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Fears rising over fate of two refugees wanted by Russia

BY SVITLANA TUCHYNSKA
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Russia is pressing Ukraine for the extradition of two refugees. Although international law forbids Ukraine from sending them back, one has disappeared from a Kyiv detention center while the other was so severely beaten in custody he slipped into a coma.

One of the detainees, a former taxi driver from Ingushetia in Russia's North Caucasus region, Magomet Nalgiev, spent 14 months in Kyiv's Lukyanivske pre-trial detention center. Wanted in Russia, he is not accused of any crime in Ukraine and has been recognized as a refugee by Finland.

Nalgiev disappeared almost two weeks ago and, according to diplomatic sources, is now in Kharkiv, a usual stop for detainees being extradited to Russia.

Ethnic Chechen Umar Abuyev also fears extradition to Russia.

On Aug. 3, he was severely beaten in the Lukyanivske pre-trial detention center. His lawyer is worried he could be sent back to Russia, despite a ruling by the European Human Rights Court banning Ukraine from extraditing him.

Unrest in the Northern Caucasus has forced thousands to flee. Although Russia claims most are bandits and terrorists, some 100,000 people have been recognized as refugees in European Union member states. Many settled in Turkey and other Muslim countries.

According to Eurostat, 18,000 Russians asked for asylum in 2011, making Russian second source of EU asylum-seekers, after war-torn Afghanistan.

A few have ended up in Ukraine, which recognized 103 Russian citizens, including 82 Chechens, as refu- →5

Environmental whistleblower beaten to death

BY OKSANA GRYTSENKO
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A prominent environmental activist was fatally beaten on Aug. 1, days after warning the public about the health threat posed by improperly transported and stored toxic waste.

The activist, Volodymyr Honcharenko, died in a hospital on Aug. 3, two days after two men

beat him with a blunt iron object after their car collided with his near Dnipropetrovsk, according to police reports.

Whether Honcharenko's murder is connected with his role as a whistleblower is under investigation. His death is mourned by those who say Ukraine has lost a strong voice on environmental issues.

"The topics he was covering irri-

tated many people," said Natalia Kozhyna, editor-in-chief of Eco Safety, an environmental newspaper founded by Honcharenko. "He obviously managed to make a lot of enemies."

His last sensational warning came five days before his death, when he held a July 27 press conference.

Honcharenko, who headed the nongovernmental organization For the Rights of Citizens to →5



Volodymyr Honcharenko



United Kingdom citizen Neil Smith, owner of the Medoff vodka brand and the Crimean Vodka Company.



Crimean Vodka Company General Director Jonathan Wale.

MARK RACHKEVYCH
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The British owner of a large Crimean vodka producer is accusing a state-owned bank of using its position and influential connections to seize its flagship brand. United Kingdom citizen Neil Smith this week announced that Rodovid is "attempting the theft" of the Medoff vodka brand, made by his Crimean Vodka Company.



Smith, 37, told the Kyiv Post that the government-run bank is trying to claim the trademark by freezing the asset and registering it as collateral of an unpaid debt to the bank by a third party.

Rodovid declined to name the third party debtor, citing bank confidentiality rules, only saying that "they are two entities that were part of the previous ownership chain." However, Smith said he doesn't know what third par-

ties owe the bank money. He said his companies don't do business or have loans with Rodovid.

Smith's Russian-registered Domani Group, which owns the global rights to the Medoff brand, is currently a plaintiff and a co-defendant in two cases involving the bank.

Domani took Rodovid to court after the bank in 2011 registered a pledge over the Medoff trademark in the state register of liens over movable property.

Smith's company is also a co-defendant with a supermarket and Soyuz Victan – the former Crimean vodka producer of Medoff and other brands that declared bankruptcy in 2009 – involving Rodovid, which secured a commercial court order to freeze the Medoff trademark.

"If we lose the (Medoff) trademark, we'll see production drop by 90 percent ... the reality is we'll lose creative control over our brand," Smith →2

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Language law signed. Now what?

BY KATYA GORCHINSKAYA AND YURIY ONYSHKIV

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Despite signing into law on Aug. 8 a measure that gives the Russian language official regional status in many parts of Ukraine, President Viktor Yanukovich's administration vows changes to placate critics who fear the legislation threatens use of the Ukrainian language.

"It's impossible to fulfill it today," said Hanna Herman, the president's adviser of humanitarian and social issues. "I have the president's word that these changes will be approved [by parliament] by the end of September."

In the meantime, opponents of Yanukovich and the language law are preparing to protest on Independence Day on Aug. 24.

While the law takes effect immediately, Herman said the state bureaucracy will not be able to enact the legislation quickly or cheaply.

The law, approved by parliament on July 3, allows official use of languages other than Ukrainian – the only official national language – in regions where 10 percent or more of the population speaks something else.



People gather near the Verkhovna Rada on July 30 to protest against legislation adopted earlier this month that elevates the status of the Russian language in many of Ukraine's regions. (Ganna Beryk)

At least 11 out of Ukraine's 24 oblasts will get Russian as a regional language. Romanian should become the regional language in Chernivtsi, Hungarian in Zakarpattia and Crimean Tatar in Crimea.

People will get the right to conduct any business with the central and local governments in their regional language, including representation in

courts, education, processing of paperwork and publishing of official documents, among other things.

The Finance Ministry estimated in June that the law will cost at least \$1.5 billion each year to implement – something the nation can ill afford.

Herman, a Ukrainian speaker herself, said a special government program is needed for both the law's implementa-

tion and the protection of Ukrainian. The law allows the state language to be replaced with regional ones, which appears to be unconstitutional. Herman said this and other controversial clauses will be re-evaluated.

In the meantime, confusion reigns. Some, like Bohdan Batruk of B&H Film Distribution, which specializes in Ukrainian dubbing of movies, has no idea how it will affect their industry.

Others, like Anetta Antonenko of Kalvaria publishing, fear that their industry will be affected for the worse. "We already have many Russian books on our market and we'll get more of them. As a result of this law it would be harder for us – those who publish only in Ukrainian – to compete for state orders during state tenders to publish books," she said.

Antonenko said that it's impossible to foresee what would happen to the new law.

"In the end it is hard to predict how it will evolve. If it's only politics the law might be forgotten and not implemented at all," Antonenko said.

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Medoff battles Rodovid

→1 said, adding that his vodka company paid more than a \$100 million in taxes to the Crimean government in 2011.

Smith also said he was surprised to enter a litigation process with a state-owned bank: "It's curious that the Ukrainian government is incredibly keen on foreign investment, the creation of jobs and in bringing in tax revenue, and yet would be so remiss to allow an entity under its control to behave in such an inconsistent way."

Rodovid's CEO Yuriy Raitburg told the Kyiv Post that he is doing everything within the confines of the law and in the state's interest to collect on non-performing loans.

In an interview at his office, Raitburg said that he is after the trademark in

order to collect on an unpaid Hr 112 million (\$14 million) loan. The banker said the trademark's former owner pledged the brand as security for the debt. But according to Raitburg, "the debtor tried to unsuccessfully remove the pledge from the debt obligation... but we have enough documentation to allow us to freeze it and keep it pledged to Rodovid."

Raitburg continued: "We're not after Smith's money or him, we're after the brand, which rightfully and legally was pledged to us as security on debt."

Yet Smith maintains he never did business with or took a loan from Rodovid. He said he purchased the brand legally in 2011 and that the former owner's loan agreement with Rodovid was terminated years ago.

"How could you go back retrospectively and revive a terminated document?" Smith asked. "Nobody is safe from banks if they are able to simply create mortgages over assets. Today it is an industrial trademark; tomorrow it could be your apartment or your car," Smith stated separately in a press release this week.

Raitburg countered that the matter is strictly a legal issue and not subject to negotiation. "What should we say to Mr. Smith, 'give us the money on behalf of the company that sold you the trademark which was pledged to us in the first place?' Why should we look like the bad guys? Why isn't the company that sold Mr. Smith the trademark and

is in debt to us not the bad guy here?...I don't rule out that Smith and Rodovid could end up being co-plaintiffs eventually," posed Raitburg.

The banker also said Smith or his lawyers may have failed to do the proper due diligence before purchasing the brand.

"If Neil Smith is a businessman, then he should know that what we're doing is done the same [way] around the world...this is the standard way...but to [get our money back] we must first restore our monetary rights, that is the status quo from the very beginning, and this could only be done in the courts," Raitburg said.

So far a lower and appeals court have ruled in favor of Smith, while the higher commercial court will make its decision on Aug. 10. Smith said European Union officials will be present as observers during the ruling.

Although the brand is frozen, Smith can legally produce and distribute Medoff vodka in Ukraine.

When asked to respond to accusations that he's using state machinery to seize the Medoff brand, Raitburg conceded that the commercial court judges may take into account that Rodovid is a state-owned bank. But he added: "how does one explain the fact that I'm losing in the courts then ... it's impossible to use administrative resources unless you're somebody really big and only then it's only temporarily effective and not significant."

The former vodka producer Soyuz Vician's owner Andriy Okhlopov declared bankruptcy in 2009, blaming taxes and the global economic crises. That year in June the Crimean Vodka Company was founded in Crimea and started operating the vodka plant.

Smith purchased Crimean Vodka in September 2011 through his Luxembourg-based Eastern Beverage Company for an unknown sum.

The Englishman said the acquisition was partially a debt investment and the purchase of assets from other entities.

Smith said he already invested \$10 million into the vodka-making operation, securing jobs for 2,000 local employees and becoming one of Crimea's largest taxpayers.

With some 13 percent of Ukraine's vodka market, according to industry researchers, Medoff saw production increase 18.5 percent to 423 million deciliters in the first half of 2012, compared to the same period in 2011.

Ukraine's government took over 99 percent of Rodovid's shares in 2009 after the financial crisis drove the bank to go bust. Raitburg became the bank's government-appointed administrator in September 2011. According to publicly available information, he has managed small banks in the past.

