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The first 100 Days after Change of Power in Ukraine: Authoritarian Tendencies and Rapprochement with Russia

Within the first weeks after Viktor Yanukovich's victory in the presidential elections, a small group close to the president and the new prime minister Mykola Azarov has swiftly taken extensive control of the country. The parliament plays only a minor role. The opposition and the free media are under pressure. Besides, the new government has addressed the country's enormous budget deficit immediately by ratifying a deal to keep Russia's Black Sea fleet in Sevastopol in exchange for cheaper gas. Several new agreements strengthen the ties with Russia on a long-term basis. Whether the long overdue domestic reforms will follow remains uncertain.

The new administration has swiftly taken extensive control

After Viktor Yanukovich's victory in the Ukrainian presidential elections in February, the domestic and foreign policies of his new administration seemed rather indistinct. But now, 100 days after his taking office, it becomes evident how quickly and forcefully Yanukovich and a small circle of close confidants have changed Ukrainian domestic and foreign policy within just a few weeks.

After the presidential inauguration on February 25th, Yanukovich and the Party of Regions initially focused on the dismissal of Yulia Tymoshenko and the formation of a new majority coalition. Yulia Tymoshenko was ousted on March 3rd by a successful motion of no-confidence that was passed by

a majority consisting of the Party of Regions, the Lytvyn bloc, the Communist Party and several members of other parties in the Verkhovna Rada. The formation of the new government coalition under the leadership of prime minister Mykola Azarov was based on a new law permitting individual members of parliament, rather than parties only, to join a coalition. Most Ukrainian and international experts declared this change of parliamentary rule and consequently the formation of the current governing coalition as unconstitutional and inconsistent with the basic logic of proportional representation. Contrary to the expert opinions and also contrary to a previously pronounced judgement the constitutional court of Ukraine on April 8th decided in favour of the new majority and thus formally legitimised coalition and government.

The legalisation of the governing coalition with "defectors" from other parliamentary parties has crucially changed Ukraine's political constellation. It has resolved the long-running previous political gridlock. Under the existing constitutional order the Party of Regions would have been forced to form a coalition with the Nasha Ukraina bloc or the Tymoshenko bloc and to make compromises. Whereas the coalition with the Communists, the Lytvyn bloc and individual defectors from other parliamentary parties allows Yanukovich to impose his policy without any compromise.

The decision of the constitutional court is also characteristic of how the country's

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courts, prosecution, administration and even its universities lean on Yanukovich and the Party of Regions as the assumed new "Party of Power". Within just a few weeks a noticeable backslide into the old authoritarian patterns of the Kuchma era has taken place. Courts and public authorities are clearly making decisions in accordance with the new government's policy. The public prosecutor's office lets itself be exploited for the discreditation of the opposition. There have been reports from several universities that the practice of giving bad marks to politically active students and of suspending them has been reintroduced.

For the past weeks president, government and majority coalition have been preoccupied with filling posts. After the formation of the cabinet, the new coalition has virtually replaced all top positions in ministries, regional administrations and other public authorities. Moreover, almost all advisory institutions and committees that had been established by president Yushchenko, such as the Centre for Euro-Atlantic Integration, have been simply closed down. The government likes to describe itself as a team of "pragmatic professionals". The cabinet mainly consists of important sponsors of the Party of Regions and their deputies who are now obviously expecting a return on "investment". With 29 ministerial posts the cabinet is large. The majority of its members are conservatives of Yanukovich's party and their allies, among them many familiar faces from the Kuchma era.

Particularly surprising was the appointment of Sergiy Tigipko, who had come third in the presidential election, as new deputy prime minister in charge of economic affairs. After playing a lone hand during the presidential elections Tigipko got involved with the Party of Regions and is now considered as a candidate for the post of prime minister and possibly even as Mykola Azarov's successor as party leader.

Another surprising development since Yanukovich's assumption of office has been the decreasing influence of the formerly dominant group of Donetsk-based tycoon Rinat

Akhmetov within the Party of Regions. The winner of the internal power struggle is the gas lobby of Dmitry Firtash, former boss of RosUkrEnergo, Serhii Lovochkin, head of the secretariat of the prime minister and Yurii Boiko, the minister of energy. On the whole, the conservative and more Russia-oriented wing of the Party of Regions has grown stronger, while the more progressive, reform-oriented and more Europe-friendly politicians under Akhmetov are kept out of important decisions.

