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and analysis from the Yulia Tymoshenko Bloc (BYuT)

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Immunity or Posturing?

BYuT leader Yulia Tymoshenko warned the electorate about political posturing ahead of the 30 September parliamentary elections. The leader of the opposition expressed concern that recent calls to abolish legal immunity for deputies in the Verkhovna Rada may be nothing more than electoral posturing and not acted upon when the politicians get into power.



▲ The Verkhovna Rada should not be a haven for those seeking immunity from prosecution. BYuT will seek to make politicians deliver on their rhetoric.

During a press conference, Ms Tymoshenko reminded people that her bloc had drafted the necessary amendments to the Constitution to cancel immunity, but that the draft legislation failed to secure sufficient votes to be made into law.

"I personally sent these amendments to the Constitution and also letters to each of the leaders of the current parliamentary factions, with a request to support them. We did not receive any answers from some and others said that it was not topical and that we hadn't managed to gather sufficient signatures," said Mrs. Tymoshenko.

Ms Tymoshenko said that 129 BYuT deputies provided their signatures but that the draft legislation failed to muster the 150 signatures needed.

Ms Tymoshenko suggested that the latest call for immunity may be "hollow electioneering" and the best way to ensure the proposal becomes law is to make it the subject of a referendum on the Constitution.

BYuT Calls for Referendum on Constitution

The September elections are unlikely to deliver the lasting reforms that Ukraine needs on their own. BYuT has long-maintained that amendments to the Constitution are required if the country is to achieve genuine political, economic and social stability.

According to the bloc's leadership, there is an opportunity to hold, simultaneously with the elections, a national referendum on key constitutional reforms.

At stake are fundamental issues such as whether the nation will continue along the path of a parliamentary-presidential democracy or revert to a presidential-parliamentary democracy. The root of the issue stems from hastily drafted legislation in 2004 which saw the president's office cede a number powers to parliament in January 2006.

Leader of the opposition, Yulia Tymoshenko, has identified nine issues that she wishes to be put within a framework for a referendum on the Constitution. Apart from the governance issue, these include the election and resignation of judges, the extension of rights to local authorities



for greater self-government, constitutional status for the opposition, the abolition of privileges and immunity for top state officials, deputies and judges, the revocation of deputy mandates for those who fail to fulfil electoral promises and the need to simplify the procedure for referenda.

Ms Tymoshenko said that the people of Ukraine needed to take an active role in the development of the second stage of the Constitution. "Referenda must be used very sparingly, but all citizens of Ukraine, instead of three hundred deputies of parliament, have a right to create the new Constitution," underlined the BYUT leader.

Ms Tymoshenko committed BYUT to support whatever form of government was chosen by the Ukrainian people and appealed to TV channels to air debates concerning the issues.

The Minister, the Gas Deal and the Divorce

In a week when the news headlines were rightfully dominated by the toxic train disaster in Lviv, a story concerning a Kyiv divorce court, a discredited minister and a shadowy gas trader all but crept under the media's radar.

The minister in question is Yuriy Boyko, the trusted Party of Regions stalwart and Minister for Fuel and Energy. Mr Boyko, who championed the deal for the import of Central Asian gas to Ukraine through RosUkrEnergo (RUE), has always denied any connection with the much criticised gas trader. However, firm evidence has emerged linking Mr Boyko to the business interests of Dimitry Firtash, who owns 45 percent of RUE through his company GDF. Another 5 percent of RUE is owned by Ivan Fursin, a Ukrainian banker, and the 50 percent balance by Gazprom, the Russian state-controlled energy giant.



The revelation connecting Mr Boyko to RUE emerged during a divorce case in which Maria Firtash is claiming half of her ex-husband's business empire as settlement. The evidence is in the form of a letter of attorney which was obtained by Ukrayinska Pravda. The letter reveals that it had, at least once, legally authorised Mr Boyko "to manage and dispose" of the assets owned by Mr Firtash.

According to a London-based energy analyst, "this implies a massive conflict of interest."

Mr Boyko, along with Viktor Yanukovich, was instrumental in introducing RUE to the sector in 2004 and was a member of RUE's first coordinating committee at that time, while also serving as chairman of Naftohaz Ukrainy – Ukraine's national gas company. He has always contended that the intermediary has played a positive role in keeping gas prices stable. Ukraine currently pays \$130 per thousand cubic metres, compared to \$230 per thousand cubic metres paid by many western European states and select former-Soviet Bloc states which have fallen foul of the Kremlin.

But many in the energy industry believe it a myth that RUE is a buffer against price hikes. The company already owes \$1.7 billion to Gazprom and its opaque structure has been the subject of investigations by the US Justice Department and EU authorities.



Under Mr Boyko, RUE has extended its business tentacles through its subsidiary UkrGazEnergo, which provides gas wholesale to Ukrainian industry. The debt-riddled Naftohaz is left with the unprofitable domestic market.

Also, Mr Boyko has been an advocate of offering Russian gas suppliers wider access to Ukraine's end-user market – a move that would have turned over retail networks of regional distribution companies to Russian gas companies in return for access to gas extraction projects in Russia. This would have threatened Ukraine's energy independence, locking it into an uncertain dependency on Gazprom, which has long-coveted control of Ukraine's gas transportation network.

Letter of Attorney

The letter of attorney at the heart of the storm was granted by Mr Firtash to Mr Boyko on 13 December 2005 and was valid through 1 July 2006. Its existence was confirmed by the minister's spokesman, Kostiantyn Borodin.

"There appears irrefutable evidence linking the energy minister to Mr Firtash and RosUkrEnergo. This represents an outrageous conflict of interest as earlier it was denied there was any connection. We call for Mr Boyko's dismissal and for full disclosure on this issue," said Hryhorii Nemyria, Ms Tymoshenko's foreign affairs adviser.

Whilst the new evidence puts renewed pressure on Mr Boyko, it also reignites the whole issue of transparency in brokering national energy deals. BYUT maintains that there is no reason to use any intermediary company for the importation of natural gas, and that contracts between governments should be clear and transparent.

Canada Calling



Yulia Tymoshenko met with Peter MacKay, the Minister of Foreign Affairs of Canada.

Top of the agenda was the assistance Canada will provide to ensuring fair and transparent elections in Ukraine.

Canada is home to one of the largest Ukrainian expatriate communities. An estimated one million Ukrainians, or people of Ukrainian descent, live in Canada – equivalent to about three percent of the country's population.

Mr MacKay was confident that Canada would send more observers than any other country to monitor the forthcoming elections. Discussions were also held on potential collaboration between Ukraine and Canada in the field of energy, particularly nuclear power. Also, an invitation was extended to Ms Tymoshenko to visit the country.

Ms Tymoshenko thanked the minister and the Canadian Ambassador, Mrs Abina Dann, for Canada's support towards Ukraine's entry to the World Trade Organisation and for helping to strengthen democracy in the country.