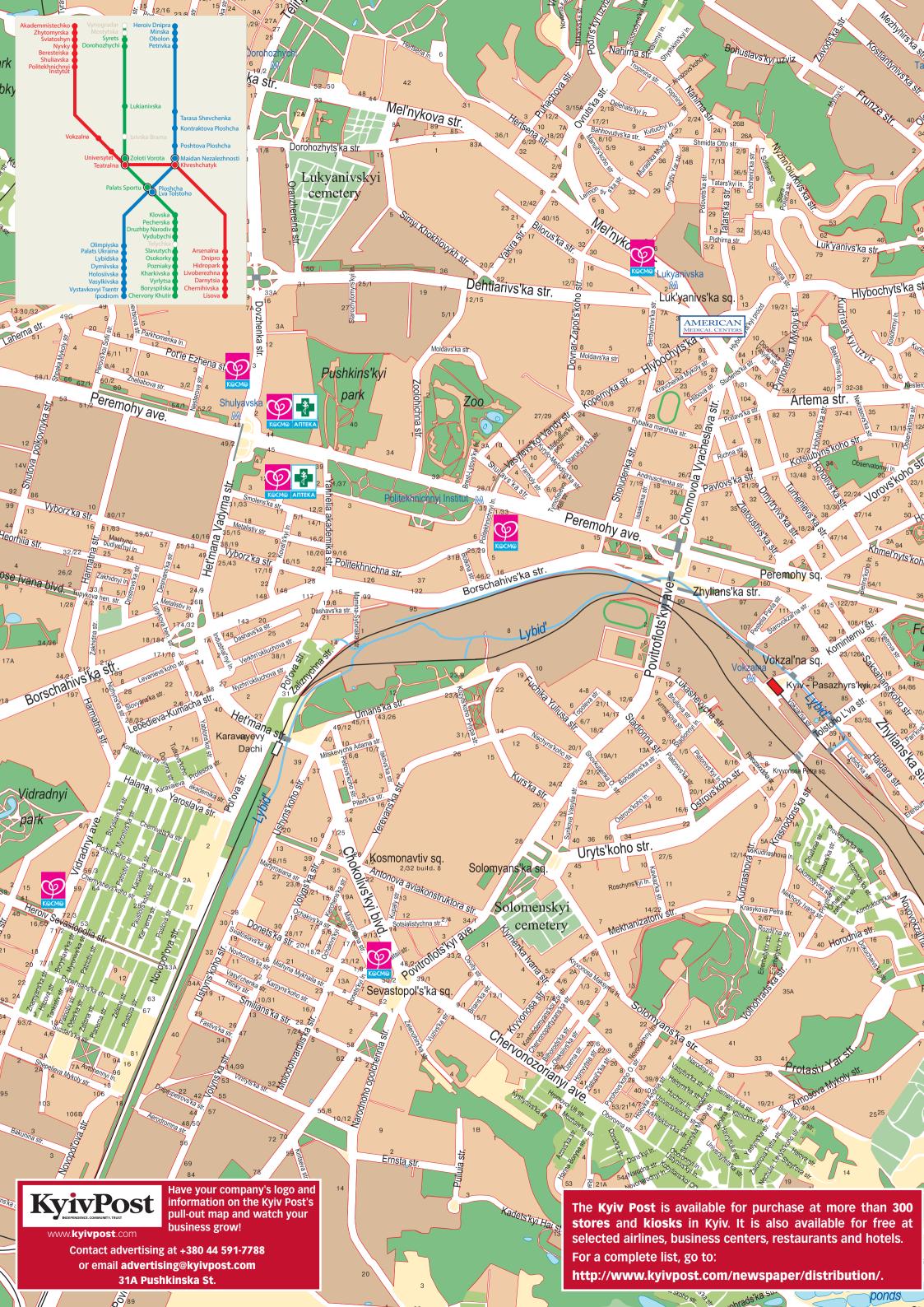
museumkiev.org

6 Museum of Bogdan

and Varvara Khanenko Tereshchenkivska St. (044)235-3290 http://www.khanenkomuseum.kiev.ua 6 Vadyma Getmana St. 200-0760

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Caught up in dialogue of deaf



As the European Union and Ukraine prepare for their delayed summit in Brussels on Feb. 25, many are wondering why the two sides are meeting at all. Nobody expects any decisive breakthrough, even though this is the highest level meeting between the two entities, taking place on a yearly basis.

The real decision-making timetable is different. Relations have been off track ever since ex-Prime Minister Yulia Tymoshenko was sent to prison in 2011 on an abuse-of-office conviction. The EU Foreign Affairs Council made some progress towards better defining its conditionality towards Ukraine last December, when it listed three key areas: "progress in addressing the issue of selective justice;"fairer elections; and "implementation of reforms defined in the jointly agreed association agenda."

