

UKRAINE

Of Gas, Jail and Reforms

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Ukraine's "gas dispute" with Russia has been the top local story this month. Though the half-empty threats the two sides have exchanged (to shut the pipeline; to shut Naftogaz, to cite just two), this may be the most sophisticated talk between the two countries through the post-independence history. Ukraine has prepared itself well for a long-term confrontation: its gas stash is large enough to carry it through next spring. However, both Russia and Ukraine have strong 2012 election-driven incentives to win in this game: Moscow needs to show everyone who's boss in this region, while Ukraine needs a lower energy bill to keep its economy under control.

The case against former Prime Minister Yulia Tymoshenko has had an unexpected (for the authorities) effect on the EU integration process>>>