

# UKRAINE ANALYST

STRATEGIC INTELLIGENCE ON UKRAINE'S POLITICS AND ECONOMICS

FEATURED IN THIS ISSUE

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## Welcome and Editorial

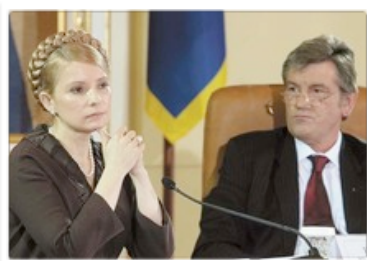
Welcome to the first issue of **Ukraine Analyst**, a bimonthly publication devoted to providing strategic intelligence on Ukrainian politics, international affairs, economics and energy. **Ukraine Analyst** is the only English-language publication devoted to providing in-depth and behind the scenes strategic analysis of Ukraine. Each issue of **Ukraine Analyst** will be divided into two sections with the first analysing Ukrainian politics and international affairs. The second section will analyse Ukrainian economics, business, international trade and energy. The first issue of **Ukraine Analyst** is devoted to the September 2008 crisis and a profile of presidential secretariat head Viktor Baloga. The second issue will feature the domestic and international ramifications of the August 2008 Georgia crisis as well as launch our regular coverage of political and economic affairs.

With hindsight, the crisis was inevitable. Western and Ukrainian commentators had hoped, in vain it turns out, that President Viktor Yushchenko would learn from his earlier mistakes when, without any grounds, he had dismissed the Tymoshenko government in 2005 and then prevaricated following the 2006 elections over whether Tymoshenko should return as prime minister. The September 2007 pre-term elections had given Yushchenko a second chance that he seems to have again lost. The opportunity to fully grasp the opportunity provided by the twice victory of orange political

forces in the 2006 and 2007 elections could ultimately be Yushchenko's final political undoing.

From its inception in December 2007 the Tymoshenko government came up against obstacles. Firstly, the government was faced by a parliamentary boycott by the Party of Regions in the first three months of 2008. Although unproductive and untypical in parliamentary democracies, this action was power for the course for an opposition party. After all, the Party of Regions had no loyalty to the Tymoshenko government. Secondly, long-term hostility from the governments ostensible orange allies: the president, secretariat and the National Security and Defence Council. The government's long waited reforms, privatisation programme and anti-corruption policies were faced with obstruction at every opportunity.

The countdown to the September crisis began in mid April when Prime Minister Tymoshenko first responded to presidential criticism. This was followed by two months of public squabbling within the orange camp that culminated in an early July parliamentary vote of no confidence that the government won. The failure of the vote led to unsubstantiated charges of 'treason' a month later. It had become obvious that the president had given the go ahead to his secretariat and Security Service to destroy Tymoshenko ahead of the 2010 elections. In September she counter-attacked and Ukraine entered a new crisis. The rest is history.



*Yushchenko accuses Tymoshenko of mounting a 'coup'*

# Ukraine's September 2008 Crisis

The September 2008 crisis has its origins three years earlier when President Viktor Yushchenko dismissed the Yulia Tymoshenko government after only eight months in office. Tymoshenko had supported Yushchenko after joining his 2000-2001 government, ignored his lack of protest at her arrest in February 2001, supported Our Ukraine in the 2002 elections and Yushchenko's candidacy in 2004 against the corrupt regime led by President Leonid Kuchma.

The government's removal in September 2005 had two major ramifications in Ukrainian politics. Firstly, it led to an eighteen month split in the orange camp, a long period in politics. Secondly, this split led to the return from political oblivion of the defeated presidential candidate and Party of Regions leader Viktor Yanukovich. The president's hostility to permitting Tymoshenko to return as prime minister following the victory of orange forces in

*'But you know what is the most unpleasant in this story – that dirty deed of the democratic coalition's destruction was disguised with ostentatious patriotism, verbal spirituality and for show morals. The truth – real cause that President of the country Viktor Yushchenko has declared me personally and all democratic team war of attrition – this, unfortunately, struggle for victory at the upcoming presidential elections in 2010. For this victory, unfortunately, they are ready to go to the extremities, though there are no chances already, they were lost in the course of this absolutely senseless struggle'*

**Prime Minister Yulia Tymoshenko,  
3 July 2008**

the March 2006 elections opened the way for Yanukovich's re-entry as prime minister in August of that year. Yanukovich became the first prime minister to operate under the new 2006 constitution.