Kyiv Post staff writer Yuriy Onyshkiv contributed to this story. Kyiv Post staff writer Mark Rachkevych can be reached at rachkevych@kyivpost.com.



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Editorials

Skadden stink

On Aug. 28, Yulia Tymoshenko will clash with her own government in the European Court for Human Rights. She will claim that her rights were violated, including the right to a fair trial, in a case that sent her to prison for seven years for abuse of office.

The government is preparing its defense with the help of American law company Skadden. But this cooperation is highly suspicious with very few details about the contract being revealed, and those that are made public raising even more questions.

The government claims that Skadden, a top American firm with an annual turnover of \$2.17 billion, works for a mere \$12,000 for Ukraine's government. None of the company's expenses is paid, including expensive flights and stay in Fairmont Hotel, where prices start at 300 euros per night.

Skadden representatives have visited Ukraine at least three or four times. In at least one of the cases the team was made up of two partners from the Washington office, plus two associates. One of the partners, Gregory Craig, a former adviser to the Obama White House, normally charges \$1,065 per hour, according to the Wall Street Journal.

The group stayed in Ukraine for several days and visited the imprisoned Tymoshenko in Kharkiv during a trip in June. That trip alone would have cost many times more than the ridiculous \$12,000 the government claims it is paying.

These facts fuel speculation that Skadden is being paid by someone on the side. No one knows who is paying Skadden, and it's a question the company is ignoring. So the public may never know of conflicts of interest, or worse things, that may lurk behind this arrangement.

We hope that Skadden will address these serious concerns. We hope that US anti-corruption bodies are also looking into this issue, since there is little hope that the case will be investigated in Ukraine.

Another question is what kind of report Skadden will produce, and how it will be used. Members of the opposition suspect that parts of the report will be used to whitewash the actions of the prosecutors, the judges and everyone else who was instrumental in Tymoshenko's conviction. If that is the case, Skadden's reputation will be tarnished.

It's not too late for the company (and Ukraine's government) to set the record straight, and disclose to the public the details of this suspicious contract and who is footing the bill.

No gifts, please

Many of us at the Kyiv Post would have loved to have gone to pop superstar Madonna's Aug. 4 concert in Olympic Stadium. But given the modest pay of journalists, everyone here opted not to spring Hr 700 to Hr 13,000 for tickets.

However, some of us could have gone courtesy of Ukraine's richest billionaire Rinat Akhmetov. Two pairs of sweet tickets – each worth more than Hr 1,000 -- landed on the desks of two Kyiv Post editors for Journalist's Day, celebrated in Ukraine on June 5. According to information that came with the gift, it arrived via a courier for Akhmetov-owned Systems Capital Management.

We returned the tickets.

It turns out that many other journalists received them and did not return the tickets. In fact, they all sat in the same section – 69, according to <http://dusia.telokritika.ua/shoubiz/18716>, and even had access in the stadium bar.

This is just wrong.

Journalists should avoid taking freebies from the people they cover. It's that simple.

The Kyiv Post tries to avoid these conflicts of interests. In cases in which we do accept free offers, they are judged on a case-by-case basis, and the exceptions should be explained to readers. It's impractical to return small gifts (such as bottles of wine that often get delivered to the office at Christmas). We also generally find no ethical problems going on journalistic tours organized by government agencies or non-profit organizations, as long as no strings are attached to how we cover or don't cover the event.

But there is an ethical problem with Ukraine's richest billionaire, who is also a member of parliament, doling out freebies to journalists. These gifts are compromising and weaken the arms-length, professional relationships that should exist between journalists and newsmakers such as Akhmetov.

If Akhmetov in the future would like to do something for journalists, he should be more accessible to the public and to journalists, since his large business holdings and unanswered questions about his current business practice and his past remain items of public interest and importance. Or he could create more scholarships for journalists in Ukraine at such fine institutions as the Kyiv Mohyla Academy, where he admirably sponsors the Digital School of Journalism.

But he and his company cross the line when they start handing out expensive tickets and gifts to journalists, more of whom would be doing the profession a favor by just saying no.



NEWS ITEM: Ukrainian Prime Minister Mykola Azarov said justice for violating the traffic rules should be equal for everyone in Ukraine, with no exceptions for high-ranking officials and rich brats. Often the case is that VIPs and their kids can get away with speeding, injuring and even killing innocent people on the road. "The punishment should be inevitable," Azarov said. However, he noted that the president, prime minister and speaker of parliament are to enjoy "special road rules."

Back Story: Journalists need to toughen up



MICHAEL WILLARD
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At the Kyiv Post, journalists don't show news sources their quotes or stories containing them before they go to print, though this is a common practice among many Ukrainian publications.

There is a good reason for this: A changed quote represents an altered draft of history in the making, however insignificant that particular story might be. It changes news into public relations, and it stands the relationship between journalist and news source on its head.

What if George Romney – the father of the current Republican candidate for U.S. President, Mitt Romney – had in 1967 been allowed to edit his televised remark that he had been "brainwashed" by the U.S. military when asked why he changed his position on the Vietnam War?

The remark effectively ended his campaign for the presidency.

Today, 45 years later, what if his son Mitt had been able to alter quotes he made on the London Olympics and Middle Eastern culture during a three-country foreign relations jaunt in which he tossed out verbal gaffes at every stop? His performance suggested to many that Mitt isn't ready for prime time.

This is why it was disturbing to me – a fellow who started his journalism career at age 19 on the city desk of the Orlando Sentinel, writing obits, cop shop and Rotary Club news – that some respected media organizations are submitting quotes to both the Obama and Romney campaigns for approval.

This quote censorship extends beyond the candidates to aides, advisers and even Romney's sons. The news organizations – including The New York Times, Los Angeles Times and Washington Post – do this at the request of both campaigns so they will continue to have access to those sources.

Quote approval, and the even more egregious story approval, led Washington Post ombudsman Patrick Pexton to write: "Time for some backbone, press corps. What if the White House reporters collectively decided to leave the briefing room empty for a day? What are officials going to do? Fire us? Freeze us out for a few weeks? No, they can't.

They need us as much as we need them. Don't forget that."

The ombudsman also referred to embarrassing emails that revealed that a Washington Post education writer had submitted not just quotes but an entire story to University of Texas officials for approval. University officials didn't like the first version of the story, so the reporter submitted a second.

In the email, the reporter wrote officials: "I'd like to know of any phrases in the piece you think are too harsh or over-hyped. ... Everything here is negotiable." Pexton concluded that the reporter forgot that he writes for readers and not for sources.

When the story about news organizations getting official approval for quotes came out, Kyiv Post chief editor Brian Bonner posed the question: "How can we teach Ukrainian reporters good journalism when we have examples such as this with respected publications?"

If a reporter feels he or she didn't get a quote right or perhaps didn't understand the context of the quote, then the journalist has an obligation to go back to the source to make sure it is correct. This happens occasionally. In one-on-one interviews, many journalists carry a recorder.

In many places around the world – particularly in the West – newspapers are under siege as more people turn to electronic forms of news and most publications are unable to make money off their websites. There seems a tendency to relax good journalistic practices.

After the Watergate scandal that brought down American President Richard Nixon in 1974, the journalism profession soared to new professional and ethical heights in the United States. Every aspiring journalist wanted to be the next Bob Woodward or Carl Bernstein.

After Watergate, reporters wouldn't let a source buy so much as a lunch for them, much less give them a football ticket or provide free travel. It was gratifying to me that editors recently turned down several tickets to a Madonna concert offered by a Ukrainian company. The tickets were expensive. The offer crossed the line.

At the Kyiv Post, showing a source a story – without extraordinary extenuating circumstances – is considered a firing offense. I understand that a reporter was dismissed for just such a reason prior to my arrival at the newspaper.

We need to get back to that earlier time. Or, paraphrasing the Washington Post ombudsman, some journalists need to get a backbone.

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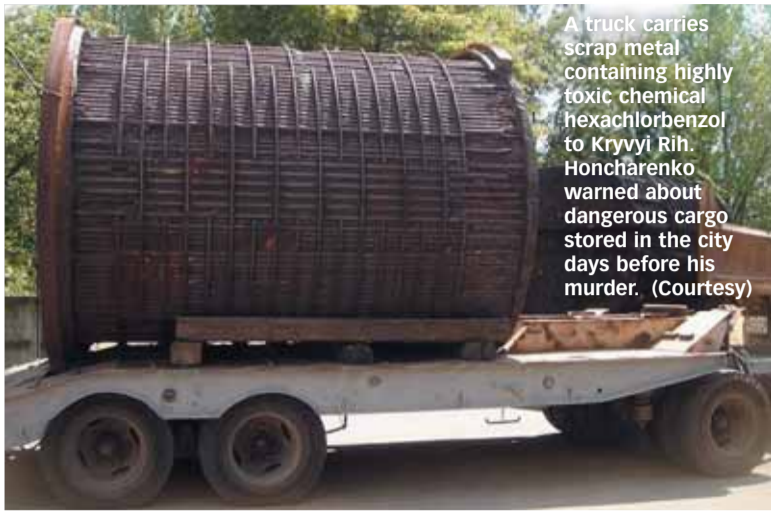
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A truck carries scrap metal containing highly toxic chemical hexachlorbenzol to Kryvyi Rih. Honcharenko warned about dangerous cargo stored in the city days before his murder. (Courtesy)

Five days after press briefing, activist beaten

→ **1** Environmental Security, warned that 183 tons of toxic scrap metal had been illegally transported and stored in Kryvyi Rih. He said the material includes 90 tons of the highly dangerous chemical hexachlorbenzol. It was transported in 2006 to a Kryvyi Rih steel plant from the western Ukrainian city of Kalush and was to be melted down for metal.

Honcharenko called this scrap metal a "chemical time bomb," saying that when heated it immediately releases toxic gases.

