



International  
Centre for  
Policy  
Studies

# *INSIDE UKRAINE*

*#1, November 2009*

## Editor's Note

Dear reader,

It is my pleasure to introduce *Inside Ukraine*, the International Centre for Policy Studies' new monthly.

*Inside Ukraine* is intended to fill the gap that exists between superficial news and in-depth academic publications dealing with Ukraine: our goal is to supply foreign decisionmakers and decision-shapers with the facts and analysis they need in a concise and reader-friendly format.

Published at the beginning of each month, *Inside Ukraine* will identify and analyze the previous month's essential developments in the areas of political competition, economic policy, and foreign and security policy. Each issue will also contain a special section breaking down an event or issue of major topical significance, a feature interview with a top decisionmaker, and a forecast of key events and high-level meetings to be expected over the coming month.

This month's issue, exceptionally published mid-month, covers October and early November. You will find in it analysis of the major events that shaped the public debate and public policy over this period – from the swine-flu pandemic to the possibility of Ukraine losing the IMF's financial support – and their likely impact on Ukraine's political system in the run-up to the January 17 presidential election.

I am confident that *Inside Ukraine* will prove a highly useful tool for you, and I look forward to sending you the second issue in a few weeks' time.

Happy reading!

Sacha Tessier-Stall, Editor

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# Domestic Politics and Policy

## *In brief*

*The official start of the election campaign on October 19 gave a hint of what is to come over the next few months: every crisis or scandal is potential campaign fodder. In October and early November three developments proved especially conducive to this type of populist campaigning.*

*First, the wave of flu deaths that hit Ukraine at the end of the month provided fertile ground for accusations and grandstanding.*

*Second, allegations of serious crimes were traded between the Party of Regions and the Bloc of Yulia Tymoshenko (BYuT).*

*Third, the economy, particularly social spending, has continued to be seen by all major political forces a key tool for influencing the outcome of the January election.*

*Viktor Yanukovich remains the frontrunner for the ballot, polling at around 28 percent, according to an October poll by the Razumkov Center. Tymoshenko is now a clear second at 20 percent, as her main challenger for votes in the west, Arseniy Yatsenyuk, has dropped off in recent weeks into single figures. President Viktor Yushchenko remains below 5 percent, but still has a number of administrative resources at his disposal for affecting the outcome.*

## **Pandemic politics**

Swine flu hysteria hit Ukraine when an epidemic was declared on October 30, with Tymoshenko ordering schools closed and banning mass public gatherings for three weeks. Political rallies were cancelled (Tymoshenko's own rally had taken place the previous weekend), and public health policy took a back seat to electoral politicking as the outbreak became candidates' primary campaign tool.

Tymoshenko used the opportunity to demonstrate to voters that, as her ubiquitous campaign posters say, "She is working." Tymoshenko may get a ratings dividend from her zealous efforts, which have dominated television coverage. But positioning herself as the key general in the fight against swine flu

could also cost her, as she will have to take responsibility for any mistakes if the situation worsens.

Yanukovich used the opportunity to accuse Tymoshenko of mishandling the response, claiming that her government had embezzled funds meant for preparations for an outbreak. Yushchenko also went on the attack and asked the prosecutor's office to launch a criminal investigation into Tymoshenko's decision to organize a mass campaign rally just days before an epidemic was announced. Other candidates, such as parliamentary speaker Volodymyr Lytvyn and his predecessor, Yatsenyuk, accused the government of whipping up panic about swine flu in order to cover up its mistakes and scandals.

The political noise deflected attention from more serious issues, such as the state of the health system which proved unable to cope with the crisis. The government lacked both a clear assessment of the situation and a public information strategy to deal with the inevitable hysteria.

## **Economic policy vs. political economics**

In the run-up to the January poll, policy is increasingly driven by electoral expediency. Since the beginning of the year, Yushchenko has evolved from fiscal conservative into populist spender. In January he called the government's budget "a castle in the sky" and urged the government to prepare a budget where "expenditures correspond to the capabilities of the economy". But on October 30 he signed a law boosting wage and pension expenditures by 20 percent, ignoring the economic reality and calls by the IMF to veto the bill.

