



UKRAINE: Premier faces new conditions and challenges

Wednesday, December 19 2007

EVENT: Parliament voted yesterday for Yulia Tymoshenko to head the 'Democratic Coalition' government.

SIGNIFICANCE: She has the slimmest of majorities -- 226 votes out of 450 -- and failed the previous week to muster even that tally.

ANALYSIS: Yulia Tymoshenko returns to government, after President Viktor Yushchenko dismissed her administration in September 2005 after barely nine months in office. However, much has changed:

- The prime minister's powers have greatly increased, partly as a result of a law on the cabinet that the Yulia Tymoshenko Bloc (BYuT) voted for together with former Prime Minister Viktor Yanukovich's Party of Regions last January.
- The 2006 constitution, which transformed Ukraine from a semi-presidential to a parliamentary-presidential system, places the government under the control of parliament, responsible to a parliamentary coalition.
- During Tymoshenko's first administration, parliament was dominated by centrist supporters of former President Leonid Kuchma, bitter at having lost the 2004 elections and afraid of retribution from the victorious 'Orange' administration. Tymoshenko is now offering to heal and unite the nation.

Reform agenda. The top priorities for the new government will be energy security, judicial reform, reducing corruption and improving the economic environment:

- **Reprivatisation.** A divisive issue in the first Tymoshenko administration, this will not be a priority and any reprivatisations will be left to the courts.
- **Gas.** Energy security will impinge on interests in Ukraine and relations with Russia. Tymoshenko has long been an ardent opponent of the non-transparent RosUkrEnergo intermediary that reportedly benefits senior Russians and Ukrainians personally: she wants direct gas trade with Russia. Russia has already set a price for 2008 of 180 dollars per 1,000 cubic metres (see [UKRAINE/RUSSIA: New gas prices should be manageable - December 5, 2007](#)).

Foreign policy. The return of an Orange coalition to government will increase the pro-European vector in foreign policy. Hryhoriy Nemirya, a BYuT deputy from Donetsk, is deputy prime minister with responsibility for European integration. He is a strong proponent of Ukraine's Euro-Atlantic goals.

At the October meeting in Kiev of south-east European defence ministers, Yushchenko sought support for a NATO membership action plan (MAP) at the April 2008 Bucharest summit. NATO will require active support for a MAP from the new Tymoshenko government. Yanukovich opposed a MAP during his September 2006 visit to Brussels (see [UKRAINE: Premier's party raises divisive issues - September 21, 2007](#)).

Tymoshenko has assiduously courted West European governments and the EU, where Tymoshenko has much good will. Ukraine and the EU are to sign a free-trade agreement, once Ukraine joins the WTO -- probably in early 2008.

Coalition politics. The September 30 pre-term elections produced a slim majority for two of the three Orange parties, Our Ukraine-People's Self-defence (NU-NS) and BYuT (the Socialists failed to enter parliament for the first time since 1994). NU-NS failed to increase its vote since March 2006 (see [UKRAINE: Yushchenko needs Tymoshenko as ally again - October 5, 2007](#)):

- The major beneficiary was BYuT, which increased its vote from 23% to 31%. It established a presence in eastern-southern Ukraine, making it Ukraine's only national political force. BYuT came first in 15 out of Ukraine's 25 regions, in addition to securing the capital, Kiev.
- The balance of forces in the Orange camp has shifted in the last five years, away from the president's NU-NS to BYuT. While support for Our Ukraine has steadily declined since 2002, BYuT has increased its seats in parliament from 21 deputies in 2002 to 156 in 2007.

UKRAINE: Premier faces new conditions and challenges - p. 2 of 2

Yushchenko's options. BYuT's surge in popularity and NU-NS's failure to increase its share of the vote leave Yushchenko limited choices. Neutral in 2006, Yushchenko campaigned for the 'democratic coalition' in 2007. It would therefore be political suicide now to back out of supporting the Orange side. Yushchenko must also keep an eye on the 2009 presidential election. With Tymoshenko inside the government, he has a chance of winning a second term in a repeat contest against Viktor Yanukovych, the Regions leader whom he defeated in 2004.

Withdrawing support from an Orange coalition (as in 2006) would have pushed Tymoshenko into opposition and threatened Yushchenko with her candidacy in 2009. With BYuT more than twice as popular as NU-NS, and only BYuT having all-national support, Tymoshenko would have been in a good position to defeat Yushchenko in the first round in 2009, taking the Orange vote and entering the second round.

Nevertheless, the same concerns about backing Tymoshenko as head of government arose within the presidential administration and NU-NS as they did following the 2006 elections. In 2006, Yushchenko negotiated simultaneously for a grand and an Orange coalition; both failed, and the Anti-Crisis Coalition emerged, which sidelined both BYuT and NU-NS.

In September 2005, Yushchenko could remove the prime minister under the 1996 constitution, which subordinated the government to the presidency. Under the 2006 constitution, the government (apart from the defence and foreign ministers) comes under parliament. Not only is the prime minister more powerful than in 2005, the president can no longer dismiss the prime minister.

Anti-Tymoshenko tendency. In 2005, Yushchenko balanced Tymoshenko's administration with the National Security and Defence Council (NSDC) headed by Orange oligarch Petro Poroshenko, leading to in-fighting within the Orange camp. Yushchenko has the right to appoint the foreign and defence ministers, NSDC secretary and prosecutor-general, but has also demanded that NU-NS take the Interior Ministry in the coalition government.

Yushchenko has replaced the popular and effective Anatoliy Hrytsenko as defence minister with former Prime Minister Yuriy Yekhanurov, who is in the NU-NS anti-Tymoshenko wing and is personally loyal to Yushchenko. The security forces are to provide a counter-balance to Tymoshenko; Yekhanurov's military reforms aim to benefit the president's popularity, not Tymoshenko's.

The president can only influence the government's longevity by removing NU-NS from the coalition. It is badly divided between a majority anti-Regions group and an influential wing that is anti-Tymoshenko. The former supports an Orange coalition, and the latter a grand coalition with Regions.

Outlook. It would not take the withdrawal of many NU-NS deputies for the Orange coalition to collapse. Together, the two parties have a slim majority of three, but former NSDC Secretary Ivan Pliushch refused to back Tymoshenko in coalition votes on December 4 and 18. With only 227 deputies, the Orange coalition is potentially unstable, and absent deputies could prevent key votes.

An Orange failure would not open the door to an alternative coalition. Regions, the Communists and Volodymyr Lytvyn's bloc have 222 deputies. Only parliamentary factions, not individuals, may create coalitions, and NU-NS in its entirety would never agree to join a grand coalition. Our Ukraine refused to join the Anti-Crisis Coalition in autumn 2006 because of the Communists' presence. This leaves two scenarios, a temporary government allowing Tymoshenko to remain in place, or early parliamentary elections.

CONCLUSION: Tymoshenko re-enters government in a different political climate from the euphoria of the post-Orange Revolution days in 2005, with a reformed constitution, weaker president, larger parliamentary faction and a very slim Orange majority. She has the benefit of a booming economy and foreign investment entering Ukraine, but her task will be difficult: reforming the energy sector and the judiciary, tackling high-level corruption and advancing Ukraine's integration into the WTO, EU and NATO, with Russia resurgent.

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