He said that several workers of Mittal Steel, now ArcelorMittal, were poisoned when they tried to cut this scrap years ago. Honcharenko also claimed that Ukr-Euro, the company that owned the material, moved it to another enterprise in Kryvyi Rih whose staff was also poisoned as a result.

Eco Safety editor Kozhyna said that Honcharenko appealed to local authorities, including the Ministry of Emergency Situations, for prosecution. He also asked the road police to stop transports of dangerous metals through Kryvyi Rih, a city of almost 700,000.

She says authorities did not respond. Only after environmentalists and local media identified the location of the hazardous stockpiles did the authorities organize a special commission and seize the material, Kozhyna added.

Honcharenko was driving on a village road to his country house on Aug. 1 when two men in a car blocked his path. When he left his car, the men started beating him on the head with a blunt iron object. He managed to drive his car away and call for medical help, but died on Aug. 3 of severe head trauma, authorities said.

His supporters suspect that he was killed because of his investigations, particularly those examining the corrupt business of making money on toxic waste in Ukraine.

Petro Prystromko, Honcharenko's deputy at the environmental group, believes the murder is somehow related to the scrap metal, although he says his ex-boss reported threats from earlier years.

"He told me about these [calls]. It was happening for many years," Prystromko said. "Problems would appear after he raised an issue about rechargeable batteries, or after he started to work with radioactive metal," he added.

Kozhyna said Honcharenko didn't pay attention to the threats and even joked about them. But she thought his investigations could be a "thorn in the side" of vested interests.

Ihor Bohush, a representative of Ukr-Euro, denied the scrap metal was dangerous, saying it didn't contain hexachlorbenzol. The claim is refuted by Dnipropetrovsk ecologists.

Bohush also claimed Honcharenko, who headed the association of metal recyclers Vtormet, was "protecting his business interests" when criticizing Ukr-Euro, allegations that Honcharenko's colleagues also dismissed as nonsense.

A representative of Ukr-Euro refused to talk to the Kyiv Post this week.

Police have changed their classification of the criminal probe, after first telling the public they were looking into an attack by hooligans. Subsequently, police said they are now investigating whether he was the victim of a contract killing, according to prosecution press service officer Oleksandra Sarayeva.

Ukraine's heavy reliance on polluted heavy industries, including chemical, nuclear power and steel plants, offers no shortage of targets for environmentalists.

In other cases over the years, Honcharenko had fiercely criticized metallurgical plants — owned by some of the richest and most powerful people in the nation.

He claimed that some of the plants were melting radioactive scrap metal from the Chernobyl nuclear power plant's highly radioactive 30-kilometer exclusion zone and accused government authorities of turning a blind eye. "The radionuclide gets into slag. And what do we do with the slag today? We build roads; we make building materials and construct houses from them," he once wrote.

He also complained about toxic rubbish stored openly around Ukraine, saying the material could contaminate the soil and underground aquifers. He favored the creation of waste-processing plants in Ukraine, rather than the current practice of shipping toxic waste abroad.

"If we sort out this issue, we could create business worth Hr 15 billion a year. And it's not difficult," he said. "But these changes would stop the current kick-backs. And I openly told it to the ministry," he added.

Many of Honcharenko's warning letters to government bodies went unanswered, Prystromko said.

While several hundred people attended his funeral, nobody from the local authorities was present.

A number of civil activists and environmental groups said they plan to picket Kyiv police and prosecutors' offices, demanding that law enforcement pay more attention to Honcharenko's murder.

Yaroslav Movchan, head of the National Ecological Center of Ukraine, said there have been other deaths of environmental activists. Movchan cited the 2009 murder of Oleksiy Honcharov, who was fighting illegal extraction of sand on Zhukiv Island in Kyiv, in violation of its landscape reserve status. Honcharov's murder remains unsolved.

Kyiv Post staff writer Oksana Grytsenko can be reached at grytsenko@kyivpost.com.

One refugee disappears, the other is beaten

→ **1** gees, as of Jan. 1.

Most received this status up to the end of 2010, before Ukraine's refugee policy changed for unexplained reasons. According to United Nations High Commissioner for Refugees, all 19 Russians applicants, six of them Chechen, were turned down in 2011.

Now 40 Chechens, one Ingush and two Dagestanis are waiting for government decisions on their cases.

A negative decision could mean abuse upon arriving back home. The European Council on Refugees and Exiles has voiced concerns about several extradition cases of Chechens, claiming they could face torture or simply disappear should they return.

Nalgiyev's application was turned down by Ukraine. In July, however, he was recognized as a refugee by Finland and was to be sent to Helsinki.

But he may already be back in Russia, as neither his lawyer nor representatives of human rights organizations have heard from him since his disappearance from custody.

This is the first time in years that a recognized refugee disappeared from prison and is cut off from all contact, said Oldrich Andrysek, UNHCR regional representative for Belarus, Moldova and Ukraine. "This is very disturbing," he said.

The issue reached the very top, with UNHCR head Antonio Guterres requesting help from Ukrainian President Viktor Yanukovich in solving the situation.

"The high commissioner expressed deep concern as extradition would constitute a grave breach of the core principle of international refugee law," reads the UNHCR statement.

The general prosecutor's office would not comment.

Abuyev was kept in the pre-trial detention for a year. On Aug. 3 he was brutally beaten by unknown men.

"When I came to see him in prison, he was beaten severely in the meeting room just minutes before I walked in. I found him unconscious and thought he was dying," said his lawyer Oleg Levytskyi, who works for the Ukrainian Helsinki Human Rights Union. In his Kyiv office he showed documents stained with his client's dried blood.

Back in Chechnya, Abuyev was a politician and member of government in the 1990s, when Chechnya proclaimed its independence from Russia.



Abuyev's lawyer Oleg Levytskyi holds documents stained with his client's dried blood. (Ganna Bernyk)

→ Two men from violent Caucasus region of Russia fear returning

"We believe the assault was an attempted assassination and it is strange the prison guards did not do anything," says Levytskyi.

His client is now hospitalized, recovering from a severe concussion, brain injuries and damage to his eyes and nose.

Like many others Abuyev was refused asylum in Ukraine, but the European Court of Human Rights

ruled that he is not to be removed to Russia until the court of appeal hears his case.

Appeals from human rights organizations appear to be moving Abuyev's case forward. Ukraine's human rights commissioner Valeria Lutkovska started an investigation and reported the matter to the general prosecutor. The Kyiv city prosecutor has launched an investigation.

Ukraine joined the United Nations 1951 Refugee Convention in 2002 and thus is obliged to grant refugee status to a foreigner with "reasonable apprehensions" of being persecuted in his native country because of race, faith, nationality, citizenship, social status or political views. Human rights organizations have complained for years about loopholes and corruption in the recognition process, and a low success rate of 10 percent.

Tough odds and fear of abuse lead most asylum seekers to live in Ukraine illegally, experts say.

"People [from the Caucasus] who ask [for refugee status] in Ukraine are exceptions," said Dmytro Groisman, head of the Vinnytsia Human Rights Group, adding that most try to bribe officials to stay illegally. "Those who ask for legal status are the poorest and don't have money for bribes. They ask and are almost all turned down."

Many use Ukraine as a transit nation on their way to the EU, sometimes ending back in Russia. The last story by Anna Politkovskaya, a Russian journalist murdered in 2006, was dedicated to Beslan Gadayev, who was extradited from Ukraine to Russia in 2006.

Politkovskaya wrote that in Chechnya Gadayev was tortured into confessing to several crimes, and registered as one of many terrorists caught by the authorities in a sham anti-terrorist campaign.

Kyiv Post staff writer Svitlana Tychynska can be reached at tychynska@kyivpost.com



Umar Abuyev remains in hospital after a brutal assault in Kyiv's pre-trial detention jail. (Courtesy)

Employers reaping benefits from 'temporary' tax break

BY MARYNA IRKLIYENKO
IRKLIYENKO@KYIVPOST.COM

Ukraine's so-called simplified tax system first appeared in the late 1990s as a temporary remedy for small businesses struggling under byzantine tax rules.

Since then, however, it has repeatedly expanded in scope, allowing even large businesses to use the breaks to dramatically reduce their taxes and social payments. And far from being temporary relief, it appears to be here to stay – to the detriment of a coherent tax system, critics say, if not also to the amount of tax revenue that government collects.

The legal scheme involves employers signing contracts for services with private entrepreneurs or "SPD," as users of the simplified tax system are known, instead of registering them officially as staff employees and paying in the general tax system.

Employers are happy with the rules because they get to avoid paying social payroll taxes, which can go from 36.76 to almost 50 percent of the salaries of official employees. By contrast, private entre-

preneurs' social taxes are fixed at slightly less than Hr 400 per month (\$50).

This simplified system also enables companies to shift part of their revenue to private entities, taxed at 5 to 10 percent, thus avoiding a 15-17 percent personal income tax or 21 percent corporate tax, for bigger companies.

The State Tax Service estimates that 1.2 million Ukrainians are registered as private entrepreneurs. It may not seem like much in a national workforce of 20 million. But the private entrepreneur system is now so popular and widespread that the government is finding the benefit hard to reduce or take away. In fact, when officials tried to restrict the categories of private entrepreneurs two years ago, tax protests erupted. The backlash forced politicians to back down.

Yet these tax benefits come at a price for the nation.

While it could be argued that government is losing out on tax revenue through the private entrepreneur system, the truth is that many employers and employees were simply evading

official taxes altogether – depriving government of any revenue.

Volodymyr Kotenko, partner at Big Four auditor Ernst & Young's Ukraine office, said the nation would be better off with a simpler, unified tax system.

"Instead of creating a kind of internal offshore and creating unnecessary competition between the general and so-called simplified tax systems, it's better to have one system that is equally simple for all, that would encourage [companies] not to hide," Kotenko said.