The EU's Neighbourhood Commissioner

Stefan Fuele and others have recently tried to firm up the idea of an ultimate deadline this coming November — either Ukraine finally gets the Association Agreement at the Eastern Partnership summit in Vilnius, Lithuania, or it will be kicked into the long grass for several years. Opinions may already begin to harden when the European Commission publishes its annual report on integration progress in May. So any rabbits pulled out of the hat before or during next week's summit seem likely to be pretty small.

Ukraine has a new foreign minister in Leonid Kozhara, who is now being closely monitored for signs of progress within such a tight timetable. But whatever signals he is intent on sending out, such as a new approach on discrimination legislation, are undermined by Ukraine's crass habit of taking its biggest steps backward on the eve of important meetings — in this case with the allegations connecting Tymoshenko to the murder of Yevhen Shcherban back in 1996. It's almost as if someone didn't want the relationship back on track.

Ukraine's only rational calculation must be that the beleaguered EU needs a success story for the European Partnership summit, and that the other options are disappearing fast. Armenia has just held its least competitive election ever.

Many wonder why EU and Ukraine are meeting

Opinions are cooling on Prime Minister Bidzina Ivanishvili's Georgia. It seems premature to talk of "Ukrainianization" in Tbilisi — meaning the persecution of political opponents in President Mikheil Saakashvili's camp. But the fact that people use the term makes the problem clear. The uncertain future of Georgia's economic model — its ultraliberal deregulation policy, its anti-corruption and public sector reforms — ironically also highlights the fact that Moldova may have been a little overpraised in recent years. It hasn't done as much to overhaul how its basic economy works, and there is a growing sense that reform is blocked by business interests. Even tiny Moldova has oligarchs.

So why not give something to Ukraine? The question answers itself. Undermining condition-

ality would not rescue the Eastern Partnership project but destroy it. As it currently operates, the Eastern Partnership was designed to square a series of difficult circles: it is not in itself the promise of membership in the EU, but doesn't close off the possibility of the eventual promise of membership; it does not promise harmonization through the full adoption of the EU's rule book, the acquis communautaire; but "convergence" by adopting a good part of it.

There are two alternatives. One would be to forget about the acquis and use the Eastern Partnership as a soft holding area for its six states. Proposals to integrate with Russia's Customs Union or Eurasian Union could then be more easily rebuffed, because the six could say they were doing something really important with the EU. But they would effectively be on the substitution players' bench until real regime change finally transformed them internally after however many years.

Or the Eastern Partnership could be a tool of realpolitik. At various times and in varying degrees, most of the Eastern Partnership six have sought to play a "neo-Titoist" balancing game between Russia and the West. So the EU could help them. Again, the underlying premise would be that it was worth preserving the state- > 19

Kyiv Post looks at food safety



By all earthly accounts, death is inevitable. But does it have to come so soon in Ukraine? Not really.

Ukraine's sinking population is attributable to lifestyle, such as food and alcohol consumption, as well as safety and environmental factors. This is a reversible trend.

It is also just one of the areas the Kyiv Post/ East Europe Foundation Conference on Food Safety & Security will focus on April 24. This is the second in a series of conferences in which we examine critical issues.

When I landed in Ukraine 18 years ago, the average life expectancy for Ukrainian males, according to the World Health Organization, was 60. The population of the country was 51.7

million. Today, that population has sunk to 45.5 million, though male life expectancy edged up to 63 (73 for women). Still, Ukrainian men live generally 14 fewer years than their Western Europe counterparts.

Ukraine's population drain is not attributable to outward migration. Demographic specialist Iryna Kutylo said in a The Ukrainian Week article recently that migration and immigration balanced out in 2005.

"We can say with certainty that there is a steady trend of depopulation—the mortality rate is higher than the birth rate," she said. Kutylo called Ukraine one of the fastest depopulating countries in the world. Last year, around 600,000 Ukrainians died while there were 480,000 hirths.

Ukrainians died while there were 480,000 births. Ukrainians—particularly males—die for obvious reasons

They drink too much. They eat too much of the wrong kinds of foods. Many work in unhealthy and unsafe environments. Also, the incidence of diabetes is increasing with the change in food consumption habits.

This Kyiv Post/EEF Conferences felt food safety was particularly timely, and one we believe will garner the attention of government official, regulators, agribusiness, food manufacturers and retailers in the business of feeding Ukraine.

In a country with an abundance of lush, arable land, the safety and security of the food chain is paramount.

In November 2012, the Kyiv Post/EEF produced its debut program, the first annual Tiger Conference on Ukraine's economic future. That highly successful event drew speakers from as far away as Malaysia and was keynoted by President Mikheil Saakashvili of Georgia. Attendees participated in wide-ranging discussions on topics from energy to information technology and finance.

Response to the forward-looking Tiger Conference was gratifying, but many participants expressed an interest in devoting more time to examine particular topics in greater depth than is possible for a general one-day annual conference.

