

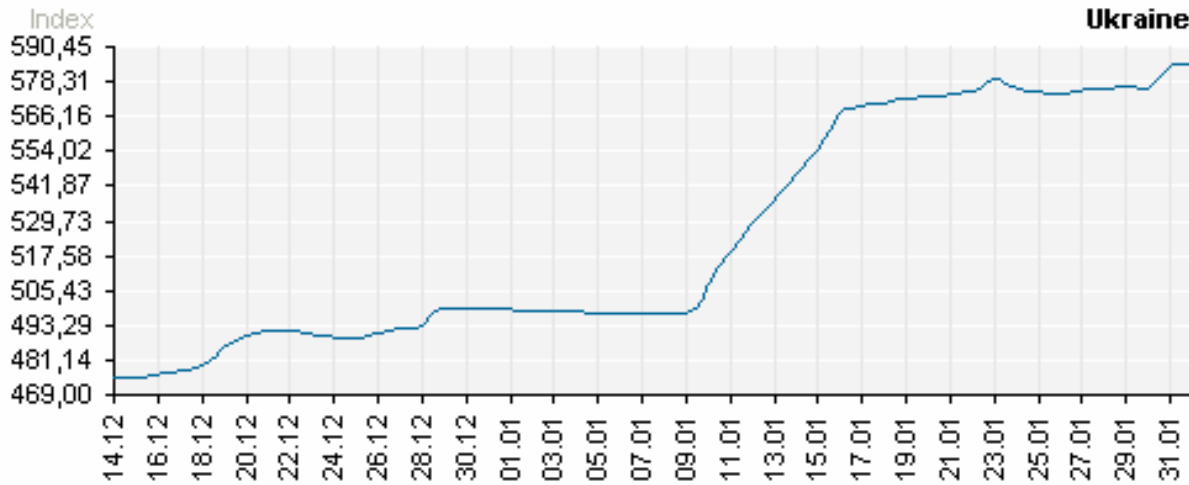


Ukraine Update 29 January – 2 February, 2007

<p>Political updates</p> <p>Ruling coalition takes responsibility for Ukraine's development After working out the program of Ukraine's development till 2011, government of Ukraine intends to start working out the strategy of the state's development for 10-15 years forward. Prime Minister of Ukraine Victor Yanukovich told. "Our next step to take is working out the strategy of development at least for 10-15 years. We must determine priorities and move in the most effective directions," the Premier said.</p> <p>Macroeconomic updates</p> <p>Kazakhstan proposes Ukraine to build new oil refinery Government of Kazakhstan offered government of Ukraine to build jointly new oil refinery powering three million tons of oil per year. Kazakh Ambassador to Ukraine Amangeldy Zhumabayev told. "We are interested in building oil refinery jointly with Ukraine. This is important now in the view of Ukraine's accession into the WTO," he said. The newspaper writes that the project of the new oil refinery will become the main issue for discussion during a visit of Kazakh President Nursultan Nazarbayev to Ukraine. The visit is scheduled for February 2.</p> <p>Ukraine's President supports WTO plan of the government Victor Yushchenko welcomes plans by the government to sign a deal enabling Ukraine to become a full member of the World Trade Organization in the first quarter of 2007 and calls on the cabinet of ministers and parliament to join efforts to achieve this goal. The President believes our country should "walk this path" without artificial obstacles and conflicts. He also hopes Ukraine's growing transit capabilities will help reinforce its energy security and make its relations with the EU, Russia and Caspian countries more dynamic.</p> <p>Economic updates</p> <p>Ukraine will pass on to postindustrial economy. The Economy Ministry of Ukraine forecast gradual change from industrial to postindustrial economy since 2007. Volodymyr Makukha the Economy Minister told today at the press conference. According to him, on the results of 2006 structure of GDP corresponded to the type of industrial economy. In 2006 in GDP structure approximately 30% made industry and about 15% - agro industrial complex.</p> <p>Direct foreign investments to Ukraine made USD 19.9 bn in 2006 In 2006 the volume of foreign investments to Ukraine doubled versus the similar period of 2005, Economy Minister Volodymyr Makukha told. According to him, the general volume of direct foreign investments to Ukraine, as of October 1, 2006 amounted to 19 bn. 911.8 M. USD, which equaled 424.3 USD per capita. Investments were coming from 117 countries.