While the president had the final say, boosting these expenses was in fact a Party of Regions gambit. Regions lawmakers have been physically blocking parliament for months, demanding wage and pension hikes.

Many of the president's actions seem specifically designed to hamper the government's anti-crisis measures, thereby damaging Tymoshenko's chances of succeeding him. The two key supporters of the social spending bill — Yushchenko and Yanukovich — aimed to kill two birds with one stone. First, to position themselves as defenders of the poor while forcing Tymoshenko to fight the popular bill; and second, to make her mortgage Ukraine's economic recovery by implementing the bill's crippling spending provisions.

## Dirty campaign ahead

The campaign for president has in reality been going on for months, but its official start brought forth a slew of allegations in all directions. Three deputies from BYuT were accused of molesting children. In an election campaign, the veracity of these allegations matters little — especially given Ukrainians' general antipathy towards politicians. In response, BYuT reignited allegations against Yanukovich that he was involved in a violent crime several decades ago. However, allegations will rarely go from the television screen to the court, and the unspoken

agreement among the political class means that much will remain under the carpet.

The tit-for-tat allegations lead to less emphasis on policies, and more on the politics of "scandals", real or imagined. The media has undergone a process of "tabloidization": insiders say a number of channels are working under directives not to offer opinions, but simply to cover press conferences and comments. On the one hand, this is better than having biased reporting, as happened in 2004; on the other, uncritical reporting leaves plenty of room for scandal to overshadow substance.

This tendency is reflective of an oligarchy whose members are keen not to put all their eggs in one basket. With the ousting of Dmytro Firtash — who was forced out of the Russia-Ukraine energy trade in January — from the popular television channel Inter, the channel's anti-Tymoshenko bias has been toned down. Viktor Pinchuk runs a fairly balanced ship on his channels (despite his initial ostensible backing of Yatsenyuk). Ukraine, which belongs to Yanukovich backer Rinat Akhmetov, has had Tymoshenko on its top political talk show.

# Economy

## In brief

*As the presidential election draws closer, economic reasoning is being cast aside by politicians looking to lift their ratings. After the government failed to raise gas prices in September, as per its commitment to the IMF, parliament passed legislation to raise social spending, and the president signed the bill into law.*

*The IMF, which had pressed for fiscal prudence, has made clear that the law is a major stumbling block to further lending. This is bad news for the government, which needs the scheduled \$3.8 billion tranche to cover its expanding budget deficit. On November 8 Dominique Strauss-Kahn signalled that the electoral campaign had corrupted fiscal policy to such an extent that the IMF would "have to wait for the result of the election to resume [its] work with the government." The IMF later clarified his words as meaning*

*that Ukraine's fractioned political forces were unlikely to be able to reach a consensus on cooperation with the Fund until after the election.*

## Electiononomics

The aforementioned social standards bill was finally passed in October and signed uncharacteristically quickly by Yushchenko on October 30.

This decision was taken with both eyes on the election. Tymoshenko's opposition to the law, though based in economic reality, left her vulnerable to charges of attempting to kill legislation that would improve people's lives. While the PoR was the main supporter of the raises, it is up to the government to

come up with the cash to implement them. This populism is reminiscent of 2004, when PoR leader Viktor Yanukovich's government hiked social spending as a pre-election gift to voters.

But the recessionary Ukrainian economy of 2009 is not the growing economy of 2004. The budget deficit is expanding, and the proposed 20 percent rise in wages and pensions would pile on more pressure. The Ministry of Finance estimates that the bill will require additional budget spending of approximately UAH 8bn this year and UAH 70bn in 2010. Tymoshenko has called it an "atom bomb" under the country's finances and said it could only be funded by laying off state workers. The populist measures contained in the bill could well lead to higher unemployment and accelerating inflation. In short, it could pull the rug out from under Ukraine's nascent recovery.