So this year, in addition to the second annual Tiger Conference later in 2013, Kyiv Post

Conferences is organizing a series of highly focused one-day conferences, each devoted to one particular theme.

During this positive, high-level conference, speakers and panelists will consider realistic strategies to help Ukraine reclaim the title "breadbasket of Europe" and ensure the sustainable production and sale of safe, healthy foods for its own people and for the world.

Among the topics discussed will be the following:

Does safety matter to consumers, business, and government? Growth potential for non-traditional Ukrainian crops. Diet and preferences: Is the Ukrainian palate really different? Vegetable fat: A wolf in sheep's clothes or a scapegoat? What does safe food mean for business? What can business do to ensure safety? Is business interested? The GMO controversy. Opportunities for organic farms

The Kyiv Post and the East Europe Foundation look forward to your support and participation.

Kyiv Post CEO Michael Willard can be reached at willard@kyivpost.com.









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Politicians resort to lawsuits over articles that displease

→1 Luhansk Oblast. "The information disseminated considerably decreases my business reputation and is negative."

Even though last October Ukraine's parliament put on hold amendments that introduce criminal punishment of up to five years of jail for media articles the court found libelous, journalists in the country can hardly relax, as both Ukrainian and international media watchdogs have noticed severe deterioration of the news media climate.

"As Ukraine prepared to assume the 2013 chairmanship of the Organization for Security and Cooperation in Europe, the nation's leaders undermined one of the organization's core values: freedom of the press," reads the statement from Committee to Protect Journalists, a New York-based non-governmental organization.

Kyiv-based Institute of Mass Information named censorship, denial of public information, physical attacks against reporters and politicized lawsuits as the main problems that Ukrainian journalists are facing. Since October, the Institute registered 27 lawsuits filed against journalists.

Ludmyla Pankratova, media lawyer with Kyiv-based Regional Press Development Institute, who's assisting Svetikov on this case, notices an alarming trend in the way courts are handling lawsuits against journalists,



Journalists from the Stop Censorship movement hold signs protesting freedom of speech infringement in Ukraine during Ukraine President Viktor Yanukovych's speech at the World Newspaper Congress on Sept. 3, 2012. Guards then tore some of them from the hands of journalists. Yanukovych didn't react to the incident. (UNIAN)

no matter how much in contradiction with common sense they seem to be. In Svetikov's case, she explains, he's being sued for analyzing an election campaign in his region and for the assumptions the readers might get from reading it. "The journalist in this case, for example, doesn't have to have proof that Ioffe belongs to the group of Lyovochkin-Firtash," Pankratova said. "This is an analysis, a forecast."

The courts, she says, tend not to go into details when it comes to lawsuits filed by high-ranking influential plaintiffs, granting them victory almost by default.

"It's easier for the courts just to take the side of an official or a politician, as it's safer, than to go into details of whether the journalist had the right to make certain claims," she added.

When it comes to Ioffe's ability to persuade the court that the moral damage that Svetikov caused him is significant, despite winning the election, the member of parliament vividly describes how bad he felt.

"Linking my political activity with Firtash and Lyovochkin has caused me considerable moral suffering. The psychological tension, which appeared after this negative information was spread, worsened and harmed my health," Ioffe says. "The thoughts that people changed their good attitude towards me after reading defendant's allega- →17



ANNOUNCEMENT TO READERS

On March 1, the Kyiv Post will begin charging for much of its online content produced by staff journalists and editors. Non-staff produced material will continue to be free.

This is a worldwide industry trend and one dictated by our desire to continue to maintain a high-caliber Western and Ukrainian staff to bring our readers quality journalism online seven days a week.

The continually updated website at www.kyivpost.com carries the latest stories about Ukraine and top world news from Reuters, the Associated Press, Interfax and other news agencies, as well as links to major stories written about Ukraine around the globe in the section called Ukraine Abroad.

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Libel lawsuit seen as latest attempt to chill journalists

 \rightarrow **16** tions gave me sadness and nervousness."

Asked about the reasons for filing such an exorbitant lawsuit, Ioffe was quick to deny it was about his unwillingness to be associated with Lyovochkin and Firtash. It turns out that the offense came from being portrayed as a lesser politician.

Firtash and Lyovochkin "could be golden-hearted (people), working for the good of the nation. But why did he portray me as a marionette, who's being bossed around by the oligarchs?" Ioffe says. "Nobody bosses me around except for my wife I've lived with for 40 years. Only she can do that, and my late mother-in-law."

Firtash wouldn't respond to the Kyiv Post's request for comments. President's Administration responded by saying that Lyovochkin cannot comment, as Ioffe's lawsuit has nothing to do with either Lyovochkin's official duties, or personal life.

Svetikov said the lawsuit is the result of Ioffe's misinterpretation of the article. The article did not mean to suggest that being linked to Firtash and Lyovochkin is negative, the author says. He adds that the article also doesn't contain any suggestion that Ioffe is dependent on, or being bossed around by, the two men. Even if it did, such commentary is protected free speech.

