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# Interpreting Ukraine: A Discussion of Recent Developments

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CORY WELT: Well, let's go ahead and get started. Good morning. I'm Cory Welt, deputy director of the Russian Eurasia program here at the Center for Strategic and International Studies.

Thank you very much for coming this morning. We're delighted to see that a discussion on Ukraine's future fills the room in Washington, D.C., even on a mid-August morning. We appreciate that. But I think it's certainly testament to the drama really that is inherent in the political developments that have been taking place in Ukraine last week as well as to the fact that these events are some of the most significant, if not the most significant events to occur in the Russia and Eurasia region this year.

We're delighted to be able to co-sponsor the event this morning with the Atlantic Council of the United States. We have a great panel for you with plenty of time for discussion. And at this moment, I would like to turn over the proceedings to Fran Burwell, who is the director of Transatlantic Relations and Education Programs at the Atlantic Council of the United States. And Fran will be serving as our chair and moderator today.

FRANCES BURWELL: Thanks very much, Cory. I would also like to welcome everyone here on behalf of the Atlantic Council. It is, as Cory said, a real pleasure to be able to co-sponsor this event today. I think this event will highlight the work that both institutions have been doing on Ukraine and hope to do in the future.

I just wanted to say a word about the Atlantic Council and what it has been doing on Ukraine. For the past year-and-a-half, we have been involved in an effort managed by the U.S.-Ukraine Foundation, the U.S.-Ukraine Policy Dialogue, which brings together groups of U.S. and Ukrainian experts in several different areas: economics, political governance, foreign policy, and national security.

The Atlantic Council, with its partner Razumkov Center in Kiev, has been co-chairing a foreign policy and national security taskforce. Our next meeting will be in September, late September in Washington, and we do we hope to have a public event at that time. And so I hope that we will – we certainly look forward to seeing as many of you as could attend at that time gather again.

I think it's especially appropriate on this pane today that we have Steve Pifer because he has been leading our effort on the foreign policy and national security taskforce. And of course he has just moved to CSIS, and I think – I wanted to congratulate CSIS on landing such a good catch on Ukrainian relations here.

Now I would like to move on and introduce the panel. Before doing so, though, I wanted to thank the German Marshall Fund of the United States for supporting the Atlantic Council's efforts in this area.

And it seems appropriate, given that, that I should first introduce Tara Kuzio, who now is a senior transatlantic fellow at the German Marshall Fund. He, I would point out,

has been very active in the political governance taskforce of the U.S.-Ukraine Policy Dialogue. He is also a visiting professor of international affairs at George Washington University's Elliott School, and he has also been a professor at the University of Toronto and the University of Birmingham in the U.K. His focus is Ukrainian politics, and especially the building of a post-communist state.

I'm just going to go right down and introduce everyone all at once so there is not an interruption in between the talks. Anders Aslund, who has been a senior fellow with the Institute of International Economics since the beginning of this year, he has been since 2003, director of the Russian and Eurasian program at the Carnegie Endowment for International Peace. And he was also co-director of Carnegie Moscow's Center's project on economies of the post-Soviet state.

I'm sure it won't surprise you to know he has been very active in the economic taskforce of the U.S.-Ukraine Policy Dialogue. And I think we have to consider Anders Aslund, one of the foremost experts on the transformation of formerly socialist economies to market-based economies. I should point out he has also served as an economic advisor to the governments of Ukraine and Russia, and also to the President of Kyrgyzstan. And he is a member of the Russian National Academy of Sciences, Academy of Natural Sciences.

Finally of course, Steven Pifer – I already mentioned his connection with both not only CSIS, his new affiliation here, but also with the Atlantic Council. He is a retired Foreign Service officer. And he spent a large bulk of his 25 years with the State Department dealing with relations with Russia and Europe – the former Soviet Union and Europe. He was ambassador to Ukraine from 1998 to 2000, and then deputy assistant secretary of State in the Bureau of European and Eurasian Affairs with responsibility for Russia and Ukraine. He also served on the National Security Council staff with that same portfolio. He has also served in the U.S. Embassies in Warsaw, Moscow, and London, as well as elsewhere.

So without further ado, I would like to turn to Taras, who is our first up at bat today. And I would like to invite the panelists to either stay here or to go up to the podium. I know some of you have PowerPoint and they have to do that. So which ever you all prefer. Thank you all very much.

TARAS KUZIO: (Audio break.) Okay, sorry. That way we will be able to see all the various nuances and follow-ups and outflows. But anyway, here we go.

I think that – let's break down the crisis that we had the summer in Ukraine is not something that just suddenly came upon Ukraine. One can draw this back to 2005, particularly if where, like myself, might be in the future writing a book about this period, we will certainly be one of many people who will be arguing that the first four months of 2005 when the opposition was in total disarray – this is the former Kuchma camp, which is now the opposition – was a time when the president of Ukraine could have done literally anything he wanted. And the opportunity for very radical reform and

breakthrough away from the Kuchma regime would have been heartily accepted with such high public opinion support for the president and for the Orange camp. That opportunity was wasted. Very little was done up until April of last year.

And then we had the spring to summer squabbles, particularly between Julia Timoshenko, the prime minister, and the secretary of the national security council, Petro Poroshenko. A very strange aspect of all of this was that President Yushchenko acted as though constitution reforms had already taken place in effect. Let's remember that 2005 was a full year when he inherited Kuchma's extensive powers, and he preferred to act as though constitutional reforms had actually gone into effect already. And he spent most of his time, a lot of his time traveling abroad. In fact some British newspapers began to compare him to Mikhail Gorbachev, popular abroad but not popular at home.

Then of course the big implosion was September. And it's really since September that the Orange camp has never recovered. And of course, after the recent events of the last few weeks, will never recover. The September crisis – dismissal of the government. Only three weeks prior to that President Yushchenko had said on the Maidan on Ukrainian independence day, this was the best government in Europe. Three weeks later he dismisses the government partly in response or mainly in response to accusations of corruption, not in the government but of his business allies made by the head of the presidential administration.

Then he signs a memorandum to obtain Yanukovych and the Party of Regions's support for his candidate for Prime Minister Mr. Yekhanurov, as I call it, universal light maybe. Maybe it's the prequel to the universal signed a few weeks ago.

And then we have for some strange reason, the Prime Minister Yekhanurov begins to be very pro-oligarch, but of course they are now called national bourgeoisie. Nobody explains to the Ukrainian public why these horrible – as they were described in the Orange Revolution, oligarchs have suddenly become very nice national bourgeoisie.

In 2006, the situation in some ways worsens. We have the January gas deal. I remember the time; I was in the U.K. visiting family, and I was completely stunned to see the gas deal signed that January 4<sup>th</sup> morning at a time when for the first time in Ukraine's history, the entire West governments, international organizations, Western media, from left-to-right media was supporting Ukraine's position. But for some reason that wasn't felt in Kiev, at least with the president, and a gas deal was signed, which wasn't very favorable, and we had the return of this phantom RosUkrEnergo, the intermediary company established by Presidents Putin and Yushchenko when Yanukovych was prime minister in July 2004

And then we have no-confidence vote in the government, which passes sadly. The Timoshenko bloc supports that motion by the opposition, then-opposition. President Yushchenko tries to change the public face of Our Ukraine, i.e., not make the businessmen who were accused of corruption in September of the previous year to be the public face of Our Ukraine. He fails to do that. Individuals in Our Ukraine, like Petro

Poroshenko refuse to heed the president's advice, even though he is the honorary chairman Our Ukraine.

And so the public face of Our Ukraine, in the March elections is Petro Poroshenko, Roman Zvarych, that well known former Columbia graduate, and some other individuals who – so that was the public face. I mean, are we really surprised how Ukraine came third, with 10 percent less support than in 2002 under Kuchma.

And Our Ukraine leadership, I mean, leader of Our Ukraine is Prime Minister Yekhanurov run a totally incompetent election campaign, if there was such a campaign, especially compared to Timoshenko.

I think another factor – and this is something that the foreign security body of the U.S.-Ukraine policy dialogue group has been working on the whole problem of the national security council, NSDC, national security and defense council, and the presidential secretariat, which function – whether we like how they function is a different matter of course under Medvedchuk and Tabachnik. But at least they functioned as organized bodies implementing the president's will.

Both of those organizations, the presidential secretariat, the former administration, and the national security council have simply not functioned as they did in the Kuchma era. So Yushchenko in some ways has been a lone individual without that backup. And individuals such as Petro Poroshenko and Anatoly Kinakh as the secretaries of the national security council simply do not match up to Mr. **Horduran** and Mr. Marchukov. Neither of them have national security training.

In fact, at the time when we were in Kiev in November, Mr. Kinakh was telling us all at a meeting about how we were – the national security council was pushing Ukraine's cooperation with NATO. His own faction in parliament was voting against NATO in that legislation.

So it isn't just in Ukraine – that there began even before this crisis talk about is Yushchenko's leadership a failed leadership. Western media began to raise this question, American and British media – far too detached from events, far too passive, waited until a crisis happened September of last year and July/August of this year. Where is Yushchenko in April and May and June? Where is he in the summer of last year?

And of course very poor cadre policy in a whole range of areas including particularly energy policy – a total unwillingness to listen to advisors or even foreign allies – the carrot of a visit by President Bush to Ukraine had absolutely no impact on Ukraine's coalition negotiations in June. Any, dare I say, normal country would have had the entire government and president on attention with that potential when the country needs the U.S. in support of its application to join the WTO, NATO, and in the face of problems with Russia over energy. That didn't have any impact at all, the carrot or the visit by Bush – so a kind of unwillingness – Yushchenko seemed to be acting alone.

