

# Gas lobby runs Yanukovich administration

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In an interview in Kyiv's Segodnya newspaper ([www.segodnya.ua/interview/14152972.html](http://www.segodnya.ua/interview/14152972.html)), Nestor Shufrych – recently dismissed as emergency minister -- revealed and confirmed that the corrupt gas lobby associated with the opaque RosUkrEnergo (RUE) gas intermediary controls the Viktor Yanukovich administration (see the Global Witness report on RUE at [www.globalwitness.org/media\\_library\\_detail.php/479/en/its\\_a\\_gas\\_funny\\_business\\_in\\_the\\_turkmen\\_ukraine\\_g](http://www.globalwitness.org/media_library_detail.php/479/en/its_a_gas_funny_business_in_the_turkmen_ukraine_g)).

Parliament voted to remove Shufrych as minister of emergency situations and he was appointed on July 9 as deputy secretary of the National Security and Defense Council. Segodnya newspaper is owned by Donetsk oligarch Rinat Akhmetov, who is often tagged as the leader of the "pragmatic" business wing of the Party of Regions. In the last survey of Ukraine's wealthiest individuals on the eve of the 2008 global financial crisis, Korrespondent magazine calculated that Akhmetov was worth \$31 billion making him the richest person in Europe and Eurasia (Russian oligarch Oleg Deripaska came second with \$30 billion).

Although Akhmetov twice entered parliament in 2006 and 2007 in the Party of Regions, he never attends parliament and his voting card is used by somebody else. Parliamentary immunity was the most important reason to seek a parliamentary seat, particularly after the first year of the Viktor Yushchenko-Yulia Tymoshenko Orange Revolution rule in 2005, when Akhmetov fled to Monaco, where he has one of his many homes. Although Akhmetov has accumulated a huge amount of wealth, he is no match for the gas lobby. Shufrych states that presidential administration head Serhiy Lyovochkin's group dominates among all of the groups in the Party of Regions and it is the most influential. They are more influential than (Prime Minister Mykola) Azarov, (First Deputy Prime Minister Andrey) Klyuev and others' ([www.segodnya.ua/interview/14152972.html](http://www.segodnya.ua/interview/14152972.html)).

Lyovochkin was a senior adviser to former President Leonid Kuchma and has long been associated with RosUkrEnergo, established by ex-President Leonid Kuchma and then Russian President Vladimir Putin in July 2004 to replace another gas intermediary Eural-Trans Gas. Three other senior members of RosUkrEnergo include Security Service of Ukraine (SBU) chairman Valeriy Khoroshkovsky, Minister of Fuel and Energy Yuriy Boyko and 45 percent RosUkrEnergo co-owner Dmytro Firtash. Khoroshkovsky's conflict of interests goes further than that between a state official and energy – he is also owner of Ukraine's most popular Inter television channel.

In summer 2005, Boyko was set to be arrested on orders of Yulia Tymoshenko's right hand man, Oleksandr Turchynov, who then headed the SBU, for abuse of office when he was head of the state owned Naftohaz Ukraine. But, his arrest was blocked by intervention from ex-President Viktor Yushchenko who, as a Washington-based expert on energy told me, "had taken over the RosUkrEnergo franchise after coming to power."

Tymoshenko alone fought to remove RosUkrEnergo from the Ukrainian-Russian gas trade and was successful in doing so in the January 2009 gas contract. RosUkrEnergo injected upwards of seven billion dollars a year into Ukraine's political system.

The dominant influence of the gas lobby in the Yanukovich administration will negatively impact upon Ukraine's integration into Europe and give impetus to integration with Russia and the Commonwealth of Independent States. Western analysts have always looked to the "pragmatic business" wing of the Party of Regions as the most pro-European group in the party, which has been sidelined from the Azarov government and presidential administration (see Adrian Karatnycky in the Wall Street Journal on Feb. 8 available at [http://www.acus.org/new\\_atlanticist/re-introducing-viktor-yanukovich](http://www.acus.org/new_atlanticist/re-introducing-viktor-yanukovich)).

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