Ioffe was not willing to consider settling the conflict with Svetikov, promising further legal action - at least initially "I feel bad, and I'm not going to stop," he said.

Pankratova added that even though courts tend to decrease the amount of damages such plaintiffs seek, the lawsuit's Hr 1 million claim would have a chilling effect on journalists.

"Ioffe's goal is to force the journalist to be silent and refrain from analyzing anything related to his political activity," she says.

The story took an unexpected turn on Feb. 21, when Ioffe asked the



Pictured in this April 2011 photo, lawmaker Yuriy Ioffe is seen with then-Energy Minister Yuriy Boyko during a business trip to Donetsk Oblast. In late 2012 Ioffe filed a lawsuit against a journalist for moral damages. (Ukrinform)

→Journalist says loffe misinterpeted his article

court to withdraw his lawsuit, following the defendant's verbal apology. Ioffe also said he was contacted by the President's Administration regarding the issue. The court is yet to take action following his request.

Editor's note: Kyiv Post staff writer Vlad Lavrov is a member of media legal defense council at the Regional Press Development Institute which provided Oleksiy Svetikov legal assistance



Oleksiy Svetikov (Courtesy)

to defend himself in the lawsuit filed by Yuliy Ioffe. Kyiv Post staff writer Vlad Lavrov can be reached at lavrov@kyivpost.com.

A roundup of some recent lawsuits seeking hefty payouts from news outlets

Article on suicide triggers claim

Anatoliy Bolotin, a businessman and local politician from Tulchin, Vinnitsa Oblast vs. Vasyl Kizka, journalist from local newspaper 33 Kanal and others, is seeking retraction and Hr 900,000 (\$112,500) damage payments.

In this 2010 lawsuit, Bolotin seeks compensation for Kizka's article, published in 2009, alleging that Bolotin might have been the cause of his father's suicide because the pair had allegedly been in confrontation over the property issues. Initially, Bolotin was seeking Hr 500,000 of compensation, but in July 2012 increased his claims. The amount he's currently seeking is considered excessive and, as such, having a chilling effect on the journalist.

Claim over publishing different points of view

Viktor Kashenkov, a resident of Dnipropetrovsk, vs. Anatoliy Zviagel, journalist of local newspaper Litsa, is seeking a retraction and Hr 179,010 in compensation.

In 2009, in response to a letter to the editor, where Kashenkov tells a story of how the municipal authorities tried to take over his apartment, Zviagel investigates the issue, discovering the allegedly legitimate owner of Kashenkov's apartment. Unhappy that Zviagel showed different points of view, Kashenkov filed a lawsuit, claiming that the article damaged his relationships with relatives, friends and neighbors and even his "beloved woman" has left him.

Article alleged corruption in pub-

Cherkasy Regional Center for Medical and Social Expertise vs. Viktoria Solonets, Cherkasy journalist, and others seeking retraction and Hr 50,000 of damage payments.

After filing the request for public information, the journalist noticed that too many residents of Cherkasy, especially among local officials, retire having certified disabilities making them entitled to higher pensions. As the result, Solonets published a series of online articles exposing alleged corruption and violations regarding the issue of disability certificates in Cherkasy Oblast. The lawsuit stands out also due to the fact that it is a state agency, not an individual that

claims suffering moral damages, which bizarrely suggests that its morals are collective.

Mayor takes offense

Yuriy Bova, mayor of Trostyanets, Sumy Oblast vs. Pavlo Zlenko, journalist of local newspaper Novyny Trostyanechchyny, and others seeking retraction and moral damages of Hr 10,000.

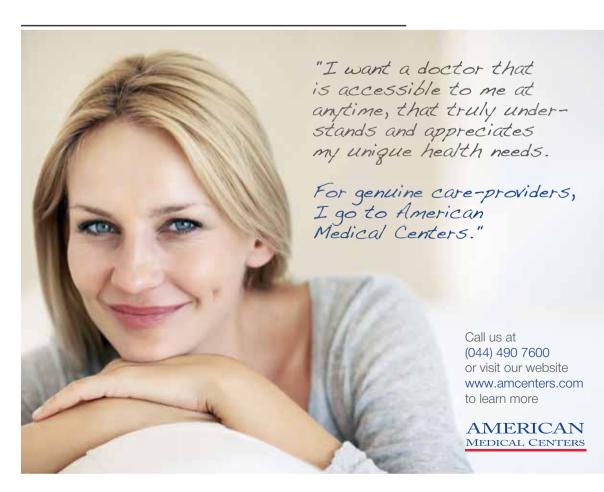
Zlenko, who was present at the city council session, when the members of parliament voted for 2013 budget, on Jan. 10 wrote a sarcastic article about Bova, who first vetoed the budget and then suddenly changed his mind. He suggested that the mayor might have had "personal interest" in how the local funds are spent, is "not always sincere" about his love for the city and sometimes "loves himself" more. Bova changed his mind, according to Zlenko, after getting "scolded" by the oblast government. As a result, Bova sued Zlenko. "The size of my moral damages is boundless, but if one is to express it in money equivalent, being just and reasonable, it should be no less than Hr 10,000," Bova said.

