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# Ukraine's Elections: Watershed or New Stalemate?

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On 14 February 2010, Ukraine's Central Electoral Commission declared Viktor Fedorovych Yanukovych the country's fourth elected president since Ukraine declared independence on 24 August 1991. It was, in the words of Ukraine's authoritative web-based journal *Glavred*, 'the most boring election in the history of Ukraine's independence'. That is good news. In Russia elections are boring because everyone knows who is going to win. In Ukraine no one has any idea who will win; nevertheless elections are boring. That is one of the Orange Revolution's few triumphs.

But worries now overshadow them. For nineteen years Ukraine has defined itself unequivocally as a European rather than a Eurasian state, and it generally has been accepted that the quality of its independence is inseparable from its ability to distinguish itself from Russia. Leonid Kuchma, the author of Ukraine's controversial 'multi-vector policy', which during the ten years of his presidency (1994–2004) sought to counterbalance Russia and the Euro-Atlantic community, was also the author of a book entitled *Ukraine Is Not Russia*. Today, many hope and many fear that this era is drawing to a close.

The truth of the matter will not be known for some time, and it will not be determined by Yanukovych alone. Assuming his victory is confirmed by the courts (which have suspended the result until 25 February pending judgment of Prime Minister Yulia Tymoshenko's appeal), he will come to power in an economically ruined country, deeply dependent on Western-dominated financial institutions. He will also be governing a highly pluralistic state and will swiftly find (if he does not grasp the point already) that he will not be able to use power effectively unless he shares it. His parliamentary coalition will have to be based on compromises if it is to endure at all. Most offices of state, not to say the most competent officials in the country, link Ukraine's future with Europe, and the Ministry of Foreign Affairs and armed forces have acquired a decidedly Euro-Atlantic orientation. The more competitive business sector is drawn not only to European markets, but increasingly to a European model that promises emancipation from the rent-seeking bureaucracies, avaricious politicians, shadowy intermediaries and weak property rights that have plagued economic relations in Ukraine.

Nevertheless, as president, Yanukovych will wield considerable power, and it is prudent to worry about how he might use it. He will also have the support of a large, embittered and vindicated constituency which, unlike the disillusioned supporters of Tymoshenko, loathed the Orange Revolution too much to feel betrayed by it. For most of his career, Yanukovych has behaved in accordance with the axiom 'influence is good, control is better'. Although keen

to appear as an exponent of consensus and reconciliation in his scripted audiences with Western journalists, his less guarded comments suggest that the instinct for domination has not disappeared. Speaking on *Rossiya-24* television on 13 February, he stated, '[t]he new authorities have come. The old authorities, who have not been recognized by the Ukrainian people at this election, should go'. 'Not recognized' is a bold statement for someone whose victory rests on 3.48 per cent of the vote.

### Thinking the worst

Yanukovich, his inner circle and his constituency are also convinced that a course that sets Ukraine at cross-purposes with Russia is dangerous for the country's security and distressing to the majority of its people. However, the risk is not that Yanukovich, any more than Kuchma, will choose to be a 'vassal of Russia'. It is that the steps he takes will inadvertently damage his other professed objectives: closer relations with the EU, cooperation with NATO and the economic success of Ukraine. These worries will now be felt in four key areas of policy:

**Energy.** Yanukovich has articulated two firm principles regarding energy. He will renegotiate the Tymoshenko–Putin January 2009 Ukraine–Russia gas supply contract (which, in the opinion of most energy specialists, has brought greater transparency to European energy markets), and he will resurrect the 2002 scheme to transfer ownership of Ukraine's state-owned gas transit system to a three-way consortium. As he told *Rossiya-24*, 'I would like us to return to the format of relations we had five years ago'. Yet five years ago there was no gas consortium, because Kuchma had no intention of going forward with it. There also were no bypass projects, such as South Stream, which Yanukovich hopes Russia will now abandon. What existed then were heavily subsidized gas prices, which Yanukovich plainly hopes Russia will restore in exchange for *de facto* ownership of the gas transit system. What also existed and what President Yushchenko, to everyone's surprise, revived was an opaquely structured market dominated by intermediaries. A key stakeholder in these arrangements, Yuriy Boyko, a former chairman of the state-owned supply company *Naftohaz* and subsequently Minister of Fuel and Energy, is now widely tipped to return to the latter post. If Yanukovich's aspirations bear fruit, they will have a profoundly retrograde effect on European gas markets. They will reverse the trends in the direction of market-based pricing, which have been gathering momentum even in Russia's internal market, and to diminished dependency on Russian supplies. They will remove the greatest impetus towards energy diversification and efficiency in