Until then, Kotenko said, businesses can hardly be blamed for taking advantage of the ambiguities in how an employee should be registered.

"It is a loophole, but I think it exists for objective reasons," Kotenko said, referring to the private entrepreneur system. "Life is complicated and it's hard to predict all possible business and human relations and put them into law."

Sometimes, however, businesses interpret the rules in ways that are not always legal, such as when they register permanent office staff as private entrepreneurs.

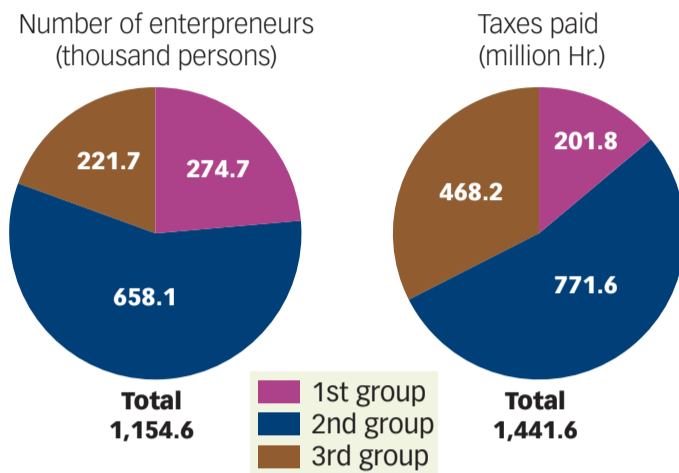
Larger-scale retail and service companies also favor this system. It's not uncommon that a sizeable retail outlet, restaurant or fitness center is owned by several entrepreneurs. This allows them to spread the income among themselves and still fall below the limits set by tax legislation.

Since the beginning of 2012, private entrepreneurs with profits of up to Hr 3 million (\$375,000) a year and hiring up to 20 employees could use the simplified system. On Aug. 8, President Viktor Yanukovich signed the law increasing this limit to Hr 20 million.

The new ceiling is a dramatic increase compared to the Hr 500,000 limit that existed when the regime was introduced in 1995 and when taxes were a fixed Hr 200 a month.

Yaroslav Lomakin, a founder of Moscow-based consultancy Honest & Bright, says the logic behind the increased limit is not clear, but it may be an attempt to improve the business climate. "All instruments can be used

Number of private entrepreneurs and taxes they paid, by type, for the first six months of 2012



Source: State Tax Service

According to the law, private entrepreneurs are divided into groups, depending on income and number of people employed.

1st group: under Hr 150,000 of income and no people employed. Fixed tax 1-10 percent of minimal wage (currently Hr 11-110).

2st group: under Hr 1 million of income and 10 people employed. Fixed tax 2-20 percent of minimal wage (currently Hr 22-220).

3rd group: under Hr 3 million of income and 20 people employed. Income tax 3 percent for payers of value-added tax and 5 percent for non-VAT payers.

in a number of ways," Lomakin said. "A knife can cut a sausage as well as stab a neighbor."

Besides lower tax rates, the system is also advantageous because of its simplicity, in contrast to Ukraine's overall complicated tax system. According to World Bank's Doing Business report, Ukraine ranks 181 out of 183 countries in ease of paying taxes. The country is also a world leader number of payments – 135 – businesses make yearly.

According to experts, one of the sectors to benefit the most from the simplified tax system is Ukraine's information technology industry. Some IT companies use hundreds of private entrepreneurs, with few people on their staff payrolls. The benefits of such tax optimization are impressive, since IT outsourcing is one of Ukraine's most promising industries with annual exports reaching \$1 billion and salaries constituting the biggest expense.

"The IT industry pays wages officially.

They are simply paid using somewhat different opportunities, as with private entrepreneurs," said Taras Vervega, president and managing director of SoftServe Europe, a Lviv-based software development company.

Ernst & Young's Kotenko said the private entrepreneur scheme is used both for tax evasion and simply muddling through. "It is another loophole, which can be perceived both in a negative connotation or positive, as it gives businesses an opportunity provided by legislation," he said.

But the policy of creating special conditions for one group of businesses leads to abuse, Kotenko argued. He said Ukraine needs to bring business out of the shadows by introducing simpler rules for all, something the nation's first comprehensive tax code, enacted in 2011, failed to do.

Kyiv Post staff writer Maryna Irkliyenko can be reached at irkliyenko@kyivpost.com.

→ On the move

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Effective 12 August 2012, **ALISA DUBROVA** has been promoted to the position of Managing Partner in BDO Legal Ukraine. BDO Legal Ukraine is the law company and the full Member Firm of BDO International, the fifth largest network of audit and consulting firms globally that was founded in Europe in 1963. BDO Legal Ukraine provides all types of legal services in Ukraine. As a new country manager for legal services of BDO in Ukraine, Alisa will be in charge of all professional activities of the firm. Alisa joined BDO Legal Ukraine as a Senior Manager in 2011. Before that she gained over 14 years of experience in legal and tax consulting area with Deloitte, Ernst and Young, KPMG, Andersen. Alisa received her Master of law diploma in Kiev National Economic University. She is a certified attorney-at-law.

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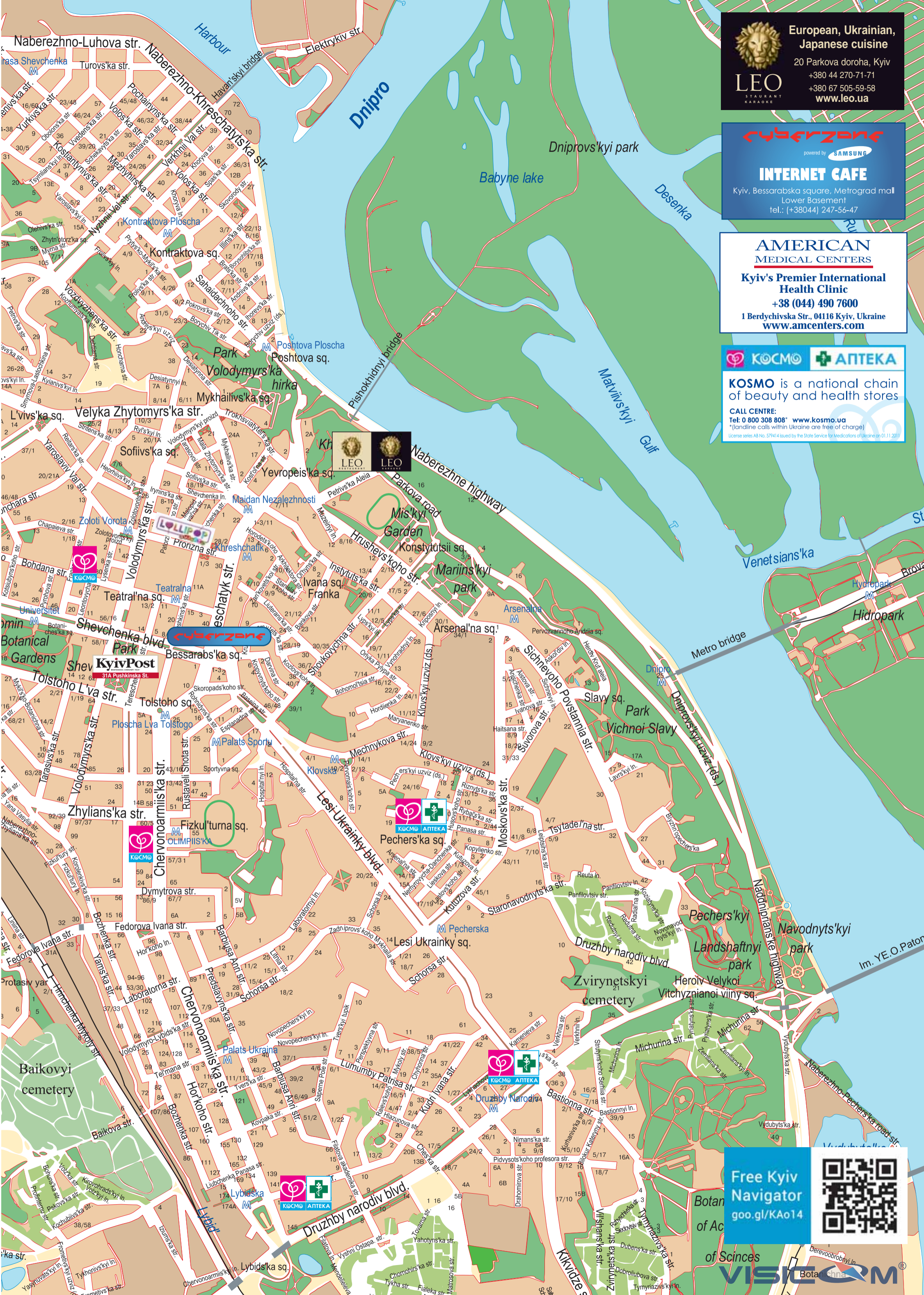
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Going Out Guide

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

Comments and tips are welcome. Email the lifestyle team at ls@kyivpost.comFor tickets online, please visit
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biletouse.com.ua, karabas.com, or biletik.ua.

Bogatyr's games

While the whole world is watching new sports stars emerge at the Summer Olympics in London, Kyivska Rus Park outside Kyiv is going to hold its own version of ancient Slavic Olympics this weekend. Visitors will have a chance to compete for the title of the strongest and bravest person of Kyivska Rus Park in historical tournaments.

Apart from that, the Knight of Kiev Detinets historical fencing tournament will take place yet again in the park on Aug. 11. And this time the contest is set to bring together participants of historical clubs from Kyiv and Kharkiv who will clash in one-on-one duels, and in the group category.