Reporting public salary triggers lawsuit

Alina Shatska, secretary of Trostyanets City Council, vs. Pavlo Zlenko, journalist of local newspaper Novyny Trostyanechchyny, and others seeking retraction and moral damages of Hr 10,000.

Doubtless, Zlenko started this year on a high note, as he was sued for the two articles that came out on the same issue and on the same page. In this case, Shatska was unhappy with the article about the city council's decision to make her salary public, which made it to the press. This fact, according to Zlenko's article, made Shatska "very angry." The city council's secretary then sued Zlenko for both publishing the salary information (Hr 4,329), which she claims was obtained illegally, and also for the claim that Shatska was "very angry" about this information going public. "How can the author know what other people, me specifically, think?" says Shatska. Needless to say, the size of her moral damages is "boundless," but she's ready to take "no less than Hr 10,000."

Source: Regional Press Development





Ukrainian puts color into Soviet movies



BY ANASTASIA FORINA

Bringing color to popular black-andwhite Soviet movies is giving them a second commercial life with younger generations. Invented in the early 20th century in the U.S., colorization went through a short glory period before falling out of use. But Ukrainian Igor Lopatonok, who lives in Los Angeles, has been trying to bring back the practice since 2000.

Soviet hits like Volga-Volga (1938), Officers (1971) and Only Old Men are Going to Battle (1973) are among the films colorized and restored by Lopatonok's two U.S.-based companies, Grading Dimension Pictures and Formula of Color, over the last four years.

"In Ukraine there is no technology for movie colorization. It's hugely expensive and involves a lot of hand work," says Lopatonok.

Around 150 painters are needed to colorize one movie, he said, with each one doing up to 600 shots. "It's not a computer-assisted process. Painters are colorizing it (manually) like a picture," Lopatonok explains.

Colorization is accompanied by res toration, including sound renovation and recreation of missing shots, which can last from three to six months.

"There was a case when we had to recover 15 shots that were missing. That's almost one second in the movie," says Lopatonok.

His firm also adapts three-dimensional versions of old films, a process he has already used on Soviet hits Officers and Only Old Men are Going to Battle, but which is also carried out on movies from around the world.

Working with TV channels around the world, Lopatonok estimates his work has brought the Soviet blockbusters to up to 260 million people. First runs always take place on the First Russian TV channel, a partner of the project. In Ukraine, Lopatonok's colorized movies are bought by STB, Inter, 1+1 and Ukraina TV channels. They can also be seen in Kazakhstan,

Belarus and on some international TV channels like Viasat.

Yet many film critics are against colorization and 3D technologies being applied to black-and-white movies.

"There is only commercial motive in it. It has nothing to do with art," says Sergiy Trymbach, head of the Ukrainian Union of Cinematographers. "Those black and white movies were made for a reason and not just because there was no colored film. If you colorize it, it will be another movie," he says.

Lopatonok agrees with him, but

only regarding the author's movies. "Colorizing movies by (Andriy) Tarkovsky makes no sense at all because he used the play of \rightarrow 19

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Find your coffee at Chashka espresso bar

Chashka (Cup), a popular Chernihiv coffeehouse chain, has opened a place near PinchukArtCenter gallery in downtown Kyiv. The bench near the entrance - for those who still can't give up smoking – is a sign to customers that they're at the right place.

The cafe's first room is designed for customers who are in a hurry. It is sparsely furnished with a few tables and stools near the counter. My party chose the second hall, furnished with more comfortable armchairs and sofas supplied with board games and magazines

A huge array of desserts immediately caught my attention. Double Berry or Very Berry light cakes (all for Hr 33) filled with raspberry or cranberry are good choices for those on a diet. Red Velvet (Hr 39) arrived as a pancake with cinnamon and cream cheese icing. It was quite good but a little bit sour. Brownies, muffins, apple and honey pies appeared to be the most frequently ordered.

But the café's specialty is its variety of coffee drinks. We ordered a cup of Raf espresso (Hr 30) with whipped cream and vanilla sugar. Flat White (Hr 30), a relatively new drink in Ukraine, is simply a single or double shot of espresso with steamed milk. It tastes like something between a latte and cappuccino. It does go well with New York blueberry cheesecake (Hr 33)

Traditional espresso, cappuccino, ristretto and lattes are available a-la carte. Here coffee lovers also can find siphon coffee (Hr 60), produced with vapor pressure and vaccum.

Light lunches could be had that include vegetarian salads, sandwiches (for Hr 37) and creamy soups. Prices start from Hr 37 for mozzarella

Breakfast is also popular here. And it's available all day long on week ends. Choices include oatmeal porridge with bourbon (Hr 25), fried eggs (Hr 19), baked pudding with dried apricots (Hr 29) and some fruit salads.