### "Political sabotage"?

The president has shown himself willing to starve the budget of revenues and prevent the government from financing the deficit. Indeed, after signing a letter of intent to the IMF including a pledge to privatize the Odesa Portside Plant, Yushchenko issued a decree banning the sale. (The government pushed ahead with the auction on September 29 but then refused to recognise the result, claiming collusion between the bidders.) In September, Yushchenko criticized the chairman of the National Bank for printing money to cover the budget deficit.

Yushchenko has been highly critical of the government for not implementing the reforms requested by the IMF, and the PoR has accused the Fund of propping up the state budget in order to support Tymoshenko's election campaign.

While a large portion of the IMF funding has indeed gone to the budget, these complaints seem disingenuous. The president and the opposition have used all available levers of power to prevent the government from taking key measures, and are now supporting increased budget spending. Deputy Prime Minister Hryhoriy Nemyria has accused them of "political sabotage."

### IMF: with or without you

Not only does the social spending law balloon the budget, but it also jeopardizes cooperation with the IMF, on which Tymoshenko has staked her presidential bid. The law has overtaken the failure to raise gas prices as the IMF's major concern. Indeed, gas has not even been mentioned by the Fund, which has seemingly accepted that a price increase is politically impossible before the January election.

The government is challenging the added spending provisions in the Constitutional Court, saying it will not implement them.

The president and opposition argue that the IMF program has not been implemented (most notably the rise in gas prices). With the budget gap widening, the government has refused to cut spending, instead using IMF loans to cover the shortfall. Mykola Azarov, a senior deputy in the PoR, said he saw the reticence of the IMF on the next instalment as a positive result of his party's criticism of the government's failure to implement reforms.

The IMF has tended towards leniency and understanding of Ukraine's fraught political situation. However, it is hard to see how it could disburse the money now that it has said that the social spending rise has pulled its cooperation with Ukraine "off track." Disbursing the next tranche of Ukraine's IMF loan would undermine attempts to push other countries in the region, such as Latvia, to comply with conditions on budget spending.

Without the IMF cash, the government will struggle to fund the expanding budget gap. But the IMF's flexibility, ultimately had to give way to stricter rules: after 15 years of cooperation with the Fund, Ukraine still has not carried out the required reforms.

The European Commission has promised Ukraine €610 mn under its macro-financial assistance programme, but that depends on implementation of the IMF program.

No other bilateral loans seem forthcoming, and the hryvnia is likely to take a further hit. Gas pay-

ments to Russia will also become tougher, although Ukraine did pay its October bill on November 6, and

Naftogaz announced the successful restructuring of \$1.6 billion of external debt.

## Foreign and Security Policy

### *In brief*

*After months in a coma, Ukrainian foreign policy in October gave signs of life. October saw the country open a new chapter in its foreign relations, with the long-delayed appointment of a foreign minister. The month also saw the beginnings of a potential reconciliation between Ukraine and Russia, with Petro Poroshenko, the new top diplomat, going to Moscow within weeks of taking office.*

*Despite this new impetus, the energy relationship between the two countries remained unpredictable, with Russian Prime Minister Vladimir Putin warning of a potential disruption of Ukraine- and EU-bound gas flows if Kyiv failed to pay its bill on time. In a revealing development, Putin took sides in an internal Ukrainian dispute on the issue and exposed part of his own strategy in preparing for Ukraine's presidential election in January.*

*In other words, October raised the perennial question of Ukraine's relationships with two of its most important partners: the US and Russia. And for the first time in years, someone tried to answer the question constructively.*

### **Poroshenko's Plan: a middle-of-the-road foreign policy**

After seven months without one, the country has a new foreign minister: entrepreneur Petro Poroshenko, whose nomination was approved by the Verkhovna Rada on October 9. His candidacy was supported by all parties, except the PoR and the Communist Party.

Between dealing with the recession and preparing for the 2010 presidential election, Ukraine's political class had been too busy to appoint a successor to Volodymyr Ohryzko, sacked by the Rada in March. Tensions between President Viktor Yushchenko, who appoints the foreign minister, and

Prime Minister Yulia Tymoshenko, who can have him dismissed through a parliamentary vote of no confidence, had rendered the appointment process impracticable.