Bogatyr's games. Aug. 11-12. Kyivska Rus Park. 10 a.m. – 10 p.m. Hr 40 ●

Friday, August 10

Classical music

Classics on Fridays. Works of Chopin, Ravel, Stravinsky, Bartok, Bloch (violin, piano). Master Klass. 8 p.m. Hr 40 ●

Movies

Best Summer Shorts (shorts festival). Zhovten. 12:45 p.m., 4:20 p.m., 7:55 p.m. Hr 25 ●

Marina Abramovic: The Artist Is Present (documentary). Zhovten. 12:45 p.m., 4:20 p.m., 7:55 p.m. Hr 25-32 ●

4:44 Last Day on Earth (drama, 2003). Kinopanorama. 11 a.m., 3 p.m., 7 p.m., 9 p.m. Hr 20-50 ●

The Party Monster (drama). Outdoor cinema. 9 p.m. Free ●

Live music

Kozak System & Partizanskie

Vytivki. Docker Pub. 10 p.m. Hr 75 ●

Bangladesh Orchestra & Tex-Mex Company. Docker's ABC. 10 p.m. Hr 50 ●

Carl Hlamkin & OgneOpasno Orkestr, BRI-Dance Disco Bad Samurais. Art Club 44. 10 p.m. Hr 40 ●

Bad Samurais. Divan. 8 p.m. Free ●

Clubs

Foam Party. Forsage. 11 p.m. Hr 25-50 for females, Hr 30-60 for males ●

Friends Party. Home 11 p.m. Hr 20 for females, Hr 50 for males, free before midnight ●

Plombear Party (ice cream party). Saxon. 11 p.m. Hr 20-40 for females, Hr 25-50 for males ●

Balagan Party. Seven Music Club. 11 p.m. Free for females, Hr 20 for males ●

Miscellaneous

Retro Train (excursion). Kyiv central railway station. 11:32 a.m., 2:31 p.m. Hr 25

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

Kazantip. Through August 15. Popovka, Crimea. Hr 800-2,000

Ukrainian Baroque (art project). National Art Museum of Ukraine. 10 a.m. Hr 5-20 ●

I Am Sterdam (photo exhibition). Kyiv Photography School. 9 a.m. Free ●

Time Revealed (photo exhibition). Camera gallery. Free ●

Fryday Party. B-hush, InterContinental hotel. 2A Velyka Zhytomyrska St, 11th floor. 6:30 p.m. Free.

Saturday, August 11

Movies

Cosmopolis (drama by David Cronenberg). Ukraina. 10 a.m., 2:40 p.m., 4:50 p.m., 7:20 p.m. Hr 20-60 ●

Dark Knight Rises. Kyiv. 12 a.m. Hr 30-60 ●

Best Summer Shorts (New Vision shorts festival). Zhovten. 1:15 p.m., 2:55 p.m., 7:55 p.m., 9:35 p.m. Hr 25 ●

Marina Abramovic: The Artist Is Present (documentary). Zhovten. 11:20 a.m., 4:35 p.m., Hr 32 ●

The Private Life of Valentyn Kuziayev. Feature Film, 1967. Outdoor Cinema. 9 p.m. Free ●

Live music

Vasya Club & Red Rocks. Docker Pub. 10 p.m. Hr 75 ●

Angie Nears & Partizanskie Vytivki. Docker's ABC. 10 p.m. Hr 50 ●

Mamma Mia (cover band). Art Club 44. 10 p.m. Hr 50 ●

Night Surf. Divan. 8 p.m. Free ●

Clubs

Night Provocators. Bionica. 11 p.m. Free for females, Hr 40-60 for males ●

House Summer Punks. Saxon. 11 p.m. Hr 20-40 for females, Hr 25-50 for males ●

Promomonsters Night. Crystal Hall. 11 p.m. Hr 50 for females, Hr 100 for males ●

Lips Party. Seven Music Club. 11 p.m. Free for females, Hr 20 for males ●

Berlin Holidays. Mantra. 10 p.m. Hr 100 for females, Hr 200 for males ●

Miscellaneous

Retro Train (excursion). Kyiv central railway station. 11:32 a.m., 2:31 p.m. Hr 25

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

Kazantip. Through August 15. Popovka, Crimea. Hr 800-2,000

Ukrainian Baroque (art project). National Art Museum of Ukraine. 10 a.m. Hr 5-20 ●

I Am Sterdam (photo exhibition). Kyiv Photography School. 9 a.m. Free ●

Bogatyr's Games. Kyivska Rus Park. 10 a.m. – 10 p.m. Hr 40 ●

Medoviy Spas. Honey Fair. Pyrohovo. 12 a.m. – 5 p.m. Hr 20 ●

Time Revealed (photo exhibition). Camera gallery. Free ●

Beach Volleyball Beauty Contest. Olmecca Plage. 10 p.m. Free ●

Sunday, August 12

Movies

Cosmopolis (drama by David Cronenberg). Ukraina. 10 a.m., 2:40 p.m., 4:50 p.m., 7:20 p.m. Hr 20-60 ●

Dark Knight Rises. Kyiv. 12 a.m. Hr 30-60 ●

Best Summer Shorts (New Vision shorts festival). Zhovten. 1:15 p.m., 2:55 p.m., 7:55 p.m., 9:35 p.m. Hr 25 ●

Marina Abramovic: The Artist Is Present (documentary). Zhovten. 11:20 a.m., 4:35 p.m., Hr 32 ●

Clubs

I Love Disco. Saxon. 11 p.m. Hr 20 ●

R'n'B Boom. Forsage. 11 p.m. Hr 20-30 ●

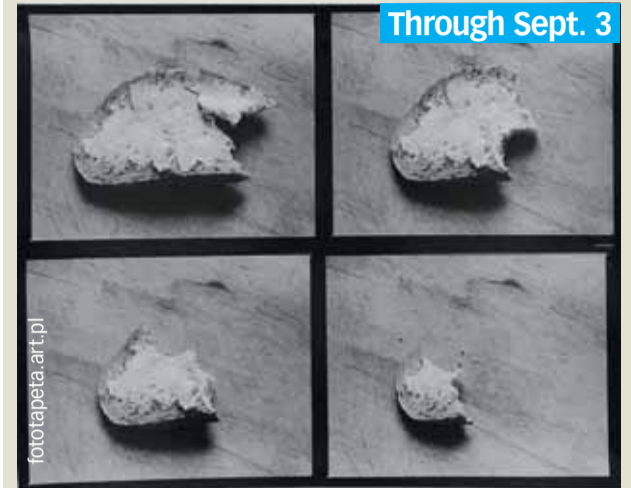
Sun.Set.Session Party. Mantra. 10 p.m. Free ●

Miscellaneous

Retro Train (excursion). Kyiv central railway station. 11:32 a.m., 2:31 p.m. Hr 25

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

Through Sept. 3



Time revealed in photo exhibition

This won't be just an ordinary photo exhibition. The works of Polish photo guru Krzysztof Wojciechowski will go on display in Camera gallery on Aug. 10. His collection of black-and-white photos is called "Time Revealed". It consists of original vintage prints and contemporary prints of the artist's early works.

Time revealed. Photo exhibition. Through Sept. 3(closed on Wednesdays). Camera gallery. Free ●

Kazantip. Through August 15. Popovka, Crimea. Hr 800-2,000

Ukrainian Baroque (art project). National Art Museum of Ukraine. 10 a.m. Hr 5-20 ●

I Am Sterdam (photo exhibition). Kyiv Photography School. 9 a.m. Free ●

Bogatyr's games. Kyivska Rus Park. 10 a.m. – 10 p.m. Hr 40 ●

Medoviy Spas. Honey Fair. Pyrohovo. 12 a.m. – 5 p.m. Hr 20 ●

Time Revealed (photo exhibition). Camera gallery. Free ●

shorts festival). Zhovten. 2:55 p.m., 7:55 p.m., 9:35 p.m. Hr 25-40 ●

Cosmopolis (drama by David Cronenberg). Ukraina. 10 a.m., 2:40 p.m., 4:50 p.m., 7:20 p.m. Hr 20-60 ●

Dark Knight Rises. Kyiv. 3 p.m., 8 p.m. Hr 30-60 ●

Seven Days In Havana (7 días en La Habana). Zhovten. 12:35 p.m., 2:50 p.m., 7:05 p.m., 9:20 p.m. ●

Live music

Rockfour (cover band). Docker Pub. 9:30 p.m. Free ●

Vostochnyi Express. Docker's ABC. 10 p.m. Free ●

Artem Lebedev Band (smooth jazz). Art Club 44. 10 p.m. Free ●

Miscellaneous

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

I Am Sterdam (photo exhibition). Kyiv Photography School. 9 a.m. Free ●



Honey Day

The health benefits of honey have been extolled since ancient times. It is best known as an antibiotic, used to treat cuts and burns, but also to relieve sore throats, as well as improve how the immune system functions. This weekend Ukraine's biggest ethnic museum located in Pyrohovo is hosting a special event to mark a big Christian holiday known as "Medoviy Spas," or "Honey Savior" traditionally celebrated on Aug 14. Beekeepers from all over Ukraine will come to Pyrohovo. They will sell linden, flower, buckwheat and other types of honey collected this year.

The folk bands from Kyiv, Zhytomyr and Chernihiv region are set to entertain the visitors with traditional Ukrainian songs.

Medoviy Spas. Aug. 11-12. Pyrohovo. 12 a.m. – 5 p.m. Hr 20 ●



Watching films outdoors

This place is a nice summer alternative to Kyiv cinemas. Every Thursday, Friday and Saturday the films selected by members of the Kyiv Visual Culture Research center are shown on the big screen mounted in Nyzhniyurkivska St. in the Podil neighborhood, where Kyiv's first outdoor cinema has opened its doors on Aug.2. The film show starts at 9 p.m.

The Party Monster, a 2003 American biographical drama will be shown on Aug.10. Woodstock, a 1970 American documentary and The Private Life of Valentyn Kuziayev, a 1967 feature film made in USSR will be screened on Aug 11. Worth a try.