Tea lovers won't feel left out here. Sea buckthorn tea in a French press is the best winter choice. Ginger and snowball-tree berry tea (Hr 25) for 250 milliliters also work for winter. And all the beverages are available to go.

The servers promise to find a place for everybody who calls in. The café's relaxing atmosphere and pleasant coffee drinks make this place hard

Kyiv Post staff writer Olena Goncharova can be reached at goncharova@kyivpost.com

Chashka espresso bar

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When black & white will not do, there's colorizing

→18 light and shadow in black-andwhite pictures as a creative technique," Lopatonok says.

His company has a list of films it describes as beyond colorization.

"Black-and-white movies are still available, so viewers can choose (what to watch)," he adds.

Regarding the commercial side, it is a big deal indeed.

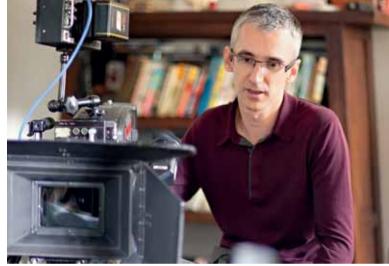
"It's a multimillion-dollar business," Lopatonok says. "A \$500,000 project, for example, could pay back in a year or a year and a half and become profitmaking," Lopatonok explains. Restoring one movie costs \$50,000-\$100,000. The typical payback period is two to three years, according to Lopatonok.

Properly selecting projects, however, is key to profitability.

"We chose only those movies that have huge audience potential to return to TV," Lopatonok says. "Creation of new product that has commercial potential and using this money for restoration is our know-how. So, we don't have to ask for money from the state since it's hopeless.'

"We tried to approach the (Ukrainian) Ministry of Culture once," Lopatonok adds, but that wasn't successful.

Lopatonok also outsources a lot of services in order to cut expenses. While the management and creative team is based in Los Angeles, the lion's share of work is outsourced to Ukraine, Russia, India and the Philippines. The films are scanned in Ukraine, the process of



Igor Lopatonok is seen at work in Los Angeles where he runs two companies colorizing and restoring Soviet blockbusters- (Courtesy)

place in Russia, and colorization is done in the Philippines and India.

"The cost of manpower in the Philippines and India is much lower than in Ukraine, (Russia or the U.S.). The average (monthly) salary of a computer painter in the Philippines is \$150, while in Ukraine it is \$1,000 and in the U.S., \$8,000," Lopatonok says.

Right now his company is working on colorizing the black-and-white historical movie Oleksandr Nevsky (1938) and adapting the hit U.S. movie starring Marilyn Monroe, Some Like it Hot (1959), into 3D.

Kyiv Post staff writer Anastasia Forina

can be reached at forina@kyivpost.com

Soviet films colorized since 2009

- Only Men Are Going To Battle (1973)
- Officers (1972)
- Three Poplars At Pliushchikha (1967) • Father Of A Soldier (1964)
- Spring At Zarechnaya Street (1956) • Heavenly Freighter (1947)
- Foundling (1939)
- Volga-Volga (1938)
- Circus (1936) Happy Guys (1934)

greeting cards in the languages of national minorities living in Ukraine is on display at the Kyiv Museum of

Literature through Feb.28 According to the last population census conducted in 2001, there were more than 100 minority groups living in Ukraine numbering about 14 million people, or almost 28 percent of Ukraine's population at the

The show is dedicated to International Native Language Day celebrated

worldwide on Feb.21

Media of National Minorities Exhibition. Through Feb.28. National Museum of Literature (11 Bohdana Khmelnytskoho St.). Hr 10 (except for Sunday)

Wilson: No way to move

 \rightarrow **15** hood of the likes of Ukraine and Belarus until such a time as they were finally willing to do the hard work of internal reform.

But Josip Tito (1892-1980) of Yugoslavia was worth supporting, because "non-alignment" changed the dynamics of the Cold War. The reality of modern neo-Titoism would just mean that the EU was constantly getting stiffed by the likes of Ukraine. Contemporary foreign policy "balancing" has a completely different modus operandi. Ukraine's policy of "balance" under President Viktor Yanukovych is not aimed at the survival and eventual strengthening of the state, as it arguably was under former President Leonid Kuchma, but at leveraging resources from either side, at increasing the flow of rent for

where hard choices can be indefinitely avoided, as it also was too often under Kuchma.

Through Feb.28

So engaging in a game of balance would only make things worse. And it's not how the EU works, anyway. Yanukovych may assume that the EU's talk of conditionality and human rights is just sugar-coating for realpolitik, and that all politics is ultimately realpolitik. But it isn't. The EU has no alternative to conditionality and continuing the dialogue of the deaf in the hope of small improvements. If it did anything else, it wouldn't work. So don't expect too much from the Feb. 25 summit.