While Poroshenko's appointment has come as a surprise to some, he has long wanted the post. He is a compromise candidate, whose political allegiances and foreign policy stances lie somewhere between the President's and the Prime Minister's. A former Yushchenko ally, he has warmed to Tymoshenko.

His appointment signals a more balanced and pragmatic foreign policy for Ukraine in the run-up to the presidential election: he supports EU integration, but he has indicated that NATO membership will not be among his immediate goals. He has also made it clear that he considers patching up relations with Russia a priority and that he intends to bring Ukraine, which has been punching below its weight, into a more active regional role. His first official visits were to Moldova and Belarus. Belarusian president Aleksandr Lukashenko paid an official visit to Ukraine on November 4-6, at which steps were at last made toward formalizing the Ukraine-Belarus border. Finally, Poroshenko will try to fix his dysfunctional ministry.

All this is significant, as he may retain his post in the event of a Tymoshenko victory. His selection could well be the expression of a strategic agreement between one of the country's foremost businessmen and a leading contender for the presidency. A longer tenure would allow him to make his own imprint on Ukraine's strategic priorities.

One of Poroshenko's most immediate objectives will be to improve his country's difficult relation-

ship with Russia. This summer Russian President Dmitry Medvedev announced in a scathing anti-Yushchenko indictment that he would not dispatch an ambassador to Kyiv until relations between the two countries improved. In contrast to his predecessor Ohryzko, who was widely seen as "anti-Russian," Poroshenko does not harbor animosity toward Russia, and even has significant business interests there.

Poroshenko therefore flew off to Moscow on October 23, after just two weeks on the job, to begin normalizing relations. The Moscow visit was not expected to yield any breakthroughs, nor did it. No dates were set for a Yushchenko-Medvedev meeting, nor for the arrival of Mikhail Zurabov, Russia's ambassador-designate. Still, progress was made toward thawing relations between the neighbors. Poroshenko denied reports that Ukraine had been approached by Washington to host components of an anti-ballistic missile (ABM) system — a major concern in Moscow. He also assured his counterpart Sergey Lavrov that the agreement granting Russia a naval base at Sevastopol would not be revised before it expires in 2017.

The EU will welcome the new foreign minister's focus on rebuilding his country's burnt bridges to Russia, as the deteriorating relationship between Kyiv and Moscow has contributed to political and economic instability in the region. This does not mean, however, that EU–Ukraine relations will be put on a back burner: the EU–Ukraine summit to be held on December 4 is high on Poroshenko's agenda. Indeed, Yushchenko has ordered the new minister to do everything in his power to ensure that an Association Agreement with the Union is signed at the meeting. On October 17, Poroshenko therefore went on a working visit to Sweden, the current EU president, to attend a conference on the Eastern Partnership and to discuss the upcoming summit with Swedish Foreign Minister Carl Bildt. It is, however, unlikely that the negotiations — namely those surrounding a free-trade agreement — will be concluded before the summit.

## The Long Road to Kyiv: the United States finally appoints an ambassador

While the arrival of Zurabov — who was appointed Russian ambassador in June — was expressly delayed by Medvedev, finding a new American ambassador also took longer than expected. The position has been vacant since William Taylor ended his tour of duty in May. On September 30 President Barack Obama finally nominated John Tefft, who is expected to leave for Kyiv soon after his confirmation by the US Senate in early November.

In his testimony before the Senate Foreign Relations Committee on October 8, Tefft emphasized Ukraine's strategic role in the region and stressed that "the reset of our relations with Russia will not come at the expense of Ukraine." He reasserted both the security assurances contained in the 1994 Budapest Memorandum and American support for Ukraine's NATO membership. His nomination has been received positively in Kyiv.

Since independence, American support, both political and financial, has had a major transformative effect on Ukraine. The question now is whether the Ukrainian government knows how to deal with the new US administration and its changing approaches to democracy promotion, as well as with "Ukraine fatigue" in much of Europe and North America. While it is too soon to tell, the appointment of Poroshenko would seem to presage an adaptable, and therefore constructive, approach.