</p>	<p>STOCK INDICES →</p> <table border="1"> <thead> <tr> <th></th> <th>COUNTRY</th> <th>INDICES</th> <th>TIME</th> </tr> </thead> <tbody> <tr> <td>PFTS</td> <td>UA</td> <td>584.38 ↑</td> <td>01.02 17:00</td> </tr> <tr> <td>S&P-500</td> <td>US</td> <td>1 448.01 ↑</td> <td>02.02 17:20</td> </tr> <tr> <td>MIB-30</td> <td>IT</td> <td>42 613.00 ↑</td> <td>02.02 17:20</td> </tr> <tr> <td>FTSE-100</td> <td>GB</td> <td>6 313.40 ↑</td> <td>02.02 17:20</td> </tr> <tr> <td>CAC-40</td> <td>FR</td> <td>5 680.15 ↑</td> <td>02.02 17:20</td> </tr> <tr> <td>DAX</td> <td>DE</td> <td>6 895.01 ↑</td> <td>02.02 17:20</td> </tr> <tr> <td>SMI</td> <td>CH</td> <td>9 251.07 ↑</td> <td>02.02 17:20</td> </tr> </tbody> </table> <p>EXCHANGE RATES IN UKRAINE →</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Cash 02.02.07 17:08</th> <th colspan="2">Cashless 02.02.07 16:01</th> </tr> <tr> <th>BID</th> <th>ASK</th> <th>BID</th> <th>ASK</th> </tr> </thead> <tbody> <tr> <td>1USD</td> <td>5.0400</td> <td>5.0600 ↓</td> <td>5.0550 ↑</td> <td>5.0650 ↑</td> </tr> <tr> <td>1EUR</td> <td>6.5500 ↑</td> <td>6.6200 ↓</td> <td>6.5800</td> <td>6.6000 ↑</td> </tr> <tr> <td>10RUB</td> <td>1.8600</td> <td>1.9200</td> <td>1.9080 ↑</td> <td>1.9120 ↑</td> </tr> </tbody> </table> <p>CREDIT FOR BUSINESSES IN UKRAINE →</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">02.02.07</th> </tr> <tr> <th>1 MON.</th> <th>3 MON.</th> <th>6 MON.</th> <th>12 MON.</th> </tr> </thead> <tbody> <tr> <td>UAH</td> <td>22.00%</td> <td>22.00%</td> <td>22.00%</td> <td>22.00%</td> </tr> <tr> <td>USD</td> <td>16.00%</td> <td>16.00%</td> <td>16.00%</td> <td>16.00%</td> </tr> <tr> <td>EUR</td> <td>15.00%</td> <td>15.00%</td> <td>15.00%</td> <td>15.00%</td> </tr> </tbody> </table>		COUNTRY	INDICES	TIME	PFTS	UA	584.38 ↑	01.02 17:00	S&P-500	US	1 448.01 ↑	02.02 17:20	MIB-30	IT	42 613.00 ↑	02.02 17:20	FTSE-100	GB	6 313.40 ↑	02.02 17:20	CAC-40	FR	5 680.15 ↑	02.02 17:20	DAX	DE	6 895.01 ↑	02.02 17:20	SMI	CH	9 251.07 ↑	02.02 17:20		Cash 02.02.07 17:08		Cashless 02.02.07 16:01		BID	ASK	BID	ASK	1USD	5.0400	5.0600 ↓	5.0550 ↑	5.0650 ↑	1EUR	6.5500 ↑	6.6200 ↓	6.5800	6.6000 ↑	10RUB	1.8600	1.9200	1.9080 ↑	1.9120 ↑		02.02.07				1 MON.	3 MON.	6 MON.	12 MON.	UAH	22.00%	22.00%	22.00%	22.00%	USD	16.00%	16.00%	16.00%	16.00%	EUR	15.00%	15.00%	15.00%	15.00%
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Dynamics of change the index PFTS Index, Ukraine