Andrew Wilson is a reader in Ukrainian Studies at University College in London and a senior policy fellow at the European Council on Foreign







PASHKOVSKAYA@KYIVPOST.COM

Tattoos were once the hallmark of outcasts. Nowadays, they are commonplace. They can be found among teachers, bank employees or even top managers.

"I got my first tattoo when I was 16 years old," says Yulia Brit, the associate director of Naftogas TEK, a hydrocarbon exploration

and drilling firm. "It was a Japanese hieroglyph, seen on a poster. At that time, I didn't think about quality. It was made with a tape recorder, guitar string and pen casing. This tattoo is still on my ankle, but it's covered with a lotus flower."

Brit already has six tattoos – on her back, arm, shoulder, waist and leg - and is planning more. At work, no one has problems with her body art - partly because of the dress code.

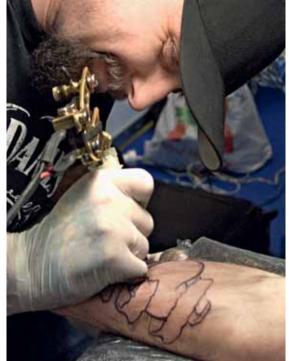
The blouse, skirt and jacket hide everything.

More importantly, her boss is open-minded about her passion. "He is even proud of me, and I never have to hide my tattoos at a corporate party or other unofficial event," Brit explains. "My biggest tattoo covers the old ones and scars from surgery. It cost Hr 3,000 (\$375) and 10 hours of work, but it was worth it," Brit says, proudly showing off a big dragon encircling her waist. It won second place at Tattoo Collection 2012, an annual competition, in the Japan category.

Andrey "Riffmaster" Antonenko, who bears the festival's grand prize-winning tattoo, warns the practice can become addictive. "I was 20 years old, and it was a spider-shaped skull on my shoulder. Since that time I started getting tattoos. After you get the first one you can't stop," the musician explains. "Now I have two big tattoos covering both sides of my body .. they are like a part of my personality."

Removal of mistakes is always an option, although it can cost more than the tattoo itself. Removing a tattoo the size of a cigarette pack will cost Hr 800 per session. Hands and wrists are the most common areas for such removal.

Therefore, tattoo specialists recommend putting time and thought into the design. "It's more interesting to not only ink the tattoo, but also design it," says Roman Lysenko from Planeta Tattoo studio. "To work with a client and perfectly fit the tattoo to the body – that's the main task of a tattoo master."



Process of beating a tattoo.



Dragon tattoo on Yuliya Brit's waist, made by Joe from Nirvana tattoo studio

Kyiv Post staff writer Elena Pashkovskaya can be reached at pashkovskaya@kyivpost.com. Photos by Anastasia Vlasova.







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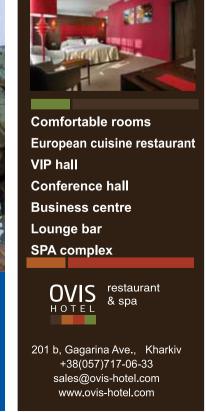








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Handwriting, facial expressions can reveal a lot about a person

BY DARYNA SHEVCHENKO

SHEVCHENKO@KYIVPOST.COM

Facial expressions and handwriting offer clues about a person, but can they help spot the next serial killer or whether the guy or girl you secretly have a crush on is also keen on you?

Perhaps, but not Physiognomists, professionals who analyze facial expressions, and graphologists, those who analyze handwriting, don't promise miracles.

But they say their skills can reveal a lot about the attitudes, old traumas and even hidden desires of a person by studying the right clues.

Alisa Anisimova considers herself the only true physiognomist in Ukraine. She can't stop doing it.

When I am going to a restaurant to have a salad, I unconsciously start analyzing who is who around me, whether they are potentially dangerous to me or not. I analyze the mood of the waiter and dig into his life problems," Anisimova says. "I almost can't live a normal life."

Specialists such as Anisimova say that almost all parts of the human face and almost every letter in a person's handwriting have their secrets to give

Eyebrows are responsible for temperament and hidden desires.

A jutting chin can characterize its owner as a leader and one who is eager

Even haircuts and beards offer clues.



Alisa Anisimova, graphology and profiling specialist, gives a master class on physiognomy, the study of interpreting facial expression. (Courtesy)

Anisimova says a person's face gives away life's events. "Different moral traumas are the most expressive ones," she says. "Moral injuries connected with pressure will be reflected on the forehead, traumas connected with cruelty would leave marks on the eyes and between brows, depressions can be read on lips, while the general attitude to life can be detected through the chin and neck.'

Another graphology and physiognomy specialist Grygoriy Semchuk says that a person comes to the world with a set of facial features that change, for better or worse, depending on how a person lives

"I am not a fortune teller, I can't tell whether this person will kill someone tomorrow or not, rather why the person killed someone in the past or whether the person has an ability to kill,"

Semchuk explains. "Diseases are also very hard to detect through both graphology and physiognomy, unless they have already changed the appearance.

