



Orange Revolution Alive in Ukraine

Tymoshenko set to be Prime Minister

The Bloc of Yulia Tymoshenko (BYuT) has begun formal talks with the pro-presidential Our Ukraine–People's Self Defence (OU-PSD) bloc aimed at forming a new government. The negotiations follow a dramatic week in which the pro-democracy forces triumphed at the ballot box and overcame efforts to rig the results of the 30 September parliamentary election.



▲ Talks begin on forming an Orange government. Yulia Tymoshenko and Yuriy Lutsenko, leader of OU-PSD united in victory.

According to the preliminary results, the pro-Russian Party of Regions and its Communist partners polled 34.37 percent and 5.39 percent respectively, figures insufficient to overturn the combined 30.71 percent gained by BYuT and 14.15 percent by OU-PSD. Even if the Lytvyn bloc was to side with the Party of Regions, the Orange forces still have a majority. Crucially, the Socialist Party – which paid at the ballot box for its leader's betrayal of the Orange forces in 2006 – failed to breach the 3 percent barrier needed to enter parliament.

The undoubted winner is Leader of the Opposition, Yulia Tymoshenko, who is set to return as prime minister at the helm of the new Orange government following her bloc's spectacular increase in the share of the vote – up 40 percent on 2006.

A Week of Unfolding Drama

Exit polls late on Sunday 30 September indicated that the Party of Regions and BYuT were within one percentage point of each other. However as the days passed and the counting continued, it appeared that the Party of Regions, Communists and the Socialists had found additional votes to raise their share dangerously close to the combined total of their Orange foe's.

Slow counting in the east and south of the country, which are the heartlands of the Party of Regions, soon led to allegations of vote-rigging. Indeed, falsifications were reported at polling stations in more than ten regions, including the Crimea, Dnipropetrovsk, Donetsk, Luhansk, Odessa and even Kyiv.

Preliminary Election Results

	% of vote	Seats
Party of Regions	34.37	175
BYuT	30.71	156
Our Ukraine–People's Self Defence	14.15	72
Communist Party	5.39	27
Lytvyn Bloc	3.96	20
Socialist Party	2.86	—



The head of Georgia's election observers, George Targamadze and Levan Tarkhnishvili, announced they had unearthed evidence of falsifications in the city of Donetsk in favour of the Socialist Party and the Party of Regions. Fraudulent practises included use of additional ballots, irregularities concerning voter lists and people voting twice.

Notwithstanding these incidents, the election results will stand and the task of forming a government is already underway. However, President Yushchenko stunned the international community and his own party on Wednesday when he appeared to call for BYuT and OU-PSD to form a "grand coalition" government with the Party of Regions.

The President later back-tracked saying that his words were misinterpreted. Yuriy Lutsenko, the leader of OU-PSD, rejected outright the idea of a coalition with the Party of Regions. "A broad-coalition is against the nature of democracy," he said.

"Most of BYuT's gains are in Russian-speaking eastern and southern Ukraine, making it Ukraine's first and only all-national political force."

A generous Ms Tymoshenko commented, "I suspect that by calling all the political forces for negotiations he meant that the Party of Regions may only be regarded as a potential parliamentary opposition whose legal status should be negotiated."

Ms Tymoshenko reaffirmed that BYuT would abide by the pre-election agreement signed with Our Ukraine in February and cede about half the cabinet portfolios to the president's bloc.

The pro-democracy forces are likely to negotiate with the Lytvyn bloc, which is unable to assume the role of "king-maker" as BYuT and OU-PSD have a majority even without them. On several occasions the Lytvyn bloc has said that it favours joining the Orange camp rather than forming an alliance with the Party of Regions and Communists.



▲ Voting for change. Yulia Tymoshenko voted in her home town of Dnipropetrovsk in the east of the country. BYuT performed well in the east dispelling the myth of a nation divided.

A Rise of 9 Percentage Points

BYuT raised its share of the vote from 7.26 percent in 2002, and 22.29 percent in 2006, to 30.71 percent and came first in 15 of Ukraine's 25 regions in addition to first place in Kyiv. Once again it demonstrated that it is the only political force capable of appealing to the entire country.

"Most of BYuT's gains are in Russian-speaking eastern and southern Ukraine, making it Ukraine's first and only all-national political force," said Taras Kuzio, the Ukrainian expert and Visiting Professor at the Elliott School of International Affairs, at George Washington University.

As negotiations get underway on the composition of the future government, one thing is certain, BYuT will ensure that Ukraine has a strong opposition. "Democracy has been the winner in these elections," said Ms Tymoshenko, "and we can best serve democracy by ensuring the opposition forces are not excluded from the political process. We intend to ensure that they chair a number of important parliamentary committees – their voice must be heard."

The official final announcement of the election results are expected around 15 October, after which it will be possible to form the new government.



As negotiations unfold, political commentators will seek to read every nuance emanating from the Orange camp. Questions will be asked whether BYuT and OU-PSD have truly kissed and made-up and can work together in government.