## Putin, Tymoshenko, and the perpetual gas crisis

October was also marked by what has become a regular end-of-month drama over the ability of Ukraine's Naftohaz to pay its gas bill to Gazprom. On October 30, Putin warned that Ukraine might be unable to settle the \$500 million bill and that Gazprom might be forced to interrupt gas flows. Siding with Tymoshenko in her public spat with Yushchenko over the matter, he accused the Ukrainian President of blocking the necessary financial transfers ordered by Tymoshenko.

This public incursion into the domestic politics of Ukraine is attributable to both economic and political factors. The recession has left Gazprom cash-strapped, and Yushchenko's signing of an expensive social spending bill on October 30 raised fears that Ukraine would have no money left to pay for gas.

At the same time, with the presidential election two months away, Russian-Ukrainian relations cannot be detached from Ukraine's domestic political scene. Since the 2009 gas crisis, Tymoshenko and Putin have built up a solid relationship, with Tymoshenko asserting herself as more of an equal partner than Yushchenko or Yanukovich had been. This new rapport also helps shed light on Putin's decision to side with Tymoshenko against Yushchenko over gas payments.

As early as this summer it had become clear that Putin was willing to throw Tymoshenko a line when it came to energy supply. In September, he agreed to let Ukraine pay only for the gas it consumed without being fined for buying less than stipulated in the January 19 gas agreements between the two countries. While it is not clear what Tymoshenko offered in return for this leniency — some have mentioned

the possible sale of Ukrainian pipelines and other strategic assets to Russian-controlled companies — Putin was under no obligation to depart from the terms of the January agreement.

Russia seems to have learned from past mistakes in dealing with Ukraine's politicians. In 2004, then-president Putin explicitly endorsed Viktor Yanukovich in the presidential election. When Yanukovich ultimately lost to Yushchenko, Russian-Ukrainian relations took a turn for the worse. Today, there is no strongly Atlanticist presidential candidate: Yushchenko is out of the running, while the main candidates (Tymoshenko and Yanukovich) have embraced versions of the "multi-vector" foreign policy espoused by President Leonid Kuchma (1994-2004). With Yanukovich being reliably pro-Russian in outlook, building a good relationship with Tymoshenko is seen by Moscow as the best way to ensure that whoever wins the January 2010 vote will be favorably predisposed. By taking Tymoshenko's side in her spat with Yushchenko, Putin did a favor to his counterpart while reinforcing Medvedev's message to the Ukrainian population that Yushchenko's "anti-Russian" stance is detrimental to its interests.

# Topic of the Month: The Presidential Election Campaign Kicks Off

## *In brief*

*As the presidential election campaign officially kicked off on October 19, polls put two runners well ahead of the field – Viktor Yanukovich and Yulia Tymoshenko. With the challenge of Arseniy Yatsenyuk trailing off and Viktor Yushchenko's rating still in the doldrums, the current prime minister and her predecessor, who almost agreed on a power-sharing deal a few months ago, look set to face each other in a run-off.*

## Two-horse race

After the dominance of Yushchenko, Tymoshenko and Yanukovich over Ukraine's political landscape in recent years, the combination of economic and political crises thrust a new contender, former parliamentary speaker Arseniy Yatseniuk, into the limelight. He advanced in the polls during the spring and almost drew level with Tymoshenko, as his strident criticism of the political class' role in the crisis brought him swathes of protest votes. However, his claims to be a break from the past in not taking huge funds from oligarchs seem disingenuous to some given the massive expenses of his billboard campaign and the ubiquitous tents erected across the country.

In addition, Yatsenyuk's military-themed campaign, thought up by the Russian political technologists who worked with Yanukovich in 2004, has not resonated. Nor has his message of Ukrainian isolationism ("they don't want us, so we don't want them"). His ratings peaked in the spring, stagnated over the summer, and fell in October – largely to the benefit of Tymoshenko in western Ukraine.

The election is now clearly a two-horse race. The likely run-off between Tymoshenko and Yanukovich is impossible to call, a sign of Ukraine's democratic progress since 2004. Important questions that will decide the outcome include: the economic

situation, the distribution of votes from the "second tier" candidates after the first round, the number of apathetic voters each can persuade to come out, and whether either can make incursions into opposition territory.