When I talked to a member of the presidential administration in June in Kiev and asked about this question, he told me that Yushchenko doesn't believe he needs to listen to advisors because he has suffered enough for Ukraine and therefore will make his own decisions. I think that we have seen how that has gone. Lack of political will – I mean, very limited, I would say, not really powerful views on really any question – and as some of us are now coming to believe, a very uncanny resemblance to Leonid Kravchuk in terms of his leadership style. And we know what happened to him; he called early elections to him in 1994.

So the evolving crisis is not something that just happened in the summer of this year; it has been going on for quite a while, and it was never really resolved. The September divisions in the Orange camp were never really healed. They actually were made worse by the March elections. The Timoshenko bloc is also here to blame. Let's remember that in the vote of no confidence against the government in January, the Timoshenko bloc could have registered their disapproval of the gas agreement by abstaining. They didn't have to vote with the opposition against Yushchenko. So they are not blameless as well.

But the splits widened, and of course this was made particularly bad and in fact led to the current crisis by the fact the Timoshenko bloc came first in the Orange camp in the March elections. Let me say straight away: If Our Ukraine, as they believe they would, would have come first in the Orange camp, i.e., second, then there would have been no inter-coalition in April, and today Yekhanurov would have been prime minister.

So the fact that Our Ukraine did not a very good election campaign, the fact they came third, and they in effect reneged on an informal agreement that was within the Orange camp that whoever came first in the Orange camp had a right to promote prime minister. Our Ukraine signed up to that believe that they would come first according to the polls. The polls were wrong; Timoshenko bloc came first, and hence there was a dragging out of the process because many people in Ukraine did not want Timoshenko to return as prime minister. And hence, today we have neither Yekhanurov or Timoshenko; we have Mr. Yanukovich.

So we have this kind of I would say doubled-faced position of the president and Our Ukraine. On the one hand, vis-à-vis the outside world, vis-à-vis the OEC countries of Europe, the U.S., they take credit for free and fair elections, which they should do. And these were the freest and fairest elections in Ukraine history and maybe the freest and fairest in the CIS. But they are at the same time unwilling to accept the logic of the election results, which meant that Timoshenko had a right to be prime minister. And this is a position that Roman Zvarych, to his credit, a leading Our Ukraine official argued for in April. But he was ignored by presumably the president, as well as most of Our Ukraine.

The reason – then we had this strategy which in effect collapses in June, July, and then August, where Our Ukraine is attempt to stay in a commanding or an equal position even though they lost the elections. They would accept that fact. And many of them,

particularly the commanding heights of the Ukraine, the businessmen, did not want to see Timoshenko return. And I think Yushchenko (?) also did not want to see both Mr. – both President Yushchenko and sadly his spouse, First Lady Yushchenko.

So what do we have? We have in effect – on the left hand is what is taking place between April and June, Our Ukraine and the president undertaking simultaneous coalition negotiations with both party regions and with the Orange camp. With the Orange camp, they would have had to accept Timoshenko as prime minister. With a grand coalition would have – the Party Regions is willing to compromise and let Mr. Yekhanurov stay on. After all, he sees oligarchs as national bourgeoisie, and he is opposed to re-privatization.

These are the two options right up until late June. At the final analysis, the final deadline, as it were, Our Ukraine and the president jumped for the Orange coalition. And so there wasn't one betrayal, there wasn't just the betrayal of the Socialist Party defecting, the first betrayal was Our Ukraine of the Party of Regions because the Party of Regions were willing to compromise on that grand coalition, and hence, that it explains their tough negotiating position with the right-hand coalitions on the right because that is why they said you had your change; we were willing to compromise on the Prime Minister Yekhanurov, you didn't want that; you wanted the Orange coalition; now we are going to stick to our guns and keep Yanukovych as prime minister. So the crisis was there in the making, as it were.

The defection of the Socialist Party meant that the Timoshenko bloc in Our Ukraine only had 2010 deputies, couldn't create a coalition. You had the creation, first of all, of the anti-crisis coalition, Communist, Socialist, and Party Regions, and then now a party – National Unity Coalition. Both of them promoted Mr. Yanukovych as a prime minister candidate. The National Unity Coalition doesn't seem to have – it's very unclear – doesn't seem to have the Communist send a major demand of President Yushchenko and Our Ukraine, but it has Our Ukraine kind of adopting a multi-vector approach to opposition in government: one foot in the government, one foot in the opposition.

Can we therefore credit Yushchenko with what is taking place? Well, to some extent yes; to some extent no. If we are talking about Yushchenko as a unifier, unifying Western and Eastern Ukraine, surely he failed on unifying the Orange camp. That one should have been one of his priorities. He certainly failed as unifier there. And the policy to unify Ukraine and heal its regional divisions, which goes back to 2004 when the Yanukovych camp and Russian advisors – (unintelligible) – used interregional tension to try to get Yanukovych to win the elections, that of course is a good thing for Ukraine, but why did he not try earlier? Why did he not try it in 2005? Why not straight after the 2006 elections. The only reason it took place in late July, early August was purely because Mr. Yushchenko had his back to the wall; President Yushchenko had his back to the wall.

And we had really two choices, these two choices: either to propose Mr. Yanukovych as prime minister to parliament, and in effect sign his own resignation at the same time, or disband parliament and hold new elections, which he had the right to in the new constitutional reforms because there was no coalition in place by the 25<sup>th</sup>, I think, of July.

Instead of doing either of these two options, both of which are unpalatable, he went for middle ground, as it were, of a roundtable strategy to agree to propose Mr. Yanukovych, at the same time to get Mr. Yanukovych to sign up in the universal to the continuation of the executive's domestic and foreign policy. In effect, if you read the universal, what he's asking Mr. Yanukovych to do is to agree to abide by the constitution. That's all he's going to do. If this becomes legislation, then it will have maybe some impact. But at the moment, it is really just a piece of paper.

This is just some figures to show you how all the elections would have been disastrous for President Yushchenko. The first figure is what those election blocs or parties received in March. The second is a kind of composite of what opinion polls said they would receive if the new elections were called. So you could see Party of Regions would soar ahead 38 – I've even seen figures higher than that. And Timoshenko bloc also would soar ahead. Our Ukraine would collapse. Now remember, they got 24 percent in 2002. They're collapsing to 8. And as sociologists tell you in Ukraine, there's always around 7 or 8 percent of the population who are always willing to support the authorities. Socialists and Communists could even collapse below 3 percent and not enter parliament. So we'd have in effect a far more polarized parliament with a far lower Our Ukraine presidency.

Now, just out of interest, what would happen if there were early presidential elections? Look at the figures. First figure, except for Timoshenko, of course, who didn't stand, would be what was obtained back in 2004. In the college 44 then, and now this is at the top with 33. Timoshenko of 20 shouldn't stand in 2004 and Yushchenko has collapsed. Some figures are as low as 8 percent. These are figures, which have disastrously collapsed compared to last year.

Let's look ahead now – and these are my last few slides. I think there are two scenarios. I came back from Ukraine in late June telling everybody that an Orange coalition had finally been created. I gave a talk in Brussels to German Marshall Fund people and senior EU officials on a Wednesday saying yes, it's all set – Orange coalition. Of course, it collapses on Friday. (Laughter.) I don't know whether they'd withdraw my contract, but I think even then I was saying that Yushchenko is a one-term president. I think even more that's the case. I think the optimistic scenario is number two that he survives until 2009 but loses the elections to either a Party of Regions candidate – I don't know, Mr. Yanukovych – or to Timoshenko. And the first scenario is that he follows Kravchuk in 1994 who calls early elections and loses them.

The problem is that he won't be thanked by east Ukraine for what he's done. He isn't thanked by east Ukraine for holding free, fair elections, which led to the Party of



Regions coming in first. He's also lost his support in western – that should be central Ukraine not eastern Ukraine. And I think therefore he is a one-term president.

Looking ahead to Our Ukraine, it has a multi-vector approach, it seems, to the opposition government. It can't decide if it's in the opposition as it officially declared it was, or it's in government, or both. Thirty out of 80 only voted for Prime Minister Yanukovich's candidacy. It seems to resemble the failed parties of power of the 1990s like in Ukraine the NDP, People's Party, or in Russia Nash Dom Gazprom, Mr. Viktor Chernomyrdin's former party. And I doubt whether it would be there, or if it is there, it will be able to recover by 2011. I think they've also signed their death warrant.

The opposition – of course, Timoshenko will excel as an opposition leader preparing for 2009 in particular. And she will be one of the two top candidates in 2009. I think that the center-right is highly disillusioned by what President Yushchenko and Our Ukraine have done. And I think the center-right, many of which did not enter parliament such as the Yuriy Kostenko bloc or the Reform and Order and PORA, the youth group which was active in the Orange Revolution, they never managed to enter parliament, but they certainly are very disillusioned and will potentially emerge as a replacement for Our Ukraine. The SBU, I think, will be marginalized by what's being created now, a new left-center party, and I think the Communist Party is probably finished. It's declined – think about it – from 1998 parliament of 120 seats to 60 in the last parliament and to 20 now.

And then we have Ukraine polls exchanging between 2004 and 2006. That's how a year and a half can make a difference in Ukrainian politics. Thank you.

(Applause.)

MS. BURWELL: Thank you, Taras. And on to Anders Aslund. Anders?

ANDERS ASLUND: Can we turn this off? Thank you. Well, good morning, ladies and gentlemen. It's a pleasure to be here and I'm happy to see so many people for such an important topic – where Ukraine now stands. Of course, I think what we might have seen right now might have been one of these decisive historical compromises that turns a country around and puts it onto the right track after a rather confusing period. You know, after a revolution, people are always disappointed. They get too high expectations for no good reasons.