Yanukovich disempowers the parliament

The parliament, too, has lost importance under the new political constellation. The pictures of tumult during the plenary session of April 27th with eggs flying towards the speaker and fisticuffs breaking out among members of parliament were broadcasted world-wide. The opposition's uproar expressed mainly anger and despair. Giant Ukrainian flags were spread over the seats of the "defectants" in an effort to thwart their votes in favour of the fleet deal. The ratification of the fleet deal and the passing of the national budget took only eight minutes. There were no government declarations, no discussions and no debates neither about the international agreement and its extensive implications for the country's long-term geopolitical orientation, nor about the national budget - the classic privilege of the parliament. President Yanukovich and prime minister Azarov thus have revealed the role they assign to the parliament. They have clearly shifted the country's political balance in favour of the president and expect the Verkhovna Rada to just sign-off their politics.

Already in February the new majority in parliament suspended local elections that had been scheduled for May 30th 2010. So far no new date for the elections has been fixed. The government coalition is anxious not to provide a platform to opposition parties and particularly the numerous new parties and groups, and also to avoid losses in their own ranks. There is discussion in Kyiv now that the local elections might take place in October 2010, but only after a

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change of the electoral law. A combination of proportional representation and majority voting system could establish the current majority of the Party of Regions in coalition with individual defectors on local and regional levels.

The new administration exerts pressure on opposition and free media

Since the presidential elections, the Ukrainian opposition has appeared to be rather planless, divided and obviously surprised by the pace of change. The protests against the constitutional coup regarding coalition building and against the entirely surprising fleet deal appeared to be unorganised, frayed and erratic. Apparently, the former president Yulia Tymoshenko lacks her previous power and charisma to unite the opposition behind her. The other opposition parties of Yatseniuk, Yushchenko, Kyrylenko, Hrytsenko and others remain divided and uncoordinated. In addition, the formation of a coalition on an individual basis further undermines the opposition. The number of members of parliament supporting the government coalition has risen from 226 to 238 of the 450 members.

On May 12th the public prosecutor's office re-opened a criminal case against the former prime minister Yulia Tymoshenko which dated back to the Kuchma era and which had been dismissed in 2005. Moreover, a dubious American law firm was hired to conduct an audit of her government business. In this context deputy prime minister Sivkovych announced that the representatives of the "so-called opposition" would soon be locked behind bars. And even though an actual conviction of Tymoshenko is rather unlikely, the case and its rhetoric are sending a pretty clear signal to the opposition. There had been no criminal cases against political opponents in Ukraine since the Orange Revolution.

At the same time, journalists from national TV stations "1+1" and "STB" complained about censorship and manipulation. Since Yanukovych's assumption of office the opposition has been given very little airtime on Ukrainian television. Free and independ-

ent reporting is forced back to the printed press and the internet where it cannot reach the wider parts of the average Ukrainian population. "Reporters without Borders" and the International Freedom of Expression Exchange (IFEX) have expressed their concern about the recent development. During the presidential election campaign Ukraine had still been a prime example of media pluralism and balanced reporting.

Even political protest, which since the Orange Revolution had taken place in Kyiv almost daily, is facing restrictions. The remark of Ukraine's interior minister Mohylov that the opposition "may meet in a free place outside Kyiv and hold its meetings" is also a statement about the concept of democracy and the cynicism of some representatives of the new government.

The government tries to stabilise the national budget through gas discounts and the fleet deal

Apart from swiftly securing power the new president and his government initially focused on the stabilisation of the national budget and the improvement of the country's relations with Russia. Both topics are closely related. Due to the high budget deficit the Ukrainian government finally had its back against the wall and considered price cuts for Russian gas as the only possible solution at hand. The only offer they could make in return was the prolongation of the Russian Black Sea Fleet deployment in Crimea. While no initial costs arise from this deal for Ukraine, the strain on the national budget is relieved immediately. On April 21st Yanukovych and the Russian president Medvedev met in Kharkov (eastern Ukraine) to ratify an additional agreement about a discount on Russian gas of at least 30% and up to \$100 per 1,000 cubic metres. They also agreed on a further prolongation of the Russian Black Sea Fleet deployment in Sevastopol for 25 years beyond 2017 with the option of yet another five years (beyond 2042). The national budget adopted by parliament the same day already includes the gas discounts and shows a deficit of 5.3%. This gives an idea of how deep the deficit

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would have been without the discounts on gas.

A range of new agreements binds Ukraine to Russia on a long-term basis

The additional gas contracts and the fleet deal marked the beginning of a whole series of agreements between Ukraine and Russia. The numerous talks between Azarov and Putin as well as Yanukovich and Medvedev over the past few weeks also focused on potential collaboration in the fields of nuclear energy and aircraft construction. Moreover, the Russian side surprisingly encouraged a full merger of the Ukrainian state-owned Naftohaz with Gazprom. These very extensive agreements are currently still under negotiation. Meanwhile, during his official visit to Kyiv on May 17th President Medvedev agreed on the demarcation of the common border, on collaboration on the satellite system GLONASS, and on educational and cultural exchange. Besides, Yanukovich and his Russian counterpart made vague statements about a European Security System, the role of the naval base in Sevastopol and about a potential settlement of the Transnistrian Conflict.