The major reform of the 2006 constitution, compared to the 1996-2005 constitution, was the transfer of the government from presidential to parliamentary control. The coalition created following elections (rather than the party or bloc that came first) would create the government. Ukrainian voters could place responsibility for the government's policies on to specific political forces who created the parliamentary coalition.

The unexpected return of Yanukovich to government following orange in-fighting opened the way to another crisis in April-May 2007 when the president disbanded parliament. Relations between Yanukovich and Yushchenko had deteriorated from late 2006 and became very strained in the first quarter of 2007. What tipped the scales and led to an unexpected decree to disband parliament on 2 April 2007 were attempts to poach orange deputies. The aim of Yanukovich's Anti-Crisis coalition was to obtain a constitutional majority of 300 plus deputies. Encouraging defections from the orange coalition in 2008, this time by the presidential secretariat, aimed to replace the orange with a grand coalition.

## Yushchenko and Yanukovich

The September 2008 crisis in Ukraine is not about foreign policy, NATO, the EU, an alleged coup by a 'pro-Russian' political force or the Ukrainian ramifications of the Georgian crisis. The crisis is also not an outcome of a presidential protest against the Tymoshenko bloc (BYuT)'s voting together with the Party of Regions in the first week of parliament following the summer 2008 recess.

Yushchenko's and Our Ukraine/Our Ukraine-People's Self Defence (OU-SD) negotiations and cooperation with Yanukovich and the Party of Regions have been long standing. In the seven examples discussed below BYuT has voted against three, BYuT has not been party to secret negotiations with the Party of Regions in another three cases and was never consulted on the seventh.

1. **December 2004:** at EU-brokered round-tables, presidential candidate Yushchenko agreed to a compromise package that included constitutional reform in 2006. *BYuT voted against the package;*

2. **September 2005:** following Tymoshenko's dismissal Yushchenko signed a memorandum with Yanukovich paving the way for the Party of Regions to vote for his candidate for prime minister, Yuriy Yekhanurov, who had failed to win sufficient votes in the first vote. *BYuT opposed the memorandum and did not vote for Yekhanurov's candidacy;*

3. **April-June 2006:** following the elections Our Ukraine leader and acting Prime Minister Yekhanurov negotiated a grand coalition with the Party of Regions. Yushchenko denied any negotiations were taking place and expressed his support for a Tymoshenko government and orange coalition;

4. **August 2006:** the president launched a round-table of parliamentary forces that signed a 'Universal'. This paved the way for Our Ukraine to join a grand coalition with the Party of Regions and the Communist Party (CPU). Yanukovich was proposed to parliament by the president as his candidate for prime minister. *BYuT refused to sign the universal, join the grand coalition or vote for Yanukovich's candidacy;*

5. **May 2007:** Yushchenko and Party of Regions election campaign leader Borys Kolesnikov negotiated a compromise whereby the Party of Regions supported pre-term elections in exchange for President Yushchenko's support for a grand coalition following the elections. *BYuT was not party to the secret agreement;*

6. **December 2007:** the president appointed Party of Regions faction leader Raisa Bohatyreva as National Security and Defense Council (NSDC) secretary. The appointment was clearly aimed at creating a counterweight to the Tymoshenko government;

7. **2008:** discussions between the presidential secretariat and the 'pragmatic' wing of the Party of Regions have been on-going throughout the year. The aim was to obtain Party of Regions support in the 2010 presidential elections for Yushchenko's re-election in exchange for mutual compromises. The secret

negotiations opened the way for further deception where the president professed his undying support for the orange coalition and government while his presidential secretariat sought to undermine the Tymoshenko government and replace the orange with a grand coalition.