Outdoor cinema. 31 Nyzhniyurkivska St. 9 p.m. Free
For a detailed schedule go to cinema's website http://kinokombo.blogspot.com/ ●



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Election Watch

Oct. 28 parliamentary election



Communists' populist rhetoric does not match their actions

BY DENIS RAFALSKY
and YURIY ONYSHKIV
RAFALSKY@KYIVPOST.COM
and ONYSHKIV@KYIVPOST.COM

Ukraine's Communist Party is once again on the rise.

A recent poll conducted by Kyiv International Institute of Sociology shows support for communists at 10 percent. If that translates into votes, the Communist Party could add to their 26-seat faction in the 450-seat legislature after the votes are counted in the Oct. 28 parliamentary election.

The party is also more visible, recently launching an advertising campaign that recycles some of their Soviet-era slogans about social justice and the vices of capitalism.

However, the populist rhetoric shows the wide gap between the communists' public statements and their private lifestyles.

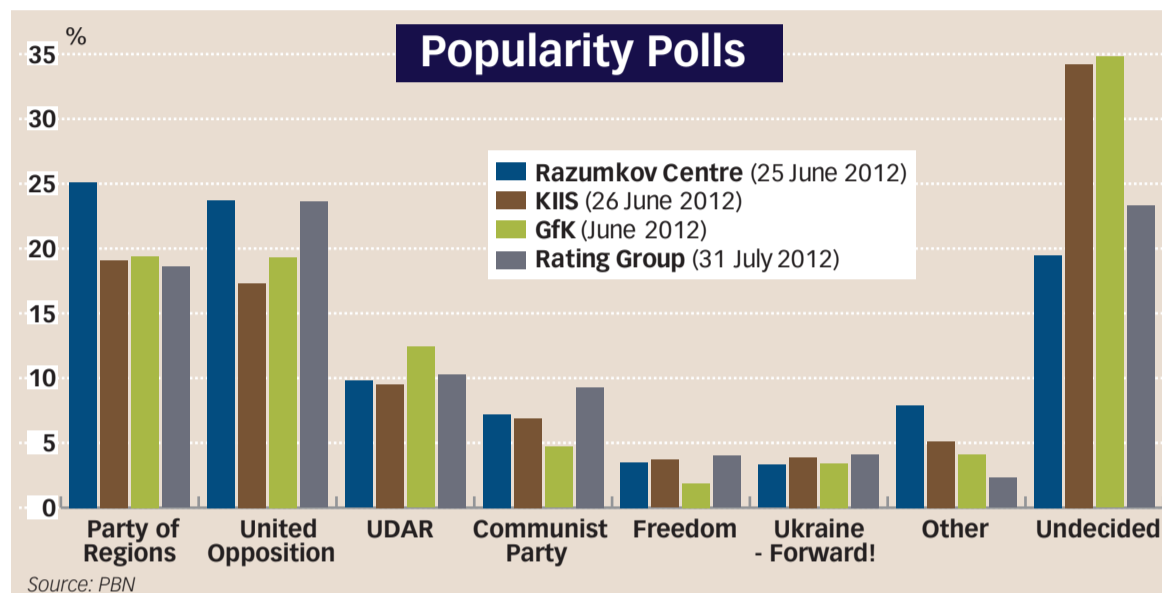
'A tax for the rich'

Taking from the rich and giving to the poor is a key slogan. They say they favor luxury taxes, yet recently refused to vote in favor a luxury tax draft law proposed by the government. Instead, the Communists criticized the government's bill as unworkable and said their version is more comprehensive.

However, the tax would hit billionaires and millionaires, and some of these could well be Communists, something the party's members don't want to mention.

The Ukrainska Pravda news website exposed Yuriy Gaydayev, lawmaker in the Communist Party faction, who was photographed last December using an expensive Porsche Cayenne, a vehicle that sells for at least \$100,000.

With only Hr 140,000 income in 2006, Gaydayev – who served as health minister in the 1990s – could



hardly afford such care. The deputy said that his wife, who has been in business for the last 15 years, owns it.

The longtime head of Ukraine's Communist Party and another luxury-car lover, Petro Symonenko, is known for his affection to Swiss watches worth tens of thousands of dollars.

Although proclaiming antagonism to wealth, he also lives in three-story house in an elite residential area outside of Kyiv, estimated to be worth \$1.5 million. Symonenko, who has never been in business and has failed to make his income declaration public, said the house belongs to his son.

According to Symonenko income declaration, last year he made only Hr 238,000 (\$30,000). He also says that he and his wife own two land plots and five apartments, the smallest is 38 and the largest is 135 square meters, but neither owns a car.

The luxury tax is one of his favorite

topics for public speeches at campaign rallies, though he strangely fails to portray himself as a possible target of such legislation.

"Their slogans are rather populist, not concrete, amorphous – a call for struggle with the oligarchs, and returning to the Soviet past," said Olexiy Haran, political science professor at Kyiv Mohyla Academy. "Communists continue their game ... They cooperate [with the authorities] and their representatives hold leading posts, although they criticize the authorities."

Haran says communists know which way the wind blows, which is why they talk about introducing, for example, a luxury tax. "If members of Party of Regions talk about luxury taxation that means there is no threat to them," he explained.

Communists say their use of old slogans shows they are consistent.

"I don't think that holding certain, repeated and consistent views is bad.

Quite the contrary, communists are not false to themselves," Olexandr Holub, a lawmaker in the Communist Party faction, told the Kyiv Post.

Holub says his party introduces legislation to support its agenda, but lacks enough backing to get the measures passed by parliament.

'Corrupt belong in prison'

This recent communist slogan closely resembles the 2004 Orange Revolution rhetoric of ex-President Viktor Yushchenko, who repeatedly said that "bandits belong to prison," but who failed miserably in his five-year term.

Like Yushchenko and his team, communists have not only failed to bring criminals to justice, they have allegedly been involved in various corruption scandals.

According to the Chesno (Honest) civic movement, which aims to make election process more transparent, at

least a half-dozen lawmakers in the Communist Party faction in the parliament are suspected of having bribed voters ahead of the Oct. 28 election, among other infractions.

Among them is Communist Party lawmaker Olexandr Tkachenko, who at the beginning of 2000s served as head of the State Procurement Chamber, which is long accused of bid rigging. Tkachenko dismissed the allegations.

Country robbed

Although campaigning on rhetoric that the rich have stolen from the poor to become richer and avoid justice, Ukrainian communists again show a disconnect with reality.

Having been in the parliament for the last 20 years, longer than any other faction, the Communist Party has rarely voted in favor of anti-corruption legislation. To the contrary, they have voted for laws that may fuel corruption.

Among such recent examples is the fact that Communist Party faction unanimously voted on July 4 in favor of a controversial bill on state procurement, which further reduces competition and oversight of billions of dollars in annual state purchases. The law has been recently signed by President Viktor Yanukovich.

Besides, in November 2010, communists supported Yanukovich's choice of Viktor Pshonka as general prosecutor of Ukraine. In the last two years, the prosecutor's office has not succeeded much in cracking down on corruption or prosecuting heinous crimes, but rather for persecuting opposition politicians in dubious cases.

The communists seem to be fine with that.

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Party of Regions members shy away from their affiliation

BY YURIY ONYSHKIV
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Members of the pro-presidential Party of Regions in some parts of the nation are not eager to tout their party affiliation in the Oct. 28 parliamentary elections. It appears they fear that playing up their ties will cost votes.

Although the election campaign started only July 30, prospective candidates long ago started awareness campaigns. In one example, billboards promoting Maksym Lutsky, a Party of Regions lawmaker, did not mention his party affiliation.

Taras Berezovets, director of the political consulting firm Berta Communications, says that with the growing unpopularity of President Viktor Yanukovich and his ruling party, distancing is understandable.

According to a June poll by the Razumkov Center, the party in the center and northern oblasts has only 14 percent support compared to 27 percent who support imprisoned former Prime Minister Yulia Tymoshenko's Batkivshchyna Party. During the

presidential vote on Feb. 7, 2010, Tymoshenko got 65 percent of the votes in Kyiv Oblast.

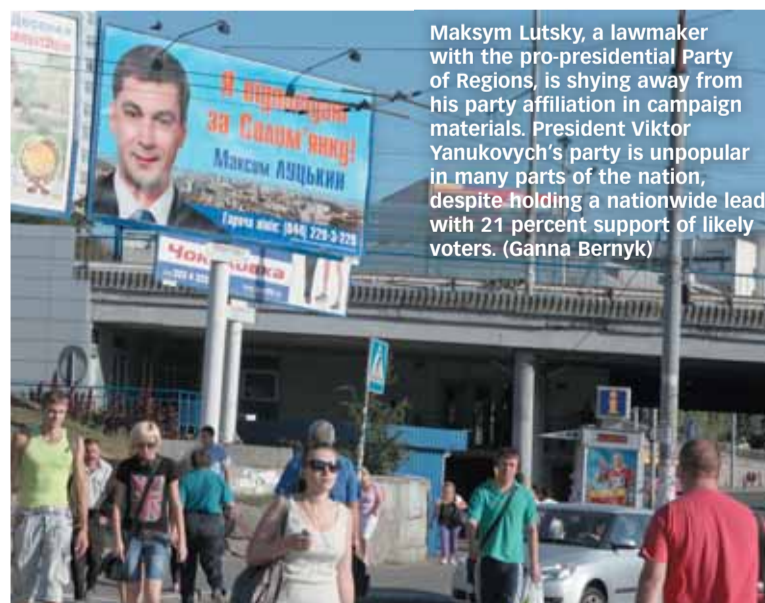
Yet a Razumkov Center poll in June shows that the Party of Regions remains the most popular party nationwide with 21 percent support.

Berezovets says he saw many such examples of candidates obscuring their Party of Regions' connections in southern Ukraine.