Ukraine (which, before the financial crisis, was the sixth largest consumer of natural gas in the world). They will deprive Ukraine of leverage in future pricing disputes with Russia. Not least of all, they will demolish the rationale for proceeding with EU- and US-sponsored modernization schemes, such as the 23 March 2009 EU–Ukraine agreement, and they will threaten future IMF assistance.

**Russia's Black Sea Fleet**, whose lease in Crimea, according to the 1997 accords, is due to expire in 2017. That Yanukovich is open to extending the lease is unsurprising, and it is widely rumoured that Tymoshenko expressed the same openness to Prime Minister Putin during the gas negotiations of November 2009. But under today's terms, which render significant aspects of the Fleet's activity – economic, military and intelligence related – unspecified and unregulated? Or on the basis of a NATO-style Status of Forces Agreement, which would subject these activities to codification, oversight and agreement? Thus far, Yanukovich has spoken only of a 'package' embracing 'quite a few issues', and this does not quell fears that he would allow today's murky and potentially menacing arrangements to continue.

**NATO.** Yanukovich's pledge to 'participate actively' in President Medvedev's European security initiative will mean little until the West's core institutions, NATO, the EU and the OSCE, agree to do the same. His formula of maintaining cooperation with NATO while deferring discussion of membership for the indefinite future means equally little in view of political realities in Europe. But what will 'cooperation' mean in practice? Today it means an institutionalized role for NATO in Ukrainian defence reform and the extensive participation of Ukrainian armed forces in NATO-led operations. Until a new defence minister is appointed, it is impossible to say which of these arrangements will continue and in what form. Were the NATO–Ukraine Commission and joint planning process to dissolve, the relationship as it has evolved since 1997 would cease to exist.

**Economic stability and EU relations.** The revival of Kuchma-style hard corruption, not to say politically repressive measures, would take EU–Ukraine cooperation off the table. The appointment to the premiership of Mykola Azarov, architect of the Kuchma-era tax police and, by many accounts, some of the financially coercive measures of that era, would give substance to the first worry, if not the second. The appointment of Serhiy Lavochkin (former adviser to Kuchma) as Chief of Staff and Boyko's reappointment would add to these worries, which surely would be compounded in the event of a major redistribution of property and a reopening of investigations against Tymoshenko for alleged wrongdoing in the 1990s. The ranks of those seeking

revenge and restitution are not small. (Boyko himself was twice interrogated by the Security Services (SBU) in 2005 and, according to its then chairman and Tymoshenko loyalist, Aleksandr Turchynov, was on the point of arrest.)

This catalogue of dread, assiduously presented by Yulia Tymoshenko's campaign team, would fundamentally alter Ukraine's place in Europe. But is it realistic?

### The rationality of hope

There are four good reasons to hope that the fears outlined above are not realistic:

**Parliament.** Without a parliamentary majority, the new president's top appointments will not be confirmed. At present, Tymoshenko still enjoys a *de jure* majority, and it could prove more difficult than many assume to oust her as prime minister. Yanukovich's Party of Regions is well short of a majority, with 172 seats in the 450-member unicameral chamber, the *Verkhovna Rada*. Were the Communists (27 seats) and the bloc of the Rada's chairman, Volodymyr Lytvyn (20 seats) to join them, they would be in striking distance of one, but the terms demanded by the Communists might be unpalatable to Lytvyn's supporters and many inside the Party of Regions itself. It is more likely that a majority of Yushchenko's Our Ukraine People's Self-Defence bloc (36 out of 71) would join the Party of Regions in coalition, along with Lytvyn and even some 20–25 members of the 153-member bloc of Yulia Tymoshenko. But there would be terms: sooner or later, the return of a 'safe pair of hands' such as Yuriy Yekhanurov as prime minister (the post he held under Yushchenko between September 2005 and August 2006) and prominent positions for Petro Poroshenko (current Minister of Foreign Affairs) and several other 'pragmatic' figures in the Orange pantheon. Moreover, Yanukovich would have to maintain this majority by pursuing policies that parliament will support. His threat to escape these constraints by calling a snap election rings increasingly hollow. The gap between him and Tymoshenko was rapidly closing in the hours before polls closed on the 7 February, and the odds are that a new election will return fewer seats to the Party of Regions than it already has. The certainty of a tough parliamentary opposition, the growing capacity of third-force politicians such as Serhiy Tyhytko, Arseniy Yatseniuk and Anatoliy Grytsenko and the approach of local elections (30 May) will only add to the ranks of those determined to hold Yanukovich to account.

**Divisions in the Party of Regions.** Viktor Yanukovich might be an authoritarian figure, but by comparison with the personalized bloc of Yulia Tymoshenko, the Party of Regions is a pluralistic party. The party's biggest financier and Ukraine's richest man, Rinat Akhmetov, has no wish to see Ukraine put additional barriers between itself and Europe, whether through defiance or incompetence. Like at least half of the party elite, the most probable new foreign minister, Kostyantyn Gryshchenko (now ambassador in Moscow), has never sought integration with Russia, but wants integration with Europe by means that do not antagonize Russia. Yanukovich himself while in office always kept his distance from the dogmas of the party's base, which he thunderously defended on the campaign trail. He has already backed away from his promise to make Russian an official language, instead calling for observing the European Charter for Regional and Minority Languages 'which will enable the Russian-speaking population and other ethnic groups to speak their mother tongue'. As Prime Minister under Kuchma, he was the architect of the NATO-Ukraine memorandum on strategic airlift and supported the Membership Action Plan that he now opposes.

**A transformed energy market.** Yanukovich's gas consortium initiative is out of kilter with economic and political reality. For one thing, two gas crises and the Russia-Georgia war have changed the climate in Europe. Diversification and marketization are now seen as imperatives, and the measures proposed by the European Commission have begun to take root. Two years ago, the odds were very strong against the Nabucco pipeline being built; today they are moderately in favour. The global economic crisis, the rapid expansion of US gas production and the attractiveness of liquefied natural gas (LNG) have created a more open gas market and a sharp fall in demand for Russian pipeline gas. The German appetite for the consortium is therefore not what it was. Although the ambitions of *Gazprom* and the Kremlin to control Ukraine's GTS are unchanged, Yanukovich's quid pro quo – a return to subsidies – is not only unpalatable but unaffordable. Those in Moscow most expected to welcome his proposal are likely to cold-shoulder it. So, very likely, are the parliamentarians of Ukraine who would be obliged to overturn the 2006 law prohibiting such a step (a measure that Yanukovich supported at the time).

**Relations with the West.** The West's influence is now inescapable, however Washington and Brussels plan to make use of it. Ukraine's GDP fell by 14 per cent in 2009, inflation is running at an annual rate of over 12 per cent, budget revenue plunged by 20 per cent and banking deposits by 26 per cent, and capital flight rose to \$13.6 bn. External debt exceeds \$30 bn, and debt servicing requirements stand at \$4 bn per annum. Debt servicing terms, credit

ratings and macro-economic assistance are hostage to the confidence of the Western banks and institutions upon which Ukraine is now dependent. The basis for a policy of conditionality is possibly stronger than it ever has been, and it will be puzzling if Western representatives and prominent Ukrainians do not point this out.

Given all these factors, it would be surprising if Yanukovich's presidency did not enhance what has been the defining feature of Ukraine's political culture: distrust of power. The country that elected him seeks stability, not repression, and if Yanukovich forgets this, he will swiftly discover that the polity is far from powerless. Whether this mixture of ambitions, impulses, pragmatism and constraints leads to responsible government, a new set of stalemates or a muddle remains to be seen. But the West needs to be acting, not just watching, because once again there is everything to play for.