### Undermining the Tymoshenko Government

The Tymoshenko government was removed in September 2005 and prevented from becoming the government after the victory of orange forces in the March 2006 elections. Prior to the 2006 elections orange forces had agreed that the government would be headed by the orange force (composed of Our Ukraine, BYuT and the Socialist Party [SPU]) that came first. The president's unwillingness to abide by the agreement led to secret negotiations for a grand coalition conducted by Yekhanurov parallel with negotiations by Roman Besmertnyi for an orange coalition. Ultimately, both coalitions failed and unexpectedly the Party of Regions, KPU and SPU established an Anti-Crisis coalition paving the way for Yanukovich to become prime minister.

Following the victory of orange forces in the 2007 pre-term elections Tymoshenko's candidacy for prime minister was put forward in December 2007. BYuT had received double the number of votes of OU-SD. The first vote for Tymoshenko failed because of opposition from some OU-SD deputies, the most prominent of which was National Security and Defence Council (NSDC) secretary Ivan Pliushch. It is unlikely that the NSDC secretary would abstain from voting without the president's authorisation. Tymoshenko was confirmed as prime minister in a second vote on 18 December 2007.

Since the Tymoshenko government appeared the presidential secretariat and NRBO have interfered, severely criticised and attempted to undermine the government. Paradoxically, Yushchenko has always claimed that he supported the Tymoshenko government and the orange coalition while, at the same time, he has sought to undermine them.

### Behind the Confrontation

1. **Personality Clashes:** between Yushchenko and Tymoshenko created an environment of deep mistrust that could be manipulated by the presidential secretariat;
2. **'Crisis management':** presidential secretariat head Viktor Baloga is only useful to the president during crises which have been artificially created and exaggerated;

3. **Unsubstantiated Charges:** three severe charges leveled against Tymoshenko (see later) pushed her into a corner and forced her to act, largely in self defence, before they were used to destroy her prior to the January 2010 presidential elections.

4. **Presidential Elections:** the pending January 2010 presidential elections and the threat posed by Tymoshenko as the main challenger to Yushchenko. Tymoshenko's repeated statements that she would not stand in the elections were never believed because of mistrust between Yushchenko and herself and because of artificial crises fanned by the presidential secretariat.

## Key Demands

### Yushchenko

- Adopt a clear position on the Georgian-Russian conflict based on recognising Georgia's territorial integrity and Western peace plans.
- Support the president's criticism and 2 August 2008 decrees on the use of Black Sea Fleet vessels in the Georgian conflict.
- Withdraw 'anti-constitutional' legislation on the Special Commissions, Cabinet of Ministers, Security Service and the Prosecutor.

### Tymoshenko

- Government supports the EU's position on Georgian territorial integrity and the 'Sarkozy' peace plan.
- Legislation is constitutional and can be challenged in the Constitutional Court.
- Withdraw treason charges.
- Replace Viktor Baloga.
- Return defectors to the orange coalition.
- End presidential blockade of governments privatisation, anti-inflationary and anti-corruption policies.

### Over the Top

The July 2008 parliamentary no confidence vote to remove the Tymoshenko government failed after it was only supported by the Party of Regions. More drastic measures were required to remove Tymoshenko and it was these that pushed Tymoshenko into a tactical voting alliance with the Party of Regions in the first week of the autumn 2008 session of parliament.

The three charges were as follows:

1. **'Treason':** seven charges were submitted by the SBU to the prosecutor were turned down as providing insufficient evidence to warrant a criminal investigation. These charges will be analysed in the next issue of **Ukraine Analyst**.
2. **Assassination:** organising an assassination attempt on Baloga.
3. **Poisoning:** involvement in the September 2004 poisoning of Yushchenko in relation to which Tymoshenko was summoned to the prosecutor's office on 11 September 2008 to give evidence.