Also, in Kyiv, where Lutsky is planning to run for parliament on a single-mandate district, the Party of Regions is not popular. Lutsky could not be reached for comment.

Two other Party of Regions lawmakers in the parliament – Valeriy Borysov and Ihor Lysov – are following suit. Banners of their campaign have appeared in different parts of Kyiv, but neither of them bore any mention that they are members of the pro-presidential party.

Borysov could not be reached for comment while Lysov confirmed that he is running in a single mandate constituency, endorsed by the Party of Regions. He told the Kyiv Post that he



Maksym Lutsky, a lawmaker with the pro-presidential Party of Regions, is shying away from his party affiliation in campaign materials. President Viktor Yanukovich's party is unpopular in many parts of the nation, despite holding a nationwide lead with 21 percent support of likely voters. (Ganna Bernyk)

was not using his party's logo before he is officially registered as a candidate, but promised to make it clear to voters that he is a Party of Regions member. "There is no reason to be ashamed,"

Lysov said.

Apparently, some of his party colleagues seem to not share that view. At least two other Regions Party deputies seem to be unhappy about the party's

legislative initiatives ahead of election.

The electronic voting cards of Orest Muts and Vasyl Chudnov, both pro-presidential party lawmakers, were used to vote in support of the controversial language bill on July 3 which enhances the status of the Russian language. But the deputies rushed to declare that they are against the law and asked not to count their votes.

In a telephone interview with the Kyiv Post, Muts said he will run for parliament in western Ternopil Oblast as an independent.

"I will be running for parliament not on the banner of Party of Regions, because I do not want to capitalize on the image of my party," he explained. "I would run as independent there even if my party had a 40 percent approval rating."

Muts also made it clear that he is strongly against the language bill, which was proposed by his faction colleagues. But he noted that he does not plan to quit the party in protest.

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

Ukraine heads into the final days of the London Olympics with 10 medals.



→ 14



Khreshchatyk's living statutes

Living statues can be found in Kyiv on almost any day in the summer, only two years after they first appeared in Kyiv. Andrei Kros has done this form of performance acting for so long that he trains and prepares costumes for people curious to try out his art. (Ganna Bernyk)

FEDOR ZARKHIN
ZARKHIN@KYIVPOST.COM

She is on Khreshchatyk Street, covered head to toe in gold paint, an attractive cowgirl, complete with a hat and a little whip.

She strikes a pose and stands motionless for minutes at a time until a curious passerby stops to look. Then suddenly she winks, or waves, or beckons him to come closer, and then resumes her pose. Soon enough a crowd of curious passersby will form, and kids will run up to throw a hryvnia into the artist's bin and take a picture.

The woman, Vlada Zadnebryannaya, is one of at least five living statues that perform on Khreshchatyk Street even on weekdays. The characters range from the female impersonation of Ukraine, to Caesar, to a cowboy. Each character has his or her own way to amuse the curious.

If men are in the audience, Zadnebryannaya says she might hit them with her whip or beckon to them. If there are children, she'll shake their hands and soon enough they will want to take a picture. On average, a statue can make Hr 70 to 100 an hour, said Alexander Dymchenko, who says he has been in the business for 11 years, mostly in Crimea.

Although living statues are a common sight in Western Europe, they are believed to have appeared on Kyiv's streets only about two years ago.

The number of living statues in Kyiv has more than doubled this year, said Dymchenko, who manages six living statues. He teaches them, prepares their costumes and tells them when to rest, among other things. Dymchenko said another 13 living statues appeared



Yaroslav Goncharenko is one of at least five actor-statues working on Khreshchatyk Street almost daily in summer. (Fedor Zarkhin)

in May this year.

Among Khreshchatyk's living statues is a student who wants to raise money for a trip to Crimea, another one wants to pay for her education and another is saving up for a laptop. And there is even one who wants to make it a full-time profession by going to mime school.

But whatever their reasons to per-

form, what unites the five living statues interviewed by the Kyiv Post is their love of performing for audiences.

"For me the most important thing isn't to make money; it's to make people smile," Zadnebryannaya said.

It was only Zadnebryannaya's fourth day working, but Dymchenko agreed, saying it's an extraordinary feeling

when people – particularly children and pensioners – understand his art.

Yaroslav Goncharenko, a 16-year-old who has been performing for about two months, has already decided he wants to be a professional performer. The next step for him is to enroll in mime school.

But performing isn't always easy.

Marina Svyshova almost lost consciousness this week on her first day performing. Caught by her instructor before she hit the ground, she soon recovered. The reason she almost fainted, she explained, was that the hat she wore while performing was pressing too hard on her temples.

Not everyone is cut out for the job, Dymchenko said. "If a person doesn't have stamina, they won't be able to stand there," he said.

Whatever the weather, she has to stand, Zadnebryannaya said, whether it's shivering in the rain, or being close to fainting in the heat.

Goncharenko, however, said his audience distracts him from fatigue. He can easily stand motionless for an hour, but his capacity to stand longer "depends on people's smiles."

But the audience isn't always made up of the most savory characters. Asked what his work has taught him about people, Dymchenko said he learned that Ukrainians are uneducated and boorish.

"Some drunken lout points his finger and shouts 'Haa, look, it moved, haa!' Guys, we're living in the 21st-century," he said. "There are still a lot of people who don't know what art is."

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Dining the eco-friendly way at Kyiv's Koza-Dereza

Eco-friendly restaurants are new for Kyiv. Koza-Dereza, a new offspring of the Kozyrna Karta chain, appears in a quiet yard on Artema Street. It claims to be the first farmer's restaurant, where one can not only dine out, but also pick up some groceries. This is the place to enjoy with friends and organic food.

The hybrid shop-restaurant is decorated like a kitchen. The favorite radio station appears to be Retro FM. Another source of noise comes from the caged parrot near the entrance.

A shop in the lobby includes a bakery, eggs, sausage, milk, honey, jam and caviar at rather high prices.

Koza-Dereza offers simple cuisine with village grace. The menu is mixed. The major dishes are Ukrainian, but also with strange inclusions of Georgian, Russian and Italian dishes. For the cheese addict, it's paradise.

The waiters were rather friendly and offered tips about what to try for the first time. The seasonal menus are printed on recycled paper. The summer menu includes different soups and berry glazes. It's a good selection of Ukrainian dishes such as borsch, varenyky, potato pancakes and different riolls filled with cabbage, onion, and mushroom for the main course. Traditional goat cheese such as buche, crottin, tomette and other as feta and ricotta can be found there. By the way, 50 grams of cheese is enough. Meanwhile buche, with the ash crust, goes well with onion-celery jam. And everything's available for takeout.

After the main course you may choose among compote, fruit-drink, ryazhenka (boiled fermented milk) and homemade lemonade. We tried mint tea. It came in cups and a teapot made of fine porcelain and a Soviet-era sugar bowl, for a note of dissonance.

We ordered melon-peach soup with ice cream for Hr 52, which was really tasty, while the cranberry sorbet had a slightly sour taste. The chestnut cake (Hr 45) we were served later was made of sandy paste and seemed to have no sugar in it. If you want to have an ordinary three-course meal, be ready for at least a Hr 250 check.

Koza-Dereza has a place for children to play and a children's menu. And check out the lavatories with the funny signs. The place is smoke-free, a real positive for non-smokers. When we left, the administrator offered us an apple, completing the fairytale experience.

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Festivalgoers stroll by sailboats in Castletown, Isle of Man. (Oksana Grytsenko)



Night Owl

WITH ANASTASIA FORINA

FORINA@KYIVPOST.COM



Night parties featuring old hits gather huge crowds at Disco Radio Hall in Kyiv. (Courtesy)

Isle of Man and miracles



WITH OKSANA GRYTSENKO
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ISLE OF MAN – Guess where cats lack tails, sheep have four horns and huge sharks in the coastal waters pose no threat to people?

All of these strange species live on a small island, located between the United Kingdom and Ireland, in the middle of the Irish Sea.

It is the Isle of Man, or Ellan Vannin, as the locals call it.

This island, however, belongs neither to the United Kingdom nor to the European Union, and is still technically in a state of war with Germany as the Manx government never signed the Treaty of Versailles at the end of World War I.

But the oddities of the island are not limited to this strange historic fact.

When boarding the ferry to Man from Liverpool, I was preparing myself for the rugged beauty of the north, but instead Douglas, the capital of the island, welcomed me with the rawness of subtropical palms and flowers. In fact, it looked more like a northern Nice.

It turns out that moderate temperature with cool summers and mild winters, together with ample rainfall, allow this beauty to flourish year-round.

In fact, the Isle of Man used to be a popular resort in the times when Britain was reigned by Queen Victoria, whose statue stands in the center of Douglas on a street named in her honor. The fashionable Victorian villas along Douglas' long seafront are reminiscent of that belle époque of the island.

But later British tourists found more accessible and warmer travel destinations, and the luxury villas, later converted into hotels, remain half-empty.

Another rare legacy of Victorian times is a huge horse pulling an iron

tram full of passengers. Perhaps animal rights activists don't come often to this island, or the horse only looks tired when it is forced to make a stop at every red traffic light and then pull the heavy tram forward once more.

Fans of Victorian times will also enjoy the antiquated locomotives. The Isle of Man is proud of its steam and electric trains, which



connect the towns and villages of the entire territory – all 588-square kilometers. Modern double-decker buses supplement the Manx transport system, making travel around the island fast and comfortable thanks to great state of the local roads.

It takes around 20 minutes for the bus to get you from Douglas to the former capital Castletown, unsurprisingly best known for its Castle Rushen. Once a stronghold of Man's kings and lords, it is now one of the best-preserved medieval castles in Europe.

The Isle of Man has a history similar to that of the British islands, being initially inhabited by Celtic people and later colonized by the Norse from Scandinavia. Its name comes from Manannan, the Island's mythological sea god, who kept the island safe from disasters throughout its 10,000 year-long history.