When I was in the Ukraine a bit more than a year ago, one of the president's advisers told me, you shouldn't expect anybody to listen to you here, because these people are all revolutionaries. They are heroes. Why should they listen to anybody? They know everything. And that was indeed the atmosphere without pointing at any particular person.

When I was in Ukraine three weeks ago, it was a totally different atmosphere. People at the top were cold, calculating, rational – exactly as you want to see responsible

politicians to be. My conclusion then was that there would be a coalition between the Regions, Our Ukraine, and the Socialists, and that nobody really wanted new elections. That was just something that was thrown in in order to improve the negotiations to their own benefit. And that's what I feel and that's what turns out to have worked out.

So what is this historical compromise? What the Orange Revolution was really about, it was not who would rule the country, but by what rules the country would be run, and that was democracy. And what do we see? Democracy has been accomplished in Ukraine. That is the great achievement of the Orange Revolution. The Orange Revolution has won. It was not about having an Orange coalition in the government, but establishing democracy in Ukraine. So what do we see now? Free media – excellent; free and fair parliamentary election last March; a government with the majority supporting the parliament; a compromise has been rationally reached, which is the nadir of the democratic arts; and Yushchenko and Yanukovich have reached a reasonable agreement on the balance of powers; and the opposition appears to have accepted it, which is also fundamentally part of a democracy, unlike what we see, for example, right now in Mexico.

With regard to the government, there were three options: an Orange coalition that for so many reasons didn't work – too great political differences and it would also have alienated the east. We saw when an eastern coalition came into force that the West was alienated. There were too different national visions of Ukraine. So therefore, what was needed was a third vision, a historical compromise that essentially gave the Westerners the nation, culture, language, and foreign policy, because that's what they cared about, and the economy to the Easterners because that's what they care about. Somewhat roughly stated, but that's essentially the essence of historical compromise, as I heard it from one of Yushchenko's advisers in Kiev three weeks ago.

And looking upon what this government is about, first, on the foreign policy part. You can say that here Yushchenko has extracted considerable concession from Yanukovich. There are four parts to the foreign policy, four paragraphs in the declaration on national unity. The first is that the government has committed itself to undertake all necessary legislative acts to make sure that Ukraine enters the WTO before the end of this year, exactly what is needed. That would be half a year before Russia as it looks right now. Secondly, the new government has committed itself, I quote, "to continue the course of European integration with the goal of Ukraine's entry into the European Union." And it has also made this more operative by emphasizing implementation of Ukraine's Action Plan with the European Union and to start negotiations about the free trade area between Ukraine and the European Union, exactly what is needed.

Then we have two vague paragraphs, one on the single economic space that the Regions insisted on, but it contains three major reservations, which means that Russians can say nothing but no to it as the text stands. It says essentially free trade area but nothing more. And with regard to Ukraine's relations with NATO, you can say that the paragraphs is pretty non-committed, neither yes nor no.

Turning to the economic policy in the government statement and also the first statement of the new ministers, primarily Prime Minister Yanukovych and First Deputy Prime Minister, Minister of Finance Nikolai Azarov, what strikes you first is that this new government is very growth-oriented. It puts a big goal that the Ukrainian economy should grow fast. A second point is it expresses strong fiscal conservative, also good. A third issue is that they have agreed on the reinforcement of existing property rights, the re-privatization is off the agenda, and private sales of agriculture land in 2008. It could be a year earlier, but you have a socialist influence. The Communists were not in this negotiation. And also Azarov wants to reduce public expenditure, which I think is the biggest long-term concern for the Ukrainian economy that public expenditure has become too high. And he wants to use this kind of public expenditures to cut taxes, the corporate property tax from 25 to 20 percent from 2008 and value-added tax from 20 to 18 percent, just about right.

But of course, there are also several question marks about the government because of its composition and on its economic policies. What I think most disturbing is that the Communists are actually back in the government with two ministers, on agriculture, a key sector, which is very bad. I was happy when I saw that the Socialist was gone from that place, but all the more disappointed when I see that he was replaced with a Communist. And also a Communist on the industrial policy. Hopefully, he won't get any money to waste, but it's bad enough to have a Communist on such a position.

The second concern is that Azarov is back as minister of Finance. He was fiscally conservative. That was not the problem. But a major problem under Azarov's previous rule as minister of Finance was that exports didn't get their value-added tax refunds. If you wanted to get your value-added tax refund – it should be 20 percent of the total amount – you had to pay 20 percent or so in commission to relevant officials in order to get 80 percent of what you were entitled to. This was a well-organized, corrupt racket. I can't point the finger to exactly who was responsible, but this was the rule under the last Yanukovych government. And I think that this we should speak very loud and clear about in order to do whatever we can so that it's not re-established, because it doesn't work like that now.

The third concern is the Yuriy Boyko, the famous founder of RosUkrEnergo who has now become minister of Energy. And above him is Deputy Prime Minister for Energy Andrei Tuleyev, a major businessman in energy. The problem here is not their competence. That seems to be quite outstanding. Their problem is their purposes. And I think the demand here must be a maximum of transparency on what is happening in the energy sphere.

A fourth concern is that both Yanukovich and Azarov have spoken about the need to re-establish three to four economic zones, which were happily abolished last year. There might be some concerns exactly for the procedures how they were abolished, but they were primarily huge tax loopholes. Ukraine doesn't need that, if they re-establish the regime as they clearly said.

And then a fifth is a loose talk about devaluation both by the prime minister and the minister of Finance. Serious executive politicians don't talk about that in public. Interestingly, it doesn't seem as if the market is taking it seriously. But politicians shouldn't talk about that, even for government.

And of course all this amounts to the query, is the commitment to reduce corruption that is so strong in the declaration of national unity sufficient? As a counter-balance to this, I think that it will be very good to have former Prime Minister Yulia Timoshenko in opposition. I think that she will do a maximum to expose oil practices. And I was very happy to see that she moved from her position of declaring voting to have new elections to wanting instead to sit in the parliament, denied the opposition and still denies the government. If she really does that, I think that can be very useful indeed.

And just a word on new elections. I think new elections would have been a truly disastrous choice. Therefore, I didn't think it would happen. And I think it would have been disastrous from three points of view. First, there was a majority in the parliament. For the president then not to present a prime minister would have been pretty dubious from a democratic point of view. Secondly, there were constitutional objections that he really had the right to do that. And thirdly, the matter result of a new election would have been that east would have voted for Yanukovich and the west for Timoshenko and the country would have been perfectly split. Nobody would really have wanted that. So I think it was not surprising and very good that Ukraine did not get new elections.

So my conclusion from this is what we have seen so far is that with surprising skill, Ukraine's leaders have adjusted to the new, democratic road. They've believe in a stronger role for the parliament and they have made a question of is if the checks and balances will be sufficient. Apart from the parliament, Our Ukraine has control over law enforcement as a check and balance, and it also has control over the national bank. What I'm most concerned about is that the Communists are in the government, and that means that Our Ukraine does not have so to say a golden share in the government. Yanukovich can get the decision in parliament without Our Ukraine, and that's not good for a sensible compromise. And with regard to the business community, I think that it's very relieved by this outcome as we can see the Ukrainian stock market has started going up after this government has been formed. Thank you.

(Applause.)

MS. BURWELL: Thank you, Anders. And now, Steven Pifer.

STEVEN PIFER: (In Ukrainian, continues in English.) What I thought I would do would be to talk about some of the implications of the recent developments in Ukraine, and I will apologize in advance, because I think what I'm going to do is actually pose more questions than answers.

The political stalemate came to an end last week with the universal declaration and Our Ukraine de facto entering a coalition with Regions. And you can look at this and say there are grounds for optimism here. First of all, there is the potential to bridge the East-West gap, although I think it's important not to overestimate the size of that gap. And also, on certain areas, when you look at the programs of Our Ukraine and Regions, there are significant areas of policy convergence, on economic questions, for example. There are also grounds for weariness. When you look at a coalition that stretches from Our Ukraine to the Communist Party, is that going to be sustainable? Can it produce coherent policy? And also, if you look at some of the players who are now in the government, they quite frankly bring a lot of baggage from the Kuchma era. So you can see Ukraine moving on a new trajectory, but at this point, I think you can't really say whether it's a positive trajectory or a negative trajectory.

The universal declaration outlines general principles, and in some cases, it has language that was designed to bridge differences. So potentially, this could be an important document, but at this point, we don't know. We have to wait and see what specific policies will flow from that document. And will the president and the cabinet share the same interpretation? Or, for example, on questions like NATO or Russian language, will they take away different interpretations that only reemerge in the fall. And so whether the universal declaration in fact represents a genuine breakthrough, it has that potential. But at this point, we have to see the specific policies that will flow from it.

On the question of the Orange Revolution, it's been interesting to see in the last several weeks a number of pundits write that it's dead; it's failed. Those who write from Moscow write with a certain joy. But I think the answer to this really depends on what you say the Orange Revolution as having been about. I mean, if the Orange Revolution was about putting Ukraine on a direct westward course, you may have one view. But if in fact, and I think here I would agree with Anders, if you saw the revolution about Ukrainians gaining greater political control – democratic control over their political system, then there's grounds for more optimism because the Orange Revolution has changed Ukrainian politics, perhaps in a fundamental way. As Anders mentioned, you had in March, free, fair, competitive elections, probably the best elections in the former Soviet space since 1991. You have today an emboldened press prepared to challenge power. There is a strong NGO sector that likewise is prepared to challenge power. Under Yulia Tymoshenko, I think we can expect to see a strong, disciplined and vocal opposition, unlike any opposition you've seen in the Rada in Ukraine's history. And the memory of the Orange Revolution is still going to be there, so if there are political forces in Ukraine that wish to walk back the democratic practice or the democratic progress of the last eighteen months, they always have to bear in mind that there is a possibility that Ukrainians may make their concerns known by going back on the streets.

