

## **INTERNAL DIVISIONS MAY DEFEAT YUSHCHENKO'S WTO ASPIRATIONS**

**By Taras Kuzio**

The Ukrainian parliament went into summer vacation this week after adopting only six of the 14 legislative acts needed for possible WTO membership. Two related laws were adopted earlier. The government had wanted parliament to consider all 14 laws as a package, but parliament refused.

A key legislative act adopted on July 6 deals with intellectual property rights. Ukraine has long been a major player in the worldwide market of pirated CDs. The bill passed, although the Communists, Regions of Ukraine, and Social Democratic Party-United (SDPUo) all opposed the law.

The Ukrainian government and World Bank believe that, although all 14 draft laws were not adopted, a sufficient number passed to qualify Ukraine to be considered for WTO membership at the WTO biannual conference in Hong Kong on December 13-18 (AP, July 11). Ukraine will need to adopt a total of 26 laws for WTO membership.

According to Economics Minister Serhiy Teryokhin, Ukraine has now adopted 90% of the legislative acts required to join the WTO ahead of Russia later this year. After gaining membership, Ukraine hopes to begin negotiating a free-trade zone with the EU. President Viktor Yushchenko also sees WTO membership as a key component of Ukraine's Euro-Atlantic integration.

Yushchenko and the government claimed that joining the WTO would lead to an additional 1.9% annual growth of GDP, \$300 million additional in exports, and new markets would open to Ukrainian goods. Ukraine would also save \$1.6 billion that it currently loses due to laws that are not compatible with those of the 148-member WTO.

The opposition argued that WTO membership would lead to price rises and the collapse of Ukraine's agriculture, auto, and metallurgical industries. Opposition centrists, such as Regions of Ukraine and the SDPUo, support Ukraine's joint entry into the WTO alongside Russia. The Communists oppose WTO membership, while the Socialists support joining in stages.

Attempts to force the laws through parliament ahead of the summer recess were hampered by the lack of leadership on the part of Yushchenko and a lack of unity in the Yushchenko coalition. Writing in Zerkalo Nedeli/Tyzhnia (July 9-15), Serhiy Rakhmanin declared that the new political leadership had flunked its first major test, because, "The entire political leadership lacks potency, and the new system of political decision-making works too poorly."

This "impotence of authority" has emerged because the new regime does not use bribes, threats, and blackmail as was common under former president Leonid Kuchma. The new opposition is not afraid of the authorities because, Rakhmanin believes, Yushchenko's team has not adequately punished the former regime for its past misdeeds.

Yushchenko made another strategic miscalculation when he did not order his own governors and government ministers to relinquish their parliamentary seats. Twenty parliamentary deputies held government or state administrative positions, including National Security and Defense Council secretary Petro Poroshenko. The Communist and centrist opposition seized on this issue to demand that they give up their seats ahead of the parliamentary debate on WTO membership. While in opposition, Yushchenko had specifically criticized the authorities for illegally holding parliamentary and government positions, now this issue was used against him. Yushchenko finally ordered his team to vacate the parliamentary seats on July 2, only six days before the summer recess.

Yushchenko's team did not present a united front on the WTO issue. Although the Socialists supported Yushchenko in round two of the 2004 presidential election and have been rewarded with government and governor positions, the SPU joined the Communists and centrists in opposing WTO legislation. The SPU seems unclear on whether it is part of the opposition or part of the governing coalition. Socialist leader Oleksandr Moroz said, "We criticize constructively. We should do this because these are our authorities" (Interfax-Ukraine, July 9). Yet just last month Moroz declared that the SPU would never go into opposition to Yushchenko (Ukrayinska pravda, June 16).

Yushchenko's People's Union-Our Ukraine party and Prime Minister Tymoshenko are divided on the usefulness of the SPU. After the SPU failed to back the WTO legislation, Tymoshenko and Economics Minister Teryokhin called for the replacement of SPU ministers, particular Agriculture Minister Oleksandr Baranovskiy. In contrast, Yushchenko and People's Union-Our Ukraine officials continue to delude themselves that the SPU are useful and should be therefore be invited to join their bloc in the March 2006 parliamentary election.

The SPU also differs with the government over privatization, including whether to keep Kryvorizhstal in state hands or put it up for a new privatization tender. The SPU is also hostile, like the Communist and centrist opposition, to NATO membership.

Parliamentary bickering in the last week before the summer recess also deepened the rift with parliamentary speaker Volodymyr Lytvyn, whose People's Party is a potential member of the Yushchenko coalition in the 2006 election (see EDM, July 8). Lytvyn accused the government of preparing flawed bills in great haste and called for greater debate about the merits of joining the WTO. Lytvyn also accused the government of being unwilling to cooperate with parliament (Inter TV, July 10).

Tymoshenko retorted that Lytvyn and Moroz were, alongside the Communist-centrist opposition, also her opponents (Ukrayinska pravda, July 10). As for government work on WTO legislation, she said, "Don't listen to these stupidities, when they say that the government submitted something in haste, that it submitted half-baked documents, that something was not agreed with MPs" (1+1 TV, July 10). In reality, "The government is being obstructed from working," Tymoshenko alleged.