Despite the emergence of two clear favourites, the other candidates will have important roles to play, particularly in the horse-trading for votes that will occur between the two rounds. Yatsenyuk has a considerable, if waning support base, primarily in the west. Yushchenko still has administrative resources at his disposal to affect the outcome.

## New issues, old games

Economic and social questions look set to be the major battleground. Tymoshenko's rating has taken a hit from the crisis and is down considerably from last year, but now appears to be on an upward curve as the economy continues to stabilize. Yanukovich (as well as Yushchenko) is keen to change that. Instead of debating Tymoshenko over policy, the two have used an even more potent weapon – their ability to undermine her government's budget and pass expensive measures ostensibly in support of the poor and weak at a time of crisis. This tactic is unlikely to change in the coming months.

Although Yanukovich has once again promised to foster closer ties with Russia and make Russian the second state language, the divisive slogans of 2004 that sought to pitch east against west are considerably less prominent this time around. This more inclusive approach has allowed him to improve his rating in western Ukraine to around 10 percent.

Yanukovich's main campaign slogan appears to be the all-embracing "Ukraine for the people," which

hints at the main thrust of his program. A billboard campaign — one poster displays a hotline number and “Your idea is important”, and a later one reads “Your idea will be taken into account” — portrays Yanukovich as a man who listens to people, unlike the powers that be. Yanukovich and his team present themselves as effective professionals, a quality they contrast with the incohesiveness of the “Orange” team.

Tymoshenko's campaign kicked off with a number of posters declaring “She is working,” while the other politicians are “blocking,” “promising,” etc. She is playing on her industriousness and portrays herself as the leader who, despite ill-wishers, brought the country through an economic and political crisis, as well as a swine flu epidemic. Among her major problems are the sabotage tactics her government is fighting against and the impression (real or imagined) of amoral, criminal individuals in her party. Tymoshenko also struggles to shake off accusations of dictatorial tendencies and a desire to concentrate power in her own hands: opponents point to the ousting of Dmytro Firtash from the Inter television channel and the campaign to ban political billboards mocking her own as evidence of this inclination.

Tymoshenko's practical approach to international relations has seen her build a “pragmatic” relationship with Russian Prime Minister Putin. At the same time, she is trying to maintain her credentials in western Ukraine by employing intensely nationalistic rhetoric when addressing regional media.

## Looking past the election

The success of the new president will to a large extent depend on finding a resolution to Ukraine's constitutional mess by clarifying the division of powers between president and prime minister. This is a prerequisite for pushing through sorely needed reforms, such as those of the judiciary, public administration, and the pension system. The new president will also need to establish a strong working relationship with the Verkhovna Rada, as the power to push

through such reforms rests with the prime minister, not the president. Still, it must be kept in mind that Ukraine's embryonic democracy is not comparable to the more mature ones on which its constitution is modelled. These political dynamics, namely those in the Rada, are therefore subject to various “unofficial” pressures that distort what would otherwise be straightforward political logics.

Yanukovich has said that he will call a snap parliamentary election if he wins, in the hope of taking advantage of this momentum and dislodging Tymoshenko from the prime minister's post. While his foreign policy would likely be less one-dimensional than some of his past rhetoric (namely in 2004) would suggest, he has stated that his priority would be to bring Ukraine closer to Russia. His reaction to Russian President Dmitry Medvedev's letter to Yushchenko in August and his support for recognition of South Ossetia and Abkhazia by Ukraine in the wake of the August 2008 Russo-Georgian war clearly establish him as the most vocally pro-Russian of the major presidential candidates. Still, he supports European integration for Ukraine, and has demonstrated his willingness to listen to engage with European leaders.

Domestically, his policy platform focuses on “ending the chaos” of the last five years and maintaining a strong social support system. Whether and how this can be achieved remains to be seen.

Tymoshenko would likely not look for parliamentary elections, but the momentum from a victory could help her transform the currently flaky coalition into a strong majority. She has promised a year of deep, systemic reforms in the year after the election. The pro-European credentials and pragmatic relations with Russia she has sought to establish as prime minister would be put to the test by the presidency, whose emphasis on foreign policy is much greater than that of the premiership.