Davyd Zhvannia, orange businessman and financial supporter of the Self Defence Party (one of nine parties in OU-SD) was also summoned to the prosecutors office. Zhvannia was present during the September 2004 dinner at SBU deputy chairman Volodymyr Satsiuk's dacha where Yushchenko was ostensibly poisoned. Self Defence, headed by Interior Minister Yuriy Lutsenko, did not support OU-SD's withdrawal from the orange coalition.



*Is Tymoshenko following in the footsteps of the 'Iron Lady'?*

### 'Stabilising' Coalition

The aim of the tactical voting alliance between BYuT and the Party of Regions is not to establish a grand coalition as such a coalition would negatively impact on Tymoshenko's ratings ahead of possible pre-term parliamentary elections and presidential elections. Her popularity in western-central Ukraine would suffer if BYuT created a coalition with the Party of Regions.

The Party of Regions has long supported further constitutional reforms that would transform Ukraine into a full parliamentary republic. BYuT has always supported a presidential system and did not vote for constitutional reforms in December 2004. Yushchenko and Our Ukraine supported the reforms. Meanwhile, the left (CPU and SPU) lined up with the Party of Regions in supporting a full parliamentary republic.

In 2006 Ukraine moved from its 1996 semi-presidential constitution to a parliamentary-presidential system. The reforms were hastily adopted by parliament on 8 December 2004 following round-table negotiations in the orange revolution. The 2006 constitution has been a major factor in Ukraine's instability and yearly crises.

Although Yushchenko negotiated the 2004 reforms he has, after they were adopted, been unwilling to accept the president's loss of control over the government. This has led to divisions between the president and both governments under the 2006 constitution: Prime Minister Yanukovich (August 2006-November 2007) and Prime Minister Tymoshenko (December 2007-).

After Tymoshenko became prime minister, and following eight months of the presidents attempts at undermining and interfering

in the governments work, BYuT shifted its stance towards supporting a parliamentary system. The first sign of this was a speech given by Tymoshenko to the Parliamentary Assembly of the Council of Europe in mid April 2008 where she praised the democratic achievements of post-communist states that had adopted parliamentary systems.

The aim of the BYuT-Party of Regions tactical voting in September 2008 has been to transform Ukraine further into a parliamentary republic and to reduce presidential powers. Tactical cooperation between BYuT and Regions has adopted six key pieces of legislation (for an analysis see the yellow box on this page).

If the aim of Tymoshenko had been all along to achieve monopoly power by standing and winning the presidency then she would have maintained the 2006 constitution with its still extensive powers for the president. Moving Ukraine further towards a parliamentary system would remove the powers received by the candidate elected president in January 2010. BYuT's support for a parliamentary constitution requires us to re-think our views behind Tymoshenko's motives. The Economist Intelligence Unit (4 September 2008 [EIU]) wrote, "Ms. Tymoshenko's attempt to weaken the presidency puts into question the widespread assumption that she is preparing to contest the presidential election due in early 2010. If the post of prime minister becomes the pre-eminent one in Ukrainian politics, Ms Tymoshenko would presumably want to keep her current job rather than seek the presidency'. Increasing the powers of the prime minister's position does not guarantee that Tymoshenko will remain in that position as this is dependent on what coalition is created. This could be a revived orange or a new coalition. Even after enhancing the powers of the government Tymoshenko may not become prime minister following possible pre-term elections.

#### **Legislation Adopted by Ukrainian Parliament on 2 September 2008 that Precipitated the Crisis**

*I. Amendments to the law on the Security Service: the chairman will be appointed and dismissed by parliament.*

*II. Amendments to the law on the Prosecutor: the prosecutor will be appointed or removed with the agreement of parliament.*

*III. Amendments to the law on the Cabinet: the president no longer has a right not to propose the candidate for prime minister chosen by the parliamentary coalition. The cabinet no longer needs to consult with the president over the dismissal of certain ministers or to obey presidential decrees and resolutions of the National Security and Defence Council. The law on the Cabinet was first adopted in January 2007 during a period of time when BYuT and Our Ukraine had still not re-established their orange alliance. As part of the agreement for an orange coalition and Tymoshenko government it was revised in early 2008 to return powers to the president. The new law on the Cabinet returns to the January 2007 version.*