Anisimova says physiognomy and graphology have already started attracting society's attention in Ukraine.

"In Ukraine, physiognomy is mostly used by big corporations that deal with big amounts of some products and fear that either intellectual property or some products can be stolen from them," she explains.

Yuriy Gorda, director and owner of E-matras shops chain in Kyiv and Donetsk and Semchuk's regular client, said they have been seeking such help since 2006. "We always ask him for advice when choosing new staff, without exceptions," Gorda says. "He analyzed our writings and we were quite shocked with what he said and decided to apply that to the recruiting process. We mostly don't make decisions ourselves, only with his advice."

He explains that company employees usually hold the first interview themselves, just talking to a candidate and then asking them to write the CV by hand. Later, the writings are analyzed by Semchuk.

"Graphology is not moralistic. It's pure psychology, but much more detailed," Semchuk says. "I can say very specific things - can the person steal or not, is he a coward or not, does he crave money or not."

The job pays well, if clients can be

found. Anisimova charges up to Hr 1,000 for one consultation. "I practice every day and it's normal for me," she says proudly. Semchuk charges much less, only Hr 240 per session.

Semchuk got into graphology and physiognomy in 2001 after getting a degree in physics and taking on his education in the University of Effective Development, where he met his teacher and mentor Volodymyr Taranenko. Anisimova is more secretive about her training, saying only she worked with international specialists. She also employs greater efforts to make her profession seem complicated and only for the well-trained.

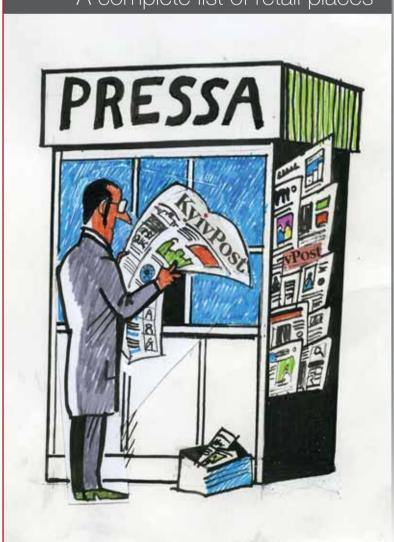
Semchuk and Anisimova say that both graphology and physiognomy have a wide range of complex methods used to analyze both people's writing and faces.

"There are many parts of human face that are very informative, some are less informative and the same applies to writings. Some letters mean a lot, while others almost nothing, unless there is something unique in a way a person writes it," Semchuk explains. "What I can tell people is usually what they prefer to hide even from themselves," Semchuk says. "I am not telling what people want to hear. The main purpose of graphology and physiognomy is to dig into what is hidden from the eye."

Kyiv Post staff writer Daryna Shevchenko can be reached at shevchenko@kyivpost.com.

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- 65 Heroiv Stalingrada Ave.
- 27 Heroiv Stalingrada Ave.
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Prisoners show off skills in cooking contest

BY DARYNA SHEVCHENKO

SHEVCHENKO@KYIVPOST.COM

Inmates of Chernihiv colony for women No. 44 were treated to food and entertainment this week when they got to compete in a cooking contest organized by prison authorities. Five teams of cooks prepared several dishes each to impress what was described as a "competent jury."

The Penitentiary Service said in a statement on Feb. 20 that the contest consisted of two parts: theoretical and practical. No details were given on the former, but six pictures of cooked food were released to demonstrate the culinary skills of the inmates.

Smothered in mayonnaise and looking heavy, the dishes on the pictures looked like the enthusiastic cooks tried their best to impress the panel of judges, which included three prison

→ Prison authorities say they are trying to help inmates develop skills they will use in future life

officials, Chernihiv city council members and staff from a local restaurant.

The cooking teams were tasked with making a thick soup of vegetables and meat with spices, a meat dish with potato garnish, and a dessert. As a result, the judges got to try grilled meat, chops and pies, something that looked

like a green smoothie, and more.

The winning team, called Gospodarochka (hostess), must have won the palates of the jury with their unique heart-shaped, meaty dumplings decorated with mayonnaise hearts.

"The prize for the competition is a cake. These are rare confections behind bars, so all the teams got their sweet presents and diplomas," the State Penitentiary Service of Ukraine wrote.

"Such events play a great role in the life of a colony; they are actively discussed and treasured for a long time afterwards. Besides that they clearly show that prison is not just a place where one has to reconsider his or her life but it also gives possibilities to develop talents that can be used after their release," said Dorobaliuk.

Kyiv Post staff writer Daryna Shevchenko can be reached at shevchenko@kyivpost.com



An expert jury rates dishes prepared by convicts. The winning team prepared heart-shaped meat-stuffed potato dumplings decorated with mayonnaise hearts (Courtesy).

Employment

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