Some of the agreements, such as the demarcation of the Ukrainian-Russian border, have been long overdue. So now some hitherto persisting bilateral problems could finally be solved. However, the arrangements imply a critical imbalance. Ukraine is hoping for quick profits from its concessions in order to relieve its budget and to secure the corporate interests of those companies closely linked to the current administration. But this comes at the price of long-term political and economic ties and dependency. Russia has used the momentum to introduce further agreements and to further restrict Ukraine's room for independent manoeuvre in the energy sector and other strategic areas.

Also, without parliamentary and public debate these long-term agreements run the risk of becoming the object of future election campaigns and new internal political disputes. Given the total lack of consensus building and compromise, future govern-

ments may feel obliged to question the agreements. Moreover, the current events have a serious impact on the split in Ukrainian society which is related to the rapprochement with Russia.

It remains uncertain whether the necessary reforms will follow

The declared mission of president Yanukovich and the new government coalition had been "stability and reforms". After 100 days of their administration it can be stated that at least they are consistently pursuing the stabilisation of their own power. Whether the internal changes and the reconciliation with Russia will be actually followed by reforms remains to be seen. The government's constellation rather suggests a conservative and administrative course. The composition of the unusually large cabinet is very heterogeneous. There are three ministers alone, with different political backgrounds, who are all responsible for economic issues: deputy prime minister Kliuiev, deputy prime minister Tigipko and the minister for economic affairs Tsushko. Consequently, in the event of concrete reform plans, clashes within the government and between groups of the Party of Regions will be very likely.

The gas lobby, which now has strong control over Ukraine and the Party of Regions, is closely connected to companies that nourish on market distortion, government manipulation, monopolies and administrative resources. The distribution of hidden subsidies and government contracts is likely to remain a means of strengthening or weakening certain interest groups under prime minister Azarov. Incentives for reform have been lowered by the new gas deal. Overall, there is not much evidence suggesting that the long overdue reforms of the pension scheme, healthcare and the domestic energy market will be addressed in the near future. This becomes even more unlikely in the light of local elections planned for October. The Party of Regions still adheres to raising public expenditure, pensions and minimum wages as central part of its political agenda.

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The Yanukovych-Azarov tandem represents a more authoritarian and typically post-soviet, administrative style of politics. In Ukraine Azarov's government has always been regarded as an interim on the way to a more reform-oriented government. However, it is very doubtful whether the adopted course can be abandoned at a later time. The balancing act between the restoration of governability on the one hand and the looming backfall into authoritarian patterns on the other hand is very hard to manage.

How to handle Ukraine?

Both the harsher rhetorics of domestic politics and the gas and naval agreements in connection with a rapprochement with Russia had been expected after the presidential elections – independent of their outcome. Yet the pace and extent of internal and external changes have come as a surprise. It appears that Yanukovych and a small group close to Firtash, Lovochkin and others are swiftly and determinedly executing a plan supposed to meet the corporate interests of the Party of Region's main sponsors and to secure their power in Ukraine on a long-term basis. The well-organised and disciplined Party of Regions is facing a fragmented and unorganised opposition and meets with only little resistance - neither in matters of domestic nor foreign affairs.

Ukraine's Western partners were puzzled, too, by the arrangements with Russia. None of the agreements had been discussed with or at least announced to the European partners. So far, there has been no reaction from the European Union to either the internal or the external changes in the Ukrainian course. For Ukraine the natural next step after Medvedev's visit to Kyiv and the ratification of agreements with Russia, would be to turn towards Europe for further political and economic profits. The European Union has to decide whether it wants to engage in this "sequential", multivectoral foreign policy of Ukraine.

The International Monetary Fund (IMF) remains the most important tool of influence for Ukraine's Western partners. Due to the

backlog of reforms and its ambitious promises Ukraine will continue to be dependent on international loans despite the gas discounts. Just like the previous Ukrainian cabinet the current government presumably will be speculating on the IMF's inconsistency and will try to obtain loans without wide-ranging reforms. At the moment the IMF hesitates to continue its programmes with Ukraine, saying that so far the Ukrainian government has not revealed any serious plans for reform.

After 100 days of the new Ukrainian government the time seems right for the European Union and for Germany and its foreign policy to give up the wait-and-see policy in favour of a rather pro-active political strategy. So far, the European Union has been merely observing Ukraine's rapid internal and external development of the first 100 days. On the one hand, the EU seems to be prepared to drop the Ukrainian democratic standards it had praised until a few months ago for the benefit of an alleged internal stabilisation; on the other hand, it looks as if others have taken the helm in its Eastern neighbourhood.