So I think these factors together create a political context today, which is very, very different from what you had in Ukraine in the Kuchma era. That gives grounds for optimism. The question is, are these changes reversible should there be an effort by some in the government to revert to some of the Kuchma ways. Now, first of all, we don't know whether that's going to happen. Second of all, if there is an effort to push back to

the old ways, we don't know how the resistance is going to act. But in any case, I think it's premature at this point to say that the Orange Revolution is dead. I think it still has an important impact in Ukraine.

Now what does this coalition now between Yanukovich and Yushchenko mean for Ukraine's future political development. Again, I think this is an issue that we don't yet have enough information. Yanukovich and Regions Party did well in democratic elections in March. They profess adherence to democratic principles. That's good. And the question people will be asking is, as they enter government, as they enter the cabinet, will they be able to resist the temptation to revert to some of the old ways? As I said, some of the ministers now in government bring a lot of baggage. There were concerns, for example, in 1999, about how the state tax administration acted in a political way. We don't want to see that reemerge. And so, it's going to be important to watch some of these players very carefully. The good news is that there are no shortages of watchdogs now between the press, NGOs, the opposition, and also Yushchenko in government who I think still sees his most important legacy the democratic developments in Ukraine.

Now, the coalition between Yanukovich and Yushchenko should politically give them an incentive to find ways to move beyond narrow party interests and begin to move to address serious issues, because they really are in a situation now where both are going to be judged by their ability to deliver in terms of policies that move Ukraine forward. I think a very important development also will be the development of an accepted opposition. Timoshenko will be prepared to be a watchdog. She will be prepared to challenge the government on the rationale for policies, and that is going to be a very healthy development, I think, for the Rada and for Ukrainian democracy. It will be interesting to see how she sees her role as an opposition leader. I once recall when I was posted in London hearing a member of the British Labour Party saying that the first duty of the opposition is to oppose. So it would be quite interesting to see whether the opposition is a slash-and-burn, oppose everything opposition or whether it's a more nuanced opposition that in some areas is prepared to work with the government when there are sensible policies. But hopefully, this dialogue is going to shift in Ukraine now away from the focus on personalities and more towards the debate on pros and cons, advantages and disadvantages of specific, substantive policies.

Another question is can Yushchenko and Yanukovich cohabitate successfully? First of all, I think they have a good opportunity in the sense that there is no national election for three years, so there can be a policymaking process in 2006, 2007, and in perhaps the first part of 2008 without the electoral considerations playing the sort of role that they played, for example, in the last part of 2005 or in 2004. It's going to be important I think that the two work very closely together. And if you go back and look at 2005, one of the reasons for the failure of the Yushchenko-Timoshenko operation was they weren't working closely together. So in many cases, you had the presidency going in this direction and the cabinet going in that direction. It will be very important for Yushchenko to stay closely engaged with Yanukovich if he wants to steer policy in his direction. If he doesn't do that, there is a risk that he will be marginalized and Yanukovich will be able to dominate policymaking.

Now, it does seem to me that there are certain areas where they can work very effectively together, for example, economic questions, because both Our Ukraine and Regions have made clear that they want to promote growth; they want to promote investment; and there is a lot of overlap there. It seems to me an early test in this and an important test is going to be the question of World Trade Organization entry, where Ukraine still has to pass about fifteen laws to bring its trade regime into compliance with that of the WTO. And here again, we get to questions where there was an agreement in the universal declaration, which I think was good, but the question now is how is that implemented? I was a little bit worried in the final version of the declaration because it includes the phrase entry into the WTO on conditions acceptable to Ukraine. And it's not clear to me exactly what that means. And I noticed the other day that the prime minister suggested that Ukraine might seek to enter WTO, if not in 2006 then in 2007. So again, I think what we're going to have to see in September is, is there a focused policy and how does Ukraine approach the WTO, which I think will be a very early indication of whether the presidency and the prime minister can work together in a focused way to move Ukraine forward in economic terms.

I think the gas question is also going to pose an interesting challenge. But if you look at the three main political figures – Yanukovych, Yushchenko, and Timoshenko – Yanukovych and Yushchenko were the ones who seemed to attach less urgency to revisiting the gas question. It will be important that there be a unified line between the president and the prime minister on this issue, because at some point – we don't know exactly when, but it's going to happen – there will be an approach by Gazprom to raise the price. And it will very much behoove Ukraine if there is a single coherent government line to address that.

Implications for American policy – I think it was an open secret that the U.S. government would have preferred to see an Orange coalition, an Orange prime minister. But Washington said very clearly it's prepared and looks forward to working with Mr. Yanukovych as prime minister, and that's the right call because he became the prime minister as result of an essentially democratic process. The U.S. government should engage Yanukovych, and we should make clear as we work with anybody that our ability to work productively with this prime minister is going to depend on the specific policies that his government receives. It will be an interesting time to watch, because I think if you look at the U.S.-Ukraine bilateral agenda, in fact, there aren't a lot of difficult issues. I mean the main questions are looking at issues weighted more towards Ukraine's place in Europe and the global economy. I think also in this dialogue it is going to be important that the U.S. government underscore the importance it attaches to Ukraine's democratic development and make clear that should there be any effort to reduce that, that would have a profound and negative impact on how the United States views the relationship.

In terms of implications for Ukraine's relations with Europe, I think Ukraine will continue to pursue the same approach the European Union. This is generally popular in Ukraine, the idea of entering the EU. And there are certain key constituencies within

Regions Party who very much want to see Ukraine draw closer. So that policy should not change.

There will be a bigger question about where Ukraine goes with regards to NATO, particularly with regards to the membership action plan. And the context here is at the beginning of the year, there was the possibility that Ukraine could have a membership action plan in 2006 for NATO. It was an ambitious goal, but still achievable. We've actually lost, I think, about five months. And while the door is not completely closed, the prospects are greatly reduced from what they were back in February or March. If Ukraine wants to go down this road, it's going to have to pursue a very proactive and a very course toward the membership action plan. And it would be a combination of doing actions on its agreed work program with NATO, but also sending the right signals. And one signal would be from the cabinet, does the cabinet in fact support a membership action plan? This then brings the question up, is this going to be a priority for the Yanukovich cabinet? If that's not the case, it would probably be wise for the Ukrainian government not to push, because if there is a sense of division within the Ukrainian government over this, my fear would be that if the president were to push for a membership action plan, he would receive the wrong answer from the alliance.

Finally, just a couple comments on implications from Ukraine's relationship with Russia. The Russians are clearly enthusiastic about the outcome of the last several months, and I think it's clear to see that they see Yanukovich as a break on the president's Euro-Atlantic ambitions. And they may be right, and certainly Yanukovich has talked about being more sensitive to or more tended to the relationship with Moscow. But it may be a mistake to place too much weight on that, because when you still look at the agenda between Russia and Ukraine, and some of the difficult trade issues and energy questions, there is some difficult issues there. And it's not clear to me why one would expect that a Yanukovich cabinet would be less inclined to defend Ukraine's interests on those issues, particularly when you have involved in the Regions Party key industrial constituencies that are going to be directly affected by those questions.

Likewise, it will be interesting to watch how the Ukrainians balance the approach to the European Union with the question of the single economic space. The language in the universal declaration seems to say that it's okay for Ukraine to enter into a free trade arrangement with the single economic space, and most experts agree that Ukraine could do that without complicating its effort either to get into the WTO or to draw closer to the European Union and have a trade arrangement with the EU. But if you wish to go beyond that – and the Russians have made clear they're looking not just at a free trade arrangement for the single economic space, but they would like to have a customs union. That begins to create some specific problems for Ukraine's effort to draw closer to the European Union.

So on some of these specific issues, while there may be more attention in key to the relationship with Russia, it's not clear that on specific questions it's going to lead to a radical shift in Ukrainian policy.



So I'll just close with the observation, Ukraine is now on a new trajectory, but I don't think the direction is clear at this point. We'll see in September and October. As specific policies begin to be pursued, we'll begin to have an idea what that direction is. And I suspect that, just as we've been surprised by the developments in the last five months, we'll probably be surprised once or twice by some of the twists and turns we see in the next five or six months.

Thank you.

(Applause.)

MS. BURWELL: Thanks very much, Steve. I think the panel has done a great job of putting in front of us some key questions: Were great opportunities missed earlier? Is it enough that democracy has been established and we now have rational, interest-oriented politicians sitting in Kiev. Is the Orange Revolution dead, or is it merely evolving in a perfectly understandable way with perhaps unrealistic expectations now at a more realistic level, and how should we in the United States and Europe respond to the uncertainties that now lie before us in Ukraine?

And so I'm going to open the floor to all of you to press the panel further on these issues and others. When you ask your question, please say your name and identify yourself. And we have roving mikes; please wait for them.

Q: Thank you. Nadia McConnell, U.S.-Ukraine Foundation. If I understand, one of the points I think each of the panelists made is that we now are looking forward or depending on Mrs. Timoshenko to be strong in the opposition to help keep the standards of democracy, or however you want to phrase that. If I've interpreted your comments correctly, what is it particularly that you think that the West should be doing with, quote, unquote, "the new opposition"?

MR. PIFER: Well, I think – I mean, just as we do in a whole host of countries, it will be important for the United States and European countries to have a normal dialogue with the opposition and to engage them and be open to discussion with them. And I think this is going to be a very natural thing. I mean, it's something that has been part of the U.S. approach to Ukraine going back to 1990s.

One thing I think would be interesting to watch is how the relationship between the opposition and the majority coalition evolves. I think it's good news in Ukraine that the majority seems to accept a role for the opposition and the opposition seems to accept that it's now not going to challenge the whole game; that it's going to play in that. And how that relationship evolves, it can be very positive, and there may be a place for some contacts between the opposition and, say, opposition parties elsewhere in Europe, to sort of see what the most effective way to play as an opposition is.