*IV. Organization of Parliamentary Work and Parliamentary Procedure: both documents (in effect 'statutes') were adopted after parliament over-rode presidential vetoes.*

*V. Amendments to the law on the Constitutional Court: these dealt with the courts authority, the processing of constitutional appeals and the non-admission of abuse of the right to constitutional appeals. The amendments aim to define the format and content of parliamentary appeals to the court, including in the case of impeachment of the president. They also aim to end the presidents practice of halting cabinet acts by repeatedly submitting the same appeal to the court after it had been re-written after it became known that the court would be unlikely to agree to the appeal. This practice blocked the normal functioning of the government.*

*VI. Law on Interim Investigation Commissions and Ad Hoc Investigation Commissions. Commissions can be established in the event of impeachment and in the course of special investigations of corruption involving state officials.*

The options for a new coalition are very limited. The EIU pointed out that 'a formal alliance between the YTB (BYuT) and the PoR (Party of Regions) is unlikely' because it would be diametrically opposed to 'her strident opposition to the PoR and its links with big business'. Such a coalition would also undermine BYuT and

Tymoshenko's support in the orange heartland of western and central Ukraine.

### Three Scenarios and Outcomes

1. **Compromise.** Yushchenko opts for compromise with BYuT and replaces Baloga with a figure amenable to both orange forces. Charges of 'treason' and being behind an assassination plot are withdrawn and shelved. Tymoshenko would be asked to make compromises that may include withdrawing her support from some of the five pieces of legislation and supporting the president's hard-line position on Georgia. The orange coalition would re-form. A compromise will lead to an outcome whereby Tymoshenko will be in the ascendancy in the orange coalition and the president and secretariat would no longer be in a position to intervene in the government. The fundamental problem of which of the two orange leaders (Yushchenko or Tymoshenko) would stand in the 2010 presidential elections from the orange coalition would remain unresolved. In the event of the orange coalition not re-forming a 'stabilising' coalition could remain in place until the next elections. The Party of Regions would agree to Tymoshenko remaining prime minister in return for the position of parliamentary speaker going to Yanukovych.

2. **Confrontation.** The president, believing his own rhetoric that a 'pro-Russian', 'anti-state' and 'unconstitutional coup' is under way, forcibly introduces presidential rule and disbands parliament. The president attempts to pressure the Constitutional Court into issuing negative rulings on the legislation adopted by parliament that led to the crisis and, if successful, the Court over-turns them.

Not coincidentally, a 4 September 2008 decree, a day after OU-SD withdrew from the coalition, ordered an investigation of the state of reform of Interior Ministry special force troops from 15-30 September. The president controversially took control over these forces in the spring 2007 crisis. The Interior Ministry is constitutionally under the control of the government and its minister is not appointed by the president (unlike the Defence and Foreign Ministers). Orange Interior Minister Lutsenko supports Tymoshenko in the September 2008 crisis. A draft law submitted by the president to transform Interior Ministry troops into a National Guard was rejected by parliament's committee on National Security and Defense headed by Anatoliy Hrytsenko, a supporter of Tymoshenko in the September crisis.

The introduction of presidential rule and forcible disbanding of parliament will be fraught with danger that could escalate into violent confrontation and the launch of impeachment proceedings. During the spring 2007 crisis the president had moral authority on his side because of

parliaments attempt at changing the political configuration by bribing deputies to change factions. This moral position over rode the questionable legal basis for the presidents disbanding of parliament. In 2007 the president had a loyal ally in Minister of Defense Hrytsenko who threatened to intervene if the Interior Ministry, then controlled by the Yanukovych government, attempted to block the disbanding of parliament. In the current crisis Yushchenko has lost popular support and would not have moral argument on his side if he opted for a violent confrontation. In addition, Hrytsenko and Interior Minister Lutsenko support Tymoshenko in the current crisis and were among the 33 OU-SD deputies who did not vote to leave the orange coalition.

