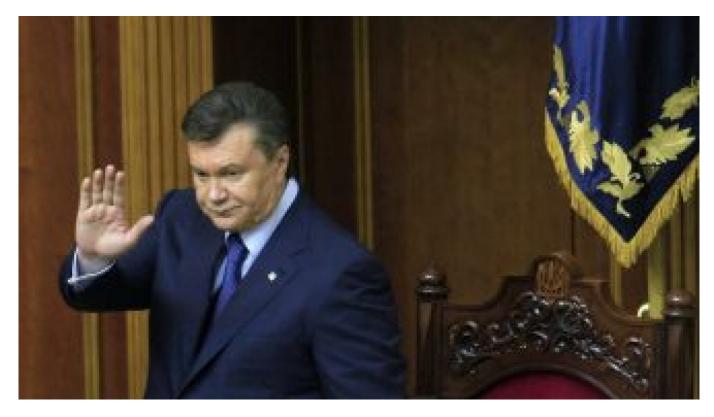


## No Customs Union for Yanukovych

By The Moscow Times

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Yanukovych is looking for a future for Ukraine outside the customs union. Konstantin Chernichkin

Ukrainian President Viktor Yanukovych made clear on Thursday that the former Soviet republic did not want to join a Russia-led customs union, suggesting a free-trade deal with it instead.

Moscow has long urged Kiev to join the union whose other members, Belarus and Kazakhstan, agreed last year to bring their foreign trade policy in line with that of Russia and open up their markets to Russian goods.

But for Ukraine such a deal would rule out signing a free-trade agreement with the European Union, an essential step toward deeper European integration.

In his annual address to parliament, a few days before a visit by Russian Prime Minister Vladimir Putin, Yanukovych said Ukraine would rather stay out of the customs union.

"I think the further development of our ties with the customs union will be based on new

agreements — a free-trade agreement and a possible agreement on cooperation under a '3+1' scheme," Yanukovych said.

He said Ukraine wanted to finalize the free-trade deal with the EU this year, a move that would make joining the ex-Soviet trading bloc impossible. Putin visits Ukraine on April 12.

Just as Yanukovych was delivering his speech, Russia's Gazprom said it would give Ukraine a large discount on gas supplies if it joined the customs union, allowing Kiev to save \$8 billion a year.

Ukraine, which depends heavily on Russian gas, has long asked Moscow to cut the price but refused to meet earlier conditions for a discount, such as merging its state energy firm Naftogaz with Gazprom.

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