Q: Can I just push you just a little bit on that? Is there a point where a line in trying to assist the opposition, especially one that is trying to learn the ropes of being an

opposition force, that we – either the United States or the Europeans – might cross, and particularly the United States might then engender a blowback against that opposition?

MR. PIFER: Well, it seems to me that – and this I think goes actually to the heart of some of the assistance programs that we are doing in terms of party development. As long as you're not advocating particular policies but basically trying to build and strengthen parties and institutions – and I think that's the line. So you're working to build institutions that are important to have a modern, functioning democracy without pursuing or pressing on that or suggesting to that opposition party a particularly policy outcome that they should be advocating.

MR. ASLUND: Yeah, just a word – there are some other groups that are not accepting the election outcome, and this I simply understand as an anti-democratic approach, that there has to be an Orange coalition; otherwise it's not right. And initially BYUT played, at least with its rhetoric – for example, when I was in Kiev, a BYUT demonstration had the slogan “junta nye priidyot” – the coup won't succeed – which was used in August '91. And this is of course not the case, and right now there is a half a dozen nationalist organizations led by – (unintelligible) – such demonstrations in Kiev. And I'm quite happy to see that BYUT has not joined these actions. That is the important democratic marker that must be maintained.

MR. KUZIO: I think there's a couple of points here. Firstly, I'm not sure call them Western politicians. (Laughter.) What we've seen, in effect – and this is something that especially is going to be difficult for organizations like NID, NDI, IRI – is that are there any political parties in Ukraine, as we understand them? I mean, political parties entered the elections in March with one program and then completely betrayed that program a couple of months later. The Socialists, Communists, Party of Regions to some degree, went into elections demanding two state languages, wanting nothing to do with NATO.

And of course Our Ukraine's slogan in the March elections was “Do not betray the Orange Revolution.” And, you know, that, coupled with the fact that political forces in Ukraine, political parties in Ukraine are very personalized – I mean, if Yulia Timoshenko tomorrow was to have a car accident and die, there would be no Timoshenko bloc.

And so I think this is the same thing that I would conclude from the last few months. I mean, we were asked to do a complete flip, as it were – (unintelligible) – to show us that these are – that one of the cardinal aspects of the Orange Revolution, the reason why people went on the streets and the reason why today there is tremendous disillusionment amongst Orange voters is that Yushchenko and his people are different from the old guard. Well, the new guard have proven themselves to be not that different from the old guard, and that's where the disillusionment is. And sadly, therefore, that's led to the drop in trust in Yushchenko to rebels that Kuchma had in this second term. I mean, as I recall, the levels of trust that Yushchenko had last year were over 60 percent. They've dropped to under 10 percent. I mean, that would be a crisis in any country.

And I think that – it's not just a question, as Anders have said, that these are nationalistic groups on the streets of Kiev. These are marginal groups, have never entered Ukrainian parliament and have no voter support.

But let's look at the mainstream political groups that supported the Orange Revolution – refer to them in order: Viktor Pynzenyk, somebody that Anders respects, the former finance minister who leads that party; Pora, the youth group. And just read, for example, one of the leaders of reform order in last week's – in the current issue of issue of Zerkalo Tyzhnia – it's on the Internet and you can find it in Russian and Ukrainian – Mr. Filenko, what they see as what's happened in the last few months, their views. And these political forces were never necessarily pro-Timoshenko; they were pro-Yushchenko but they have experienced a tremendous amount of disappointment and disillusionment in the last few months.

So that, coupled with the public domain I think – and particularly one thing that nobody has mentioned today is that I think Yushchenko could have got away with the roundtable and universal and he would have been credited with it, both abroad and at home, if it had been a different prime minister. The return of Yanukovych raises eyebrows everywhere. Yanukovych is not somebody that can unite Ukraine. Let's be quite frank about this. This is somebody who represents all that was bad in the Orange Revolution. Many people entered the Orange Revolution in the streets not necessarily in support of Yushchenko but against Yanukovych, and the return of Yanukovych – I mean, I think if it had been anybody else from the Party of Regions, this would have been a different situation, but Yanukovych's return raises eyebrows everywhere.

MR. ASLUND: Now, isn't that a surprise? (Laughter.) Well, face it, are we for democracy or are we not? If there were elections today, as we know very well from the European Union post, Yanukovych would win a majority. Should we say that Yanukovych can't become prime minister because I and the National Democrats and the Orange Coalition don't like that. No, that is not what democracy is about.

Secondly, you took a number of positions of the parties before the election. Yes, this is – if you don't have a majority party in parliament, you have to make compromises. This is one of the essential arts of democracy. Then you can discuss how big the compromises are. What you did say, they shouldn't make compromises on any major issue. In that case, Ukraine would never have a government until it gets the majority government under Yanukovych.

Thirdly, with regard to the socialists, I talked to the socialist Vitaliy Shibko three weeks ago and asked him about a socialist switch of alliance, and he gave three reasons. First, he said, we were never part of the Orange Coalition. We joined – supported Yushchenko after the first round of the presidential election. So that's how they defined themselves. Secondly, he emphasized the CAA's policy differences they had with Timoshenko. And thirdly, he said that to have Poroshenko as first deputy speaker was totally unacceptable – first deputy speaker at that crucial time. And fourthly, what he

didn't say was that of course the Regions were offering Moroz to become speaker while the Orange Coalition was offering him much less than so. You must be pretty stupid if you don't take the best bid, regardless of the sum of money happens to be involved also.

Thank you.

MS. BURWELL: I've had a number of hands go up. Stanley Kober?

Q: Stanley Kober with the Cato institute. It seems to me that Ukraine is pretty evenly divided. One of the things that struck me about the December 2004 election, Yanukovich still got 44 percent of the vote, Mr. Kuzio. And I saw a statement by President Yushchenko in which he said one of the reasons he didn't want to have early elections, he said the results wouldn't change; the country would still be divided.

I was struck just before the March election, a story quoting a college student from the Donbas region, and she said, "Our revenge is coming." "Revenge" is a pretty strong term. That's more than opposition. This was a young person, a college student. We're not talking about the older – (unintelligible).

I was wondering, then, on this division then, how widespread is the sense of revenge, because that goes beyond normal opposition?

MR. KUZIO: This is a very good point, which is often missed. What we tend to forget is the fact that the Party of Regions and many East Ukrainian voters, or majority of East Ukrainian voters never believe that their candidate, Yanukovich, lost the elections. They believe that they won the elections in round two and that there was a coup, financed by the U.S. – this is a very common view – that led to the Orange Revolution and then in turn were betrayed by President Kuchma and Speaker of Parliament Volodymyr Lytvyn. Yanukovich is anti-Kuchma. He believes that Kuchma betrayed him in that first week of the Orange Revolution when he should have done what Yanukovich was pleading for, send the tanks and troops in to smash the Orange Revolution.

And so that sentiment is there, and this is seen as revenge for what basically is betrayal of what happened in the weeks following the second round of the elections. They have never accepted that their candidate has lost the election. And so you've hit the nail on the head. And that's why this isn't normal politics in that sense.

MR. ASLUND: Yes, exactly, Stanley, this is the point. This is why it's so important to get a coalition that bridges this divide in order to avoid that Ukraine breaks up, which I don't think is necessary by any means because the perceptions you have, if the Westerns call the Easterners bandits and the Easterners are not all too happy about that, and the Easterners call the Westerners bandyts. (Laughter.) And the Westerners are not very happy about that either. And the East now – which Yushchenko – (unintelligible) – wave his Universal Declaration of National Unity, wants to overcome this divide to make sure that both parts get something.

And something that will be very interesting to see is how Timoshenko develops. You can say that each party has ideology apart from Timoshenko's, so she needs to – or could politically grow up, and she could grow in two directions. One is that she could become a Western party, but then she can barely get a majority. The other is that she could become a social democratic party and then she could get a majority sometime in the future, or she could seem to stay a populist, which is also in the opportunities.

So therefore I think that Timoshenko, to come back to Nadia McConnell's question, is one of the most interesting developments in Ukrainian politics in the future.

Q: Cory Welt, CSIS. I have a pair of questions, the first one directed to Anders and Steve and the second to Taras, and it has to do with this question of the outcome of the election as a democratic outcome. And it's one thing to say that it's a democratic outcome; it's another thing to say that this is the preferred outcome of the elections. And I almost hear a little bit of a suggestion that this might be the preferred outcome given the divisions in the country, and I wanted to push both of you a little bit on it and just see if that is indeed what you're saying or if – because the Orange Coalition would have naturally been a democratic outcome as well, and arguably a more democratic outcome. And don't you think that that still would have been a preferred outcome? And really what we're saying is, well, at least it's a democratic outcome and so we have to move forward on that.

The second question would be directed toward Taras, and I would like to have you comment a little bit on this claim that it is a democratic outcome. I would like to know if you have any – if there are any reasons to suggest that it wasn't a democratic outcome, or would you agree that indeed this is a proper democratic outcome?

MR. PIFER: Well, I guess my own preference – I mean, had we turned the clock back – (unintelligible) – would have been for an Orange outcome, with an Orange coalition and an Orange prime minister. Having said that, because President Yushchenko and Our Ukraine couldn't make up their minds in March, April and May, they basically lost that option. And so they were faced with a situation in July where I think Yushchenko made the best choice from a set of some very bad options.

So this may not be the preferred outcome, but it certainly is a democratic outcome. It's one consistent with the way Ukrainians voted back in March and there is no reason not to work with this outcome.