Sectoral updates

Yanukovich promises to increase financing of military-industrial complex

The Government intends to increase financing of programs of development of military-industrial complex (MIC) by 20-25% in 2007.

The Prime minister of Ukraine Viktor Yanukovich informed. "The markets are developed and we work to increase MIC program by 20-25% this year," Yanukovich said. He noted that nowadays the Government works out new directions of state program of development of native military-industrial complex.

Ukraine's President asks PM to reform coal industry

Victor Yushchenko has sent a letter to Prime Minister Viktor Yanukovich with a request to introduce faster reforms in Ukraine's coal industry and formulate a plan to develop the sector. He also insists that the government improve mechanisms of the compulsory sale of property.

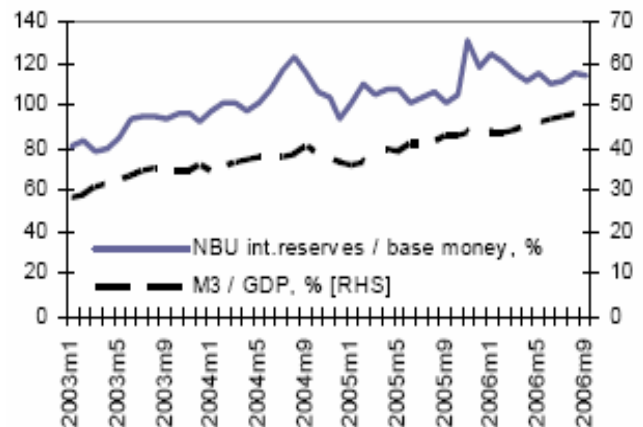
The President said recently passed amendments to the law on solvency or bankruptcy of debtors stipulate that a moratorium to initiate cases on bankruptcy of coal companies in which the government owns more than 25% of shares will be extended until January 1, 2010.

Yushchenko does not hasten to unite gas assets with Russian Federation

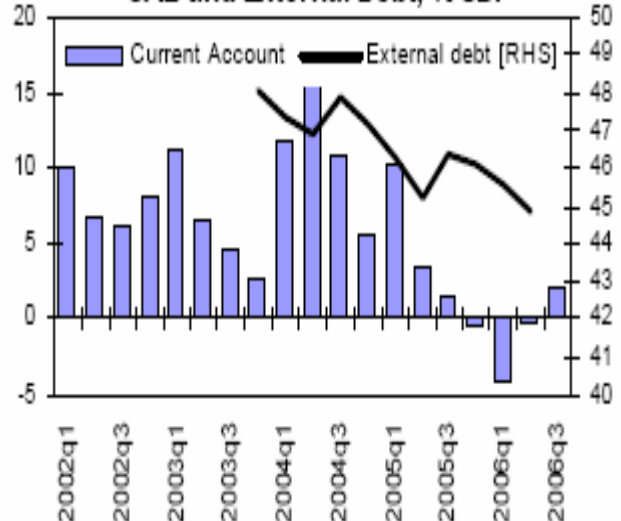
The President of Ukraine Viktor Yushchenko considers that it is too early to speak about uniting Ukrainian and Russian assets on gas recovery and transportation. Yushchenko told today at the press conference with Nursultan Nazarbayev.

"Today we should hold polemics concerning principles of these relations, organization methods of these initiatives. I would not operate today any percentages, shares plants because all this are far from truth," the President said.

Monetization and Reserves



CAB and External Debt, % GDP



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