In the short term, the contenders are looking at the election as the only goal. But success after victory will be no less hard won than the victory itself.

## Featured Interview: Ake Peterson, Representative of the Secretary-General of the Council of Europe in Ukraine

*On November 12, Sacha Tessier-Stall and James Marson sat down with Ake Peterson, Representative of the Secretary-General of the Council of Europe in Ukraine, to discuss the country's progress since the Orange Revolution and the challenges ahead.*

### **Five years on, how would you assess the impact of the Orange Revolution?**

During the Orange Revolution, the people showed their leaders the kind of society they wanted to have, and this brought about a breakthrough in terms of democratic rights and ideas: free elections, freedom of the press, freedom of speech, etc. What we see in today's election campaign reflects this increased political freedom, as it is still impossible to predict who will win the vote on January 17.

However, these democratic breakthroughs have not led to major systemic reform of the state apparatus, which was also part of what the Ukrainians demanded five years ago. The social and economic opportunities that they hoped for have not come to be, and the state apparatus, in many respects, remains much as it was prior to 2004. The transition from an authoritarian regime to authentic democracy is taking longer than many expected.

The political elites do however deserve some credit: the limited progress that they have achieved was made without a clear EU membership perspective, which has been a major catalyst for change in other countries. The point of reforms is, of course, to benefit the people of Ukraine, and not to gain entry into the EU. But it is worth underlining that progress was made even without this major motivating factor.

Beyond specific successes and failures, the Orange Revolution caused a change in attitudes, namely on the part of the political elites. There are many politically sensitive issues that those in

power are reluctant to address directly, but their approaches have evolved. One example is the situation of NGOs: the law has not changed, but the authorities have up to rather recent months been more tolerant.

### **Would you call this a change in political culture among the political elites?**

I would not go that far. Ukraine's political class needs to better consolidate its norms. Some still have old Soviet ones, while others have been affected by the 1990s, when many believed that having no norms at all was better than having Soviet ones.

At the same time, many of those in power do have an understanding of what needs to be done. When they go to Western Europe or North America, they appreciate the order and the norms in these countries, where there is more trust in the system. But when they return, they forget everything and revert to their old habits. It is easy to adopt positive norms when everyone else is doing it too — but in Ukraine, things are different, and there is something of a corrupting culture.

There are some very good people in the political elites who argue for governmental reform, but they are unable to push through the necessary measures. That is in large part because these efforts tend not to make it to the general public's knowledge. Too often, there are no media or NGOs demanding or backing up these reforms, so the projects end up being abandoned due to a lack of public pressure.

**At least some of this pressure is supposed to come from the media. How would you assess the media situation in Ukraine and its role in the current electoral campaign?**

The fact that there are five or six major competing television channels is a kind of guarantee of pluralism, which is good. But internally, the structure of these channels makes them vulnerable to influence from their owners, some of whom probably give direct instructions on what to air. So the television landscape's only real saving grace is that the multiplicity of channels, each with their own political interests, ensures that the public will be exposed to a variety of views.

Another major problem is the lack of a real public broadcaster, which Ukraine was been obligated to establish since joining the Council of Europe. There is of course a risk that such a broadcaster could become just another player in the political game, but that is a necessary risk. If you want progress, you need to give yourself the necessary tools. Setting up a public broadcaster is a necessary starting point.

**This election season has seen the Constitutional Court make a number of important election-related decisions. How would you assess the Court's role?**

Two or three years ago, the Constitutional Court was weak and politicized, but over the last year it has begun to come out of that. It has been one of the few stable institutions to which conflicting parties could turn as a last resort.

With regard to its role in the run-up to the election, namely its recent decision pertaining to the electoral law, the Court has been reasonably balanced. It has done as much as it could, and its rulings have not been at odds with international standards. The politicians have actually accepted most of its rulings, which reinforces its role as an arbiter of last resort. The Court has begun to regain the respect of many people, and now it can play a positive role — or at least, not a purely

negative one. It is not perfect — far from it — but it is making progress.