▲ Yuriy Lutsenko demonstrates his bloc's willingness to work together with BYuT. He holds a rose aloft and declares "there are no thorns."

Perhaps the answer to these questions lies in a piece of theatre that took place in the early hours of the morning after the election, when Yuriy Lutsenko joined Ms Tymoshenko at her campaign press centre. The two leaders embraced and Mr Lutsenko endorsed Ms Tymoshenko's premiership in the full glare of the media spotlight.

When asked whether the two forces would resurrect the enmity that plagued Ms Tymoshenko's 7-month premiership in 2005, Mr Lutsenko grabbed a rose from a bouquet and ran his hand down the stem. He held it aloft and said, "Look there are no thorns."

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The theatrics illustrated the huge distance the two blocs have covered since their fledgling union in 2005. Expunged from the ranks of OU-PSD are "the dear friends" such as Petro Poroshenko, Anatoliy Kinakh and Oleksiy Ivchenko, who were notable thorns inside Ms Tymoshenko's Cabinet – a Cabinet of Ministers she did not even select.

"This time we will have a proper team in place, a team that pulls in the right direction," said Ms Tymoshenko, "working in partnership we will transform this country."

Gas and The Blame Game

The dust from the election had barely settled before Gazprom, Russia's state-controlled gas company, threatened to once more cut-off gas supplies to Ukraine. Coming as it did on 2 October, the move appeared to all and sundry as Russia flexing its muscles and using its energy resources as a political bludgeon – this time to deliver a bruising blow to the victorious Orange forces. But is this really the case?

The threat from Gazprom was prompted by debts of \$1.3 billion which were allowed to be run up by the Yanukovich-government.

A hurried trip to Moscow, by Ukrainian fuel minister Yuriy Boyko, for emergency talks with Gazprom on 3 October resulted in an agreement to pay the arrears by 1 November.

Meanwhile a somewhat shame-faced Gazprom told the world's media that its debt collecting demand was motivated by commercial rather than political considerations.

The Russian ambassador to Ukraine, Viktor Chernomyrdin, dismissed connections with the election results, insisting that the choice of the new government was "an internal matter for Ukraine."





Ilya Koshevrin, a Gazprom spokesman explained that the company had anticipated the charge that it "was an attempt to influence the outcome of the election." He reiterated that it was "a purely commercial matter," adding that "with the Fall approaching and gas consumption rising we definitely need to settle" the issue promptly.

Those knowing how Gazprom works will tell you that a decision of this magnitude would not be made without Kremlin approval. However, was there a right time to make it? Probably not. Presenting a payment demand before the election would have resulted in accusations that Russia was attempting to influence its outcome. Similarly, a request to the new government would be judged as a move to undermine it. In some ways Gazprom found itself between the proverbial "rock and a hard place."



Optimism for Ukrainian-Russian Relations

Optimism exists that an Orange government could actually improve Ukrainian-Russian relations. It did not go unnoticed in Kyiv that Russia did not interfere in the elections which it described as a "free expression of will." A statement from Russia's Ministry of Foreign Affairs read: "Russia is ready to continue to stay in close cooperation with Ukraine on principles of good neighbourly relations, pragmatism and mutual cooperation."

Indeed, BYuT has long-maintained that it wants to maintain strong links with its northern neighbour. And when it comes to gas, BYuT has done little more than campaign for the removal of shady intermediaries and the establishment of transparent commercial agreements between the states.



Concern for Naftohaz

BYuT is also aware of the precarious position of Naftohaz, the Ukrainian state-run gas company, which was blighted by the actions of the Yanukovich-administration. The debt-ridden company was robbed of the lucrative industrial market for gas and saddled with unprofitable contracts with municipal utilities and residential consumers. With its transit and storage fees pegged to deeply discounted rates set in 2006, there is mounting concern that the company could go bankrupt. This would hurt foreign backers and almost certainly deter future investment.



BYuT's Viktor Pynzenyk said, "A BYuT-led government would seek to improve further Naftohaz's management team and would be mindful of the consequences regarding the company's future in resolving matters." The pragmatic ex-finance minister added, "Overall, BYuT is in favour of a structured transition to market prices for gas."

The reality is stark: Ukraine's energy industry needs both revitalising and cleaning up. For foreign investors, western and Russian, this spells "opportunity."



So the blame for the unpaid debts is perhaps being placed unfairly at the Kremlin's door.

Ms Tymoshenko points the finger closer to home and has called for the debt to be paid. "We need to find out where this debt came from, where the money was divided, who made the decision not to pay Gazprom on time, and to take the money out of the shadow sector. Meanwhile Ukraine should meet its obligations and chart a new course."

With the 2008 gas agreement up for negotiation, Ukraine and Russia have a perfect opportunity to start afresh. They have a genuine chance to improve the images of both nations and, with the world watching, this represents an opportunity neither should ignore.

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