MR. ASLUND: This was not only the most democratic but also the preferred outcome from my point of view, the main argument being to avoid this division of a country, which I think is serious that Ukraine needs to overcome. It can overcome it but it needs to be dealt with.

Secondly, the whole establishment in Ukraine dislikes Timoshenko if you are not with Timoshenko. So I think that it will be very difficult for Timoshenko to be anything but prime minister of the majority party in parliament. I don't think that she can manage

to work in a coalition government, and I don't think that anybody else will give her that opportunity again.

And then thirdly, in terms of policies, the socialists have serious differences with much of the policies – economic policies. The Regions and Our Ukraine basically subscribe to, you can say, American Republican Party economic policies. That's most of all the program of both parties, so the economic policy problem would be quite big within that coalition also.

MR. KUZIO: I think that the desired outcomes – and certainly what I think the Bush administration and Dick Cheney, when he, from what I hear, telephoned – (unintelligible) – the elections would have been Orange and maybe second Party of Regions – the Grand Coalition, the Party of Regions and Our Ukraine, with Yekhanurov as prime minister. I think what both my previous colleagues – two colleagues are missing is that – I go back to the question this is not a good outcome because Yanukovych is prime minister and because Our Ukraine are not fully in the coalition. And I think – (unintelligible) – described it as you can't be semi-pregnant; you're either fully pregnant or you're not. You can't be in the coalition and in the opposition. And this is sort of Our Ukraine. With Yekhanurov in the Grand Coalition, Yekhanurov as prime minister, Our Ukraine is then fully in the coalition with them as prime minister.

On the one hand we have this very strange situation with some communists in even though Yushchenko and Our Ukraine said we'll never enter a coalition with communists in it, and Our Ukraine being split – 30 voted for Yanukovych, 50 did not, including – (unintelligible) – but Zvarych voted in favor of Yanukovych in a public position. So I think it's not – I'm not sure it's desirable or preferred, but it's a strange, messy outcome as a consequence of this political crisis and as a consequence of these dual-track coalition negotiations that I mentioned in my PowerPoint that Yushchenko and Our Ukraine did.

Now let's go back to the issue Cory has mentioned, which I think are good points, and Anders has alluded to. Since when has it been right for – the Party of Regions got the most votes but they didn't get more than 50 percent. That does not mean that they have the right to government or to create a coalition. In this kind of parliamentary proportional system it depends on who creates the coalition. In 2002, let's recall, Our Ukraine came first in the proportional half, and they also demanded that they should therefore be the basis for the coalition, and Yanukovych and Kuchma said no; why should you be the basis of the coalition?

Also, I find it very strange – and would therefore what I alluded to in my PowerPoint, which is something that's missed here, is that there was an informal agreement in the Orange camp that whoever came first in the Orange camp would have the right to appoint prime minister. Now, if they are democrats, as they claim, Mr. Yushchenko and Our Ukraine, then they should have accepted, like, remember, Snevdze (ph) suggested in April, that Timoshenko had the right to be prime minister. It's exactly what Anders recommended in an op-ed in April in the Moscow Times, if I remember

rightly, that Timoshenko had a right to be prime minister. The Timoshenko bloc came first.

Now, I also find it rather odd that Our Ukraine and the Party of Regions are comparatively a Republican Party. I'm not an American so therefore I can't talk on behalf of the Republican Party, but the last time I recalled, Our Ukraine talks about creating a social market economy. Is there a social market economy in the U.S.? This is a European-style social market economy. And as for the socialists not being similar to the Timoshenko bloc, hold on – if the Timoshenko bloc is social democratic, how is the socialist not close to the Timoshenko bloc?

I think that it's not just a question of the Timoshenko bloc having an ideology; I think none of these parties have any ideology in parliament in the way we understand it. The socialists went into the elections with one platform. They have betrayed that platform, regardless of what they're now trying to say, and defected in that shocking move that Moroz did. And precisely this was exactly why people went on the streets in the Orange Revolution to get away from, that party positions were more important than motives, morals and ideology. I mean, I think this – it's a very messy outcome, and I think I would be more upbeat if it wasn't Yanukovich prime minister, but the return of Yanukovich puts a big question mark on this.

Q: Bill Gleason, the Foreign Service Institute. It seems to me that much of the debate this morning about the future of Ukraine hinges on the viability of the so-called democratic consolidation processes – in other words, the strength or the weakness of processes, of institutions and so forth, and so I would like our three panelists to kind of extend that discussion a little bit by talking about the role of the press, the role of the media. This has not been mentioned. It seems to me that a great deal, you know, hinges on the ability of the press, of the media to play a key role, a functioning role, a strong role in the future in the years ahead. If the media is not really that free or that independent, then a great deal, it seems to me, could go wrong here very fast and very quickly. To borrow Steve's phrase, we could be in for a hell of a lot more surprises in the next five to six months than we've seen in the past five to six months.

So I'd like to have some discussion of that particular point. Thank you.

MR. PIFER: Well, I think I said in my opening comments, I think in fact the media does have a very important role to play here, and that in the last 18 months the media has become stronger and it feels more empowered. So I see the role for the media as being one of the main watchdogs. I think one of the differences that we – we were discussing this, you know, about Yanukovich as prime minister – are we going to get the pre-2004 version or Yanukovich or do we have a Yanukovich who has changed? And at this point, we don't know.

Should Yanukovich begin to revert back to the old ways, what I hope is that the role that maybe will be is to call him on that, to publicize that and to be the watchdog. Hopefully that won't be necessary. But it does seem to me that one of the things that is –

a key result of the Orange Revolution is that you do have the media in this position to challenge power. And it will be one of several watchdogs. There are also the NGOs, who also have an opposition party. And I think Yushchenko, who still, importantly, retains control of the power of ministers, is also going to be in a position to protect against any democratic backsliding.

So I can't say it's not going to happen, but I think you can say that in the current political context in Ukraine, there are a number of institutions that could resist that kind of backsliding should it emerge.

MR. ASLUND: Yes, just one observation. I talked recently to one top employee of one of the full, big oligarchy groups in Ukraine, and he put it like to me: You know, this country is bound to be democratic. The East will never agree with the West. And that's one check and balance. And then you have four oligarchy groups. Each of us is stronger than the state and we all hate one another. (Laughter.) So this is about the guarantee of checks and balances.

MR. KUZIO: You mean national bourgeoisie. (Laughter.)

I wouldn't be a total pessimist. I don't think the clock can go back completely to the Kuchma era. I think the idea that what's happened is going to lead to a complete reversal of everything the Orange Revolution stood for is, I think, misplaced. And I take onboard Ambassador Pifer's views on that. We shouldn't be using those headlines that come out of Moscow and come out of Washington, with one or two individuals who shall remain nameless, but they tend to be British. (Laughter.) Not myself. Not myself. And their surnames begin with L. (Laughter.)

Anyway, I don't think we should be thinking totally in terms of democratic reversal. At the same time, there are, I think, two areas which I'm sure the U.S. government and the European Union – although it seems the European Union has been very passive on Ukraine – the two areas which are problematic, and those are the battle against corruption and the rule of law. And these are areas which haven't just become a problem with the arrival of the new government under Yanukovich. There wasn't really that much progress. There was to some degree but there wasn't that much progress in 2005, 2006 either in those two areas.

And then the rule of law, well, I'm really thinking – and I'm not an expert on that, but Judge Bogdan Futey is more an expert in that area – but the whole issue of the prosecutor's office. I mean, we have a system where the minister of Interior Yuri Lutsenko has been doing what seems a relatively good job in cleaning up crime and corruption at the lower and medium levels, but at the senior level, which is dealt with by the prosecutor's office, nothing has changed. So the old guard and the new guard all protect each other's backs.

And the fact that nothing happened, of course, on the Orange Revolution slogan of "Bandits to Prison!" which seemed to convert to bandits to parliament and then bandits



to government – that, I think, is a problem area. Until you see somebody, a la anyone, as it were, somebody from the senior levels of Ukraine’s elites being charged, then I think that’s a big problem area for the rule of law because the general public view – which people on the streets in the Orange Revolution believed the change would be that nobody is above the law. Well, it seems that since the Orange Revolution that some people are above the law, and as George Orwell wrote in “Animal Farm,” “Some people are more equal than others.”

I think on the question of President Yushchenko being a defensive president against an infringement of democratization, I’m more pessimistic. And if you pitch – as some of these cartoons in the Orange Revolution did – pitch Viktor Yushchenko against Viktor Yanukovych, I’m afraid Viktor Yanukovych will win. Their characters are totally different. Plus Victor Yanukovych has high popularity at the moment, he has the largest faction in parliament, he has enhanced powers from constitutional reforms. President Yushchenko has low popularity at the moment; he has a very weak political base, Our Ukraine; and he doesn’t have that political necessarily to stand up to Viktor Yanukovych. He’s been very reluctant to use law enforcement.

So I think that – if it was somebody else – if it was Timoshenko a la Saakashvili in Georgia – I mean, Ukraine seemed to go the long way around in some ways. And if we compared Georgia, Saakashvili is Timoshenko and Burdjanadze maybe is Yushchenko. And I think in that sense – I know for sure that Viktor Yushchenko would be able to be the defensive position against infringements implemented by the Party of Regions. We shall see, but I’m not so sure.

Q: Thank you. Two short questions – one about past, one about future. On June 14<sup>th</sup> – (inaudible) – format of Grand Coalition with – (inaudible) – as president and – prime minister, yes, and Yanukovych speaker was almost agreed upon. And the question is, what prevented this option from being realized? Some insiders told me that there was a call from Washington for President Yushchenko strongly dissuading him from this option.