**How would you describe the state of Ukraine's political system two months before the election?**

Ukraine is lucky to have various political forces vying for power, as that is what democracy is all about. But this has also made it difficult for the country's main actors to get together and get anything done. They have had a few major successes — for example, WTO membership and securing a loan from the IMF — but as a general rule, they have engaged in brinkmanship and only worked together when the country found itself in very dire straits.

Still, there have been positive surprises from time to time. In June the Verkhovna Rada adopted significant anti-corruption legislation, which impressed many people because many deputies had been opposed to it. And more recently, it adopted a bill on money laundering, which had been lying there for a year and a half. It is true that the bill was changed somewhat — it will now only come into force after the election — but the Verkhovna Rada surprised me by being able to come together on this.

Still, the inability of elites to cooperate is indicative of a deep distrust not just of the people toward their representatives, but also between politicians of different factions. Unfortunately, this trend does not seem to be abating. Hopefully, the election will lay the groundwork for a new type of relationship between various political forces.

**The election result is expected to be close. What kind of democratic risks could this pose?**

The fact that it is close is actually a good sign, because it means that the outcome is not predetermined. However, this also increases the risk that the result will be disputed — hence the importance of having the Constitutional Court as an authority of last resort.

**If you had to define one priority for the incoming president, what would it be?**

Establishing the rule of law and reforming the judiciary and the public administration are, to me, the most crucial issues. These are at the very centre of society, because everything else — business, individual rights, etc. — depends on strong

and fair state institutions. The need for these reforms dates back to long before 2004 — no one has seriously tackled these issues since independence — but the hopes raised during the Orange Revolution have, for many, made the lack of progress more frustrating and disappointing than ever before.

# Important Events in November

## Ukrainian Events

### November 2–3

Visit of the Head of Parliamentary Assembly of the Organisation for Security and Cooperation in Europe to Ukraine Joao Soares to Ukraine

*Expected outcome:* finalization of electoral legislation reforms in advance of the presidential election.

Visit of Miguel Angel Moratinos, Spain's Minister of Foreign Affairs, to Ukraine

*Expected outcome:* enhancement of Spanish-Ukrainian relations ahead of the Spanish presidency of the European Union.

### November 5–6

Visit of the President of Belarus Aleksandr Lukashenko to Ukraine

*Expected outcome:* enhancement of bilateral relations, namely as concerns the EU Eastern Partnership program.

### November 4–8

Visit of UEFA officials to the EURO – 2012 host cities of Ukraine

*Expected outcome:* assessment of preparations.

### November 19

Yulia Tymoshenko and Vladimir Putin to hold an intergovernmental committee on economic cooperation

*Expected outcome:* meeting of the Intergovernmental Committee on Economic Cooperation. Discussions on Russian investment in Ukraine, gas trade.

### November 22

5th Anniversary of the start of the Orange Revolution.

### Date unspecified

Visit of the President of Brazil Luiz Inacio Lula da Silva to Ukraine.

*Expected outcome:* discussion of the Brazil-Ukraine space project Tsyklon-4.

### Date unspecified

Visit of Lithuanian President Dalia Grybauskaitė to Ukraine.

## International Events

### November 3–4

EU-US Summit

*Expected outcome:* discussions on climate change, the global economy, Afghanistan, Pakistan and Iran.

Ratification of the Lisbon Treaty by the Czech Republic.

### November 6

EU-India Summit

*Expected outcome:* discussions on climate change, the global financial and economic crisis, EU-India relations, regional issues.

### November 9

20th Anniversary of the fall of the Berlin Wall.

### November 10

Election of the President of Moldova.

### November 15–18

Visit of US President Barack Obama to China

*Expected outcome:* coordination of climate-change policies.

### November 18

EU-Russia summit

*Expected outcome:* discussions on the recession and on climate change; signing of financing agreements for five cross-border cooperation programs.

### November 19

Special summit of the European Council

*Expected outcome:* election of the President of the European Council.

### November 22

President election in Romania

### November 25

Hearings of the Commissioners-Designate at the European Parliament

*Expected outcome:* appointment of the new European Commission.