After a stint under both the English and Scottish kings, in turn, the Isle of Man came under the lordship of English Crown in 1399, but was never part of Great Britain. The island still remains under Crown dependency and Queen Elizabeth II holds the title of Lord of Man, and is represented on the island by a Lieutenant Governor.

The tiny but beautiful Castletown resembles the fishing villages of adven-

ture books, with small yachts, picturesque houses, sea breeze, and smell of fish. Walking at sunrise along the beach and onto the sea is amazing, but mind the tide, which is so fast here that it may cut you off from land in just a few minutes.

Another prominent thing in Castletown is the Old House of Keys, former home of Manx parliament or Tynwald, which has a 1,000-year history making it the world's oldest continuous parliament, locals claim.

Later this two-branch parliament was relocated to Douglas, where it manages all the internal issues of the island.

The foreign policy of Man, however, is operated by the government of the United Kingdom.

This partly independent status of the island is manifested in many ways: British pounds circulated on the island's territory often carry Manx symbols; more than half of the 80,000 inhabitants came from the UK but are still considered as "comeovers."

An exotic place even for most Brits, this remote island attracts mainly downshifters thanks to its virgin nature, and rich men thanks to the low tax rates. The maximum income tax rate on the Isle of Man is 20 percent, compared to 50 percent in Britain.

Other people, lured by the island, are adventure seekers. These are motorcyclists – the Isle of Man lacks speed limits in non-built-up areas and hosts road racing competitions in warm period every year – and also space tourists, as the island has recently become a center of private space companies, which opened some research stations there.

The working day ends early on this island, and most shops and businesses are closed at 4 p.m. But soon after numerous night venues light up, as the Isle of Man is a popular place for partying thanks to its cheap alcohol taxes.

But if fast booze is not the aim, I would advise just to taste the fine local Okells ale in one of the numerous pubs of Douglas, remembering all the miracles seen on this island along the day.

Kyiv Post staff writer Oksana Grytsenko can be reached at goncharova@kyivpost.com

Old hits at crowded Disco Radio Hall

While most Kyiv nightclubs feature modern music, Disco Radio Hall plays retro hits every Saturday night. There I listened with my friends to the best songs of Gloria Gaynor, C.C. Catch and Modern Talking.

The track list was selected and played by DJs with Hit FM, Kyiv's most popular radio station. Sprinkled with modern pop hits, the music left the impression of something new and unique, as well as old and familiar.

The club was packed, but we found a place on the small, crowded dance floor. While the two-story club is big and spacious, the dance floor is sandwiched between the bar and a row of tables. Besides, three podiums for go-go dancers are right in the middle of it. When people are stepping on you, it's hard to enjoy dancing. And it's hot, with no air conditioning in evidence.

There were, however, 10 huge plasma TVs near each table on the second floor.

Luckily, they have an open-air terrace race which we visited several times to get a whiff of fresh air and enjoy the panoramic views of the Dnipro River.

The club's second floor is a lounge bar. There are plenty of tables as well as cozy sofas where you can watch people dancing downstairs. But it's better to reserve it in advance. A small table for four people will cost Hr 500, credited to your food and drinks order, while the reservation price for eight people is Hr 1,500.

The club's cocktail menu is almost the same as in most clubs and the prices are reasonable. The drinks were all tasty and looked nice, but weak in alcohol content.

That was my first time in Disco Radio Hall since the club moved from the Podil neighborhood to Moskovskiyi Avenue next to the Moskovskiyi Bridge. Its previous location was a big advantage. At the new digs, a narrow path leads to the place. The river is dirty in this location and smells badly.

So far, Disco Radio Hall is a good place to listen to old hits, but nothing more.

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

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Matchless Madonna

U.S. singer Madonna (top) performs during her concert at the Olympic Stadium in Kyiv on Aug. 4. Despite being very late, she seemed to have won over her fans of all generations. In Moscow, where she performed on Aug. 7, Madonna made news. During her concert, she displayed the words "Pussy Riot" on her back. The gesture came in support of the three feminist Russian rockers being tried on charges of hooliganism. In February, they performed a "punk prayer" in opposition to Russian President Vladimir Putin in Moscow's Christ the Savior Cathedral. Madonna said that she supports freedom of speech and hopes that the judge will show leniency. A verdict in the case is expected on Aug. 17. (AP)



Ukraine's medal count so far: 10

Ukrainian gymnast Ihor Radivilov performs on the vault during the artistic gymnastics men's apparatus finals at the 2012 Summer Olympics on Aug. 6 in London. Radivilov won the bronze medal. (AP)



Ukraine's Oleksiy Torokhtiy celebrates his gold medal in the 105-kilogram weightlifting competition at the 2012 Summer Olympics on Aug. 6 in London. (AP)

→ Ukraine's best athletes added one gold (left), one silver (below left) and one bronze medal (top) in last week's competition at the London 2012 Olympics. The nation had won 10 medals – three gold, one silver and six bronze – by the time this edition of the Kyiv Post went to press. The honors put Ukraine 16th among nations in the overall medal count. The games end Aug. 12.



Ukraine's Inna Osypenko-Radomska bites the silver medal she won in the women's kayak single 500 meter in Eton Dorney, near Windsor, England, at the 2012 Summer Olympics on Aug. 9. (AP)



Chess champ

Anton Korobov, 27, of Kharkiv became Ukraine's chess champion for the second time on Aug. 7 and took home \$20,000 for the honor as well as a stylish trophy. (Courtesy)

Experts indignant at state power play that ends in firing of six directors of museums, reserves

BY FEDOR ZARKHIN

The firing of six directors of major museums and reserves this year has raised questions among the cultural community about both the Ministry of Culture's motivations in doing so and the seemingly arbitrary way new directors are appointed.

Most of the new directors have little experience in managing museums and historical monuments, and Nelya Kukovalskaya, one of the fired directors, explains the spate of replacements as an attempt by the ministry to install people the ministry can control. But whether or not the replacements were justified, it is the fact that they can be hired virtually at the Minister of Culture's whim that has raised the greatest concerns among experts.

"The Ministry of Culture needs people who won't defend monuments and their protective zones," said Kukovalskaya, who was director of the Sofiya Kiyevska – a UNESCO world

heritage site – from 2000 until she was dismissed this year.

The Ministry of Culture said it would be unwise to generalize the reasons the six directors were replaced. It did say, however, that among them were ineffective management, obsolete methods, and violations found upon inspection.

Kukovalskaya believes she was fired because she refused to agree to allow construction projects in the buffer zone around the reserve. The Ministry of Culture, meanwhile, claimed Kukovalskaya was mismanaging the reserve and made major decisions without the ministry's permission.

Her dismissal was overturned in court, but the ministry fired her again under the pretext that she had been on sick leave longer than the maximum time allowed, she said.

Anatoliy Melnik, who was fired from his post as director of the Museum of National Arts, said there has been no logic to the firings.

"Why destroy everything now when

the collective is working normally and stably?" he said.

Melnik has also challenged his dismissal in court.

The director of the Ukrainian Center for Museum Development NGO, Vladislav Piro, said that although each dismissal had its particularities, what was common among them was that they were all done at museums or reserves with large financial resources. This has led him to speculate that the Ministry's motivation may have been to exert greater control over the financial flows, he said.

And while it is hard to determine whether or not all the replacements were justified, it is the process of appointing new directors that must change, said a former director of the UNESCO world heritage site Kyivo-Pecherskaya Lavra and the current director of the All-Ukrainian Museum Association NGO, Sergey Krolevets. The system is so corrupt, he said, that it is pointless to discuss the merits and faults of the new and former directors.

The culture minister – Mikhail Kulinyak – can appoint directors directly, an "authoritarian" method that wasn't even in place during the Soviet Union and isn't practiced in any Western countries, Krolevets said. The appropriate method would be for specialists to select directors based on their qualifications through a competitive and transparent process.

The new director of the National Museum of Art, however, will be chosen through a competitive process, which an activist organization – Kyiv is a Hospitable City – has said should be used as a model in the election of the directors for other museums and reserves. The Ministry of Culture was not available to explain why that position will be filled competitively while the others were not.

The Kyivo-Pecherskaya Lavra has also been in the news recently because of the supposed firing of 20 of its deputy directors and scientists. Kyiv is a Hospitable City wrote in a press

release that the UNESCO site is in the hands of incompetent management, which the activist organization claims poses an existential risk to the site's priceless exhibitions.

One of Kyivo-Pecherskaya Lavra's former deputy directors, meanwhile, has claimed that she gave the Minister of Culture a \$50,000 bribe to get her job, according to media reports.

The directors of the following museums and reserves were fired this year:

- National Historico-cultural Reserve of Kyivo-Pechersk
- Sofiya Kiyivska National Reserve
- National Museum of National Architecture and Daily Life in Pirogovo
- National Museum of Taras Shevchenko
- National Museum of Art
- National Historico-memorial Reserve Bykivnyansky Mohyly

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Regarding subscription to Xtra TV of hotels, restaurants, bars and other establishments where Xtra TV will be screened in public, please call 067 218 79 21.

Calls to this number are billed at the rates of caller's telephone operator.

*The following information concerns only the use of short number 759 according to rules of Ukrainian GSM operators: Calls to 759 number from mobile numbers of Ukrainian operators are billed as follows: per-minute rate: UAH 0.00, connection fee: UAH 2.00. All prices include VAT. Additional 7.5% Pension Fund surcharge applies. The service is available to all adult subscribers of Ukrainian GSM operators. Information support at the short number is provided by Istim Telecom Ukraine LLC, 01023 Kyiv, Shota Rustaveli Str. 19. For inquiries concerning the use of short number, please call: (044) 591 19 13, Mon thru Fri from 9:00 till 18:00.

TV channel "Football" license HP №1298-M issued 18.01.2008

TV channel "Football+" license №1431-M issued 12.01.2008

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