And now about future. In a couple of days Yanukovych comes to Moscow and Putin faces a very serious dilemma: He may press on Ukraine with raising prices – quite logical according to a new position of Turkmenistan. In this case, he alienates the so-called pro-Russian forces in Ukraine and loses all his leverages. And he can deliver to a person whom he so warmly congratulated a couple of years ago three times, some presence, but in this case he undermines and dissolves completely his new economic policy on serious business, and nothing personal. And they have hurt Gazprom and most probably his personal business interests.

So, to your judgment, what will be his decision?

MR. ASLUND: Yes, if I may respond. Of course, this was a horrendous mistake. Yushchenko had the opportunity to make the best choice and he didn’t take it. And an important reason from this was pressure both from the U.S. and from the European

Union. What I hear is that in particular the talks Yushchenko had with Cheney and with Solana in Vilnius were important for putting Yushchenko on the backtrack. It's a horrendous mistake, and the U.S. and the European Union were both not at all helpful.

On gas, I think it's pretty easy. I met a representative of RosUkrEnergo when I was in Ukraine last, and he said that probably the price will be 95 for the rest of this year, which is official, and it will be 120 to 125 probably during the first half of the next year, and 130 to 140 during the second half of next year. It seems that the Kremlin has learned the lesson from January – increase the price gradually. Announce it in advance; don't shock people. I mean, this was clearly said so that I could spread it. And this is the kind of expectation they want to arouse. Turkmenbashi is not sorted out for this purpose as yet. I'm sure that it will be done.

Q: Thank you. Olexandr Aleksandrovysh, minister-counselor, Embassy of Ukraine. First of all I would like to thank all our distinguished speakers whom we all very well know, and who have done a lot to promote Ukraine in this country and who are always welcome guests at the Embassy of Ukraine.

I would like to make a few comments because your presentations differed a lot, but I would like to indicate a few common points that all of you mentioned. First of all, I would like to say that the year 2005 and the first half of 2006 was not a wasted year, in both economic and political terms. I will not tire you with economic figures. All of you know about that.

Point number two is I agree with the speakers that the most important achievement at the Orange Revolution was democracy, both in the past, present and for the future. This is an important prerequisite for successful development of Ukraine.

Point number three: All of the speakers indirectly agreed that the decision of President Yushchenko to nominate Yanukovich as prime minister instead of dissolving the parliament was the right one.

Point number four: In spite of this parliamentary crisis for the last four months, we have been witnessing a good economic development in many areas in Ukraine, and this is a good sign for the future.

The next point is I would agree with Ambassador Pifer that we should not overestimate and we should not exaggerate the split between the East and the West. These are the politicians who have exploited this topic in the past, but once they stop exploiting it, the problem will not disappear but it will be much, much less acute.

And finally, there are a lot of remarks in the Ukrainian media about the future foreign policy of Ukraine, meaning that the levers are in the hands of the president, so no matter what the government does, the president will continue to lead Ukraine foreign policy. I would look at this from a different angle. I would say that both Ukraine and the government and the prime minister have a common strategic vision of Ukraine foreign

policy, so we should not see any opposition here. There might be some tactical nuances, but not strategically. And I'm sure that during his first visit abroad, the new prime minister will explain more about his internal policies and about his stance on foreign policy issues. Thank you.

Q: Brian Murphy, foreman of USAID in Ukraine under Ambassador Pifer's tutelage. If I could ask the panel to follow a bit more on the rule of law and the anti-corruption effort – I know that USAID currently, along with the Millennium Challenge Corporation is very committed to supporting anti-corruption efforts in Ukraine. The comment was made that the old guard is the new guard, and there is not very much support at high levels to deal with corruption. I wonder if anyone else would elaborate on that please. Thank you.

MR. ASLUND: The best way to fight corruption is to have transparency and checks and balances. According to Transparency International, last year, Ukraine, for the first time ever, had less corruption than Russia. I think that's another clear result of the more open media that comes from the Orange Revolution. And Ukraine now has corruption scandals all the time, which is excellent. Russia doesn't have corruption scandals to the same extent and not at the same level, which just means that it's not exposed.

Of course it will take time. And as Taras mentioned before, of course judicial reform is horrendously difficult. And even the declaration of a government is actually quite heavily emphasized, but of course we're always skeptical, for good reasons.

MR. PIFER: If I could say briefly on corruption, just two points. One, I think it's going to be important for the West to make clear – and particularly for Europe to make clear to Ukraine – that to the extent that Ukraine wants to draw closer to the European Union, a more serious effort against corruption is going to be important. I mean, that's going to be fundamental.

And then second, you know, at some point there just have to be some people who are tried, convicted and go to jail because up until now, without that, you know, corruption is a relatively risk-free enterprise.

Q: (Off mike) – from the Center for Transatlantic Relations. I have a question for all three panelists, and that's the role of the European Union. Taras Kuzio, you mentioned that the European Union has been quite passive. There is going to be an E.U.-Ukraine summit in October, so what kind of issues should be on the table and what would look a more activist policy by the EU?

Q: Mindy Raiser, independent consultant. I'd like to hear a little bit more about Russia in a situation that certainly is fluid, although some people on the panel are more optimistic than others. We've heard that there is at least more sophistication in rising prices for gas, but what about other machinations? What about other opportunities to sew mischief in a fluid and somewhat fragile situation?

Q: I have a question for the entire panel. What are your views – forecasts about the mid-term relationship with NATO for Ukraine in light of 2009 presidential election, and what are the risks and benefits for the Party of Regions in this regard? Thank you.

Q: Thank you. Angela Stent from Georgetown University. I have a somewhat different comparative question for the panel, but it does relate to Europe as well. We've been hearing comparisons with other CIS countries, but I'm wondering how much of an outlier Ukraine really is in Europe. When I think about fractious politics, shifting coalitions, corruption, media that are sometimes not completely free – I'm going to pick a country, Italy, that I know is close to Taras's heart. I mean, is in fact – is Ukraine that much of an outlier, or is in fact on the way to becoming soon, if we believe what Anders and Steve have said, a normal European country?

(Laughter.)

MS. BURWELL: Steve, then Taras, then Anders.

MR. PIFER: Okay, let me take a couple of those. First, to my mind it's a good thing if the basis for comparison of Ukraine begins to shift toward countries in Central Europe and even Italy and move then away from comparison to countries like Turkmenistan, Belarus and Russia.

On relations with NATO, I mean, my expectation is that absent a very aggressive effort by a united government, it's unlikely that Ukraine will get a membership action plan this year. But I think there is still going to be signals from NATO that the door remains open, that if Ukraine wishes to enter NATO, the alliance is prepared to consider that. It seems to me that probably what has to happen at some point fairly soon is Ukraine is the launch of a kind of an internal national dialogue on the value of NATO membership for Ukraine. I think that it makes sense for the country, but ultimately Ukrainians themselves have to reach that conclusion.

And what I fear is when I watch the debates sometimes, it seems to me that the stereotype image of NATO on the part of those who oppose drawing close to NATO, is really a vision of NATO as it looked back in the 1960s and 1970s. I mean, they really haven't caught up with the change that NATO is going through.

So I think, you know, there may not be a membership action plan Riga, but I think Ukraine is still going to get a message from the alliance that is, if you want to come down the membership route, we're open to it, but it has to be a route that is supported by a unified government and ultimately has a certain consensus of support among the Ukrainian public.

On the European Union, it seems to me that the EU has always had a potential role which it has never really played as well as it could, and that is the EU is attractive to Ukrainians. It is a magnet. It is not controversial in the way that NATO is, but I

sometimes worry that the EU has never institutionally used that attraction, in part because it's always been so nervous about sending a signal to Ukraine, and I'll always hope that the EU might send them a statement that says, if Ukraine reforms its political system and its economic system and begins to meet the standards that prevail in Europe, then, yes, Ukraine can aspire to membership in the European Union. That's always been too hard for the EU to say, but I think if the EU could come up with a message like that, it could find that that would have a fairly influential impact in shaping how Ukraine modernizes itself.

MR. KUZIO: Yes, I think you can look at in many different ways like I think many of us have said, because it's still early days. Let's recall that the big fear is that they'll just be returned to the declarative and anti-rhetoric on multi-vector of the Kuchma era. After all, Ukraine declared its intention to join the EU in '98 and NATO in 2002 a couple of years after Kuchma – (inaudible). Now, the – but nothing was implemented; nothing was ever taken domestically to back that up.

On the other hand, it is a question – it is I think quite obvious that the – sorry, Timoshenko bloc and our Ukraine together have more than 10 seats on the parliament, would certainly need the support or at least the neutrality, or the support of – maybe part of our Party of Regions to move Ukraine towards NATO. One couldn't see a scenario where Ukraine would move towards NATO membership with the Party of Regions totally opposed. So at least you would want the neutral at least partly on your side, and that – even just a question of numbers in the Ukrainian parliament, and also the issue of the Party of Regions dominating Eastern and Southern Ukraine where support for NATO membership is lowest. So you need to bring on the Party of Regions whether you like it or not on that issue.

I think the danger is that when one compares the Yushchenko draft universal and the one that was approved, the Yushchenko draft universal had “map” included in the universal, whereas the one that was adopted, the word “map” was removed, which I think is not necessarily a good sign.

On the issue factitious politics – and, yes, Italy is close to my heart and my mother's mother is Italian, and from Southern Italy, even worse. (Laughter.) I think – again, you can look at this both positively and negatively. It isn't the same quite as Western Europe of course because these countries have had their political systems for decades. They haven't maybe improved but they have had them for decades. (Laughter.)

So, I mean, part of the problem this year wasn't just the question. Maybe I should have put that in my PowerPoint. Part of the problem this year was that this was a post-election scenario and coalition wrangling, which was taking place at the same as constitutional reforms have been implemented, and people were learning the new rules of the game. I mean, there is no law in opposition. Nobody really knows – I mean, remember when the Parts of Regions was blocking the Ukrainian Parliament in June, they demanding, as they had a right to, their quota of parliamentary committee. And for the opposition, they were then the opposition.

And I think the second positive aspect is that when one looks at this from a political science point of view, when you look at the various 27 post-communist states, countries that have done the best in democratization have been countries with parliamentary systems. The countries that have done the worse with democratization have so-called supra presidential systems. And it tends to be the norm in CIS with presidential systems. I mean, Central Europe and the Baltic states with parliamentary. Moldova is the exception and the Ukraine is the exception in the CIS.

And so what we have seen in Ukraine has been highly messy; maybe I don't particularly like the outcome, but it is a move of Ukraine away from the CIS – psychologically and in terms of regime politics – towards Europe.

MR. ASLUND: (Unintelligible) – some positive words! (Laughter.)

Let me – to Russia.

MR. : I see underwater. (Laughter.)

MR. ASLUND: I think that Russia has very little possibility to influence the Ukraine for the simple reason that Ukraine is a democracy. Russia today doesn't understand what democracies are and how they work, and therefore they are unable to understand. And the other problem with Russia is that it is a energy superpower as it calls itself. Nobody can identify with an energy superpower that just charges higher prices for everybody, and has nothing to offer.

So therefore, Russia is a repelling all of the others. After Putin had this offer at the G-8 meeting in St. Petersburg, where everybody just celebrated him, he went on to have a CIS meeting, but the CIS president knew how to treat Putin. Four of them said that they couldn't come hours before, and two of them pointed that they were going to have holy days – (laughter) – which are considered very important. So this is how you could treat Putin. And the CIS leaders know that, unlike the Western leaders. (Laughter, applause.)

What in effect is happening is that the CIS is collapsing. GUAM is not for the first time becoming something that looks real. And when you hear the Kazak talking now, they only talk about the Shanghai corporation organization that, which gives, then, China as a lever against Russia. So Russia is being left alone with Belarus, and its frozen conflict territories, which seems to be its own choice.

And the Ukraine has nowhere to go but to the West. And the role of the European Union – I think first of all, the door to membership must be open. Angela and I were just in Yalta where it was it was Marichiviats (ph) more – Alexander Krasnovsky former national security advisor, who presented a scenario for how Ukraine could join the European Union in 2020.

Another part of the EU is their action, which has two important parts that I like. One is a lot of education and science exchanges from which the Ukraine has previously been excluded, Erasmus and a Galileo program, in particular. And the second part of it is that the EU starts training its administration with Ukraine. The European countries are really good at its bureaucracy. (Laughter.) They have bureaucracy that works, and that has worked very well in the EU accession countries. So now Ukraine is becoming part of it.

And then what I have already mentioned: the free trade agreement, which should be an enhanced agreement with other parts to it. So I think it's very important that the door is opened, and that many practical things are being done – operative, longer than this declarative can we become a member or not with President Kuchma or the time since '96.

Finally, on Angela's point, instability of the government has turned out to be good. I totally agree on this point that Taras made that we are in four transition countries, the best-performing transition counties that had to be in the Baltic states, and they have changed government every year. If you have pervasive corruption, which Ukraine has, you don't want stable governments. (Laughter.) You don't want governments to be -- honestly because of corruption scandals. And I am happily looking forward to – that will happen to the Yanukovich government also. Thank you. (Laughter, applause.)

MR. : Unfortunately, Anders, it didn't work with Italy. But you had change of government every year, but you still have corruption.

MR. ASLUND: Well, it was because of a big Communist Party. Probably in Ukraine it doesn't happen.

MR. : I think one thing that just should be added though, which we have kind of let slip is EU is not offering Ukraine membership; NATO is. And so it's not – they don't both have open-door policies in that sense. The EU is going to be offering Ukraine an enhanced agreement in 2008 to replace the partnership-cooperation agreement, but that does not offer membership, even though parliament is lobbying for it to be classified as an associate agreement.

And I think a new case of Russia and Ukraine is a double whammy here. It's not only that Russia doesn't understand Ukraine, as in Ukraine, but they don't understand Ukraine from a national identity point of view. And Kuchma was therefore absolutely right in his well-known 2004 Amazon (big-hitter ?) book, "Russia is not Ukraine." (Laughter.)

(Pause.)

Q: My name is Geoffrey Clark, I'm with Development Associates. And we have a project in Ukraine that centers on election administration and strengthening. And I

wanted to make a brief announcement about a publication we have that could be of interest to people here.

Following the March elections in Ukraine, we dispatched a team to the country, headed by a former member of the U.S. Congress, and they put in a pretty extensive effort to get this report together that was published a week or so ago. And we could make it available electronically to anybody who is interested.

And my brief question is do members of the panel believe that the coalition is going to hold? Is parliament going to be in place as we know it now six months from now?

Q: Hello. My name is Vodya Garim (sp) from the Center for European Policy Analysis here in Washington. And you mentioned that the biggest thing about the EU that the door should be open and to the membership for Ukraine. And in light of the warming of relationships between Russia and Germany, do you think that this specific relationship might have a bearing on the EU's relationship with Ukraine?

Q: Yes, Raymond Albright with Global Financial Solutions. We do business in Ukraine and there's some talk about Yanukovich and his possible future. But can anyone give us a better picture of who he really is and how tied is he really to the Party of Regions, or the Party of Regions tied to him? And that sort of ties into the relationship that was asked earlier about Russia. Thank you.

Q: (Off mike.)

MR. KUZIO: I think we need to – when I was in Kiev in June, I had a long meeting with a newspaper in Kiev called Segodnya, which is owned by a collective of Ukraine's wealthiest oligarchs and I asked this question to them, who holds power – I mentioned Anders' views on this. Who holds power in the Party of Regions? And in that sense, Yanukovich has group inside the Party of Regions. It's not one political unified political party in that sense. But that Akhmetov certainly holds far more influence and the people he's brought into the Party of Regions. So I wouldn't think that Yanukovich is completely his own man in that sense, but who he really is, one can see the CV that he submitted when he became prime minister. It doesn't include any mention of any criminal record and of course he claimed an income, which would make him to be very pauper – no car, no apartment, and such is the like. So I think we just don't know. I mean, we know – as I think Ambassador Pifer mentioned – we know the pre-2004 Yanukovich. Whether Yanukovich now has seen the light, I think we should remain, to some degree, open to that potential. But we should also not forget the past either as you mentioned.

I think this brings back in the question of corruption, which I didn't really answer. I think the problem with corruption – back to this question I think was raised over here – is you can pour in as much money as you want including from the U.S. government, but if there isn't the will on the ground, then it's a waste of money. You might just pour it



into the sand or transfer it to a Swiss bank account. And we haven't seen – and I agree with Anders about transparency and checks and balances, but the problem is what about RosUkrEnergo? As you mentioned, the godfather of RosUkrEnergo is now the minister of Energy. So we're not likely – the only political force, and this is something to her credit, that was arguing in favor of relieving RosUkrEnergo was the Timoshenko bloc, nobody else.

MR. ASLUND: If I just add a couple of things on the Yanukovych. It looked in the fall as if Akhmetov really owned the Party of Regions. But what has happened during the election campaign is that Yanukovych has greatly enhanced his standing within the Party of Regions, because he has done very well. And his American political consultants say that 10 percent of the vote to the Regions goes to Yanukovych personally. So for the Regions, it was vital to get the prime ministership, because otherwise they would be thought of decapitated. And the decisions within the regions, the major policy decisions, are taken by the triumvirate, which is Yanukovych, Akhmetov, and Andrei Tuleyev. But Andrei Tuleyev is just the righthand man of Yanukovych, always lawyer to Yanukovych. So it's really a partnership between Yanukovych to Akhmetov, but they are equals rather than one being more senior than the other.

MR. PIFER: Maybe I'll pick up on the other two questions. Just on Ukraine's relationship with the European Union and whether the Russian-German relationship is going to have an impact on that – it may, but I think it would be very much at the margins. It seems to me that the reluctance of the European Union to open the door explicitly to Ukraine derives much more from questions like the difficulty that they're having still in absorbing the ten new countries that they took in 2004. The fact that the constitution failed in two votes last year so they're still now trying to sort that out – so there is this reluctance. But I think the German-Russian angle might add a little bit but it's not going to be the deciding element.

On the longevity of this Rada coalition, that's at this point, I don't think you can make a prediction with any kind of confidence. The Rada voted in the government, oh what, early Saturday morning? And then most of them headed out for vacation. And I think you're going to have a better fix on the possible longevity of the government in September and October when you begin to see some of the specific policies that are being pursued by the cabinet, because that will, I believe, begin to reveal to us how much of the universal is the basis for a single policy, and how much of the language there was simply language that was put in to bridge differences that then quickly reemerge. So September/October when you begin to see the policies and you then get a picture of whether the presidency and the cabinet are on the same track or they're beginning to diverge. That I think will begin to give you a clue as to how long the coalition is going to be able to survive.

MR. KUZIO: Just an add-on to what Steve said, I think that the real danger is that the Regions are just rolling on and steamrolling Our Ukraine out and Our Ukraine as it looks now seems very disparate and we can see statements of people close to the government talking about leaving. I think that's what one should look for.

MR. : I just want to thank the opportunity to thank our panelists for an extraordinarily lively and important discussion, which I think was about Ukraine, but also I've been delighted to say it touched upon most of the most significant issues in political science today, and I think you for the insightful discussion. (Applause.) I'd also like to again thank Atlantic Council and Fran Burwell for agreeing to sponsor the session with us. Thank you very much.

MS. BURWELL: Well, and thanks very much to CSIS as well. Thank you.

(END)