Hrytsenko, popular within the military and in Brussels and Washington DC, was impolitely removed as Defense Minister by Yushchenko. The president sided with Baloga in his repeated confrontations with Hrytsenko over Baloga attempt at obtaining Defense Ministry land that Hrytsenko refused to countenance. Since his removal Hrytsenko has been an ardent critic of Yushchenko.

Lutsenko's Self Defence wing of OU-SD is pro-BYuT on ideological and pragmatic grounds. Self Defence represents the left-wing of the bloc and always supported BYuT's anti-oligarch stance and further constitutional reforms towards a parliamentary system. Self Defence financial sponsor and former Georgian citizen Zhvannia obtained Ukrainian citizenship in 1999. This became the basis for a legal challenge inspired by the presidential secretariat that claimed he remained a Georgian citizen although dual citizenship is illegal in Ukraine. The criminal case was in reality in revenge for Self Defence not supporting the presidents backing of incumbent Kyiv Mayor Leonid Chernovetsky in the 26 May city elections.

3. **Elections.** No compromise is reached, Yushchenko rules out confrontation and legally disbands parliament after the 40 day deadline has elapsed. Pre-term parliamentary elections are set for early 2009.

*'Those who for some reason think this is an attempt by anti-Ukrainian forces (to take power) should think again and actually see it as a step towards the establishment of a parliamentary democracy as the most optimal form of state administration (for Ukraine)'.*

*Party of Regions leader Viktor Yanukovych,  
5 September 2008.*

*'I appeal to colleagues and team-mates from Our Ukraine, it is not time to ruin the last democratic barricades because democratic coalition can and must exist. You have 10 days long, without ultimatums, demands, provocations to return calmly to democratic coalition...I sincerely hope for wisdom and prudence of our colleagues of the democratic coalition. I believe that work of democratic coalition will be resumed'.*

*Prime Minister Yulia Tymoshenko,  
3 July 2008.*

### Parliamentary Forces in pre-Term Elections

BYuT could improve their current 156 parliamentary deputies by attracting disillusioned OU-SD voters, because of the popularity of Prime Minister Tymoshenko and by expanding support in areas of eastern and southern Ukraine outside the Party of Regions two strongholds of the Donbas (Donetsk, Luhansk) and Crimea. During the peak of their popularity in the first quarter of 2008, when BYuT had between 30-35 percent support, polling projections gave

BYuT between 200-225 seats.

The popularity of the Party of Regions (175 deputies) and its leader Yanukovych have declined since the 2007 crisis and pre-term elections. In the first quarter of 2008 BYuT and Tymoshenko increased their popularity for the first time ahead of the Party of Regions and Yanukovych. The Party of Regions has a strong and unchallenged base of support in the Donbas and the Crimea but is weak and therefore open to continued challenge by BYuT outside of these two areas in eastern and southern Ukraine. BYuT obtained an average of 20 percent of the vote in the 2007 elections in eastern and southern Ukraine outside of the Donbas and the Crimea. The Party of Regions has been unable to increase its popularity in the key swing region of central Ukraine, as seen by its paltry 3.95 percent vote in the May Kyiv elections.

The Party of Regions would campaign in pre-term elections with two handicaps.

Firstly, their traditional anti-NATO electoral rhetoric will be less popular following the Georgian crisis. Since the crisis support for NATO membership has increased, a majority of Ukrainians feel the country faces greater threats and support for the Black Sea Fleet remaining in Sevastopol beyond the end of the agreement in 2017 has declined.

Secondly, the expulsion of NSDC secretary and former Party of Regions faction leader Bohatirovva on 1 September, following her outspoken six day visit to the US, has revealed deep divisions between the 'pragmatic' business and 'ideological' anti-orange wings of the Party of Regions. A 2 September 2008 parliamentary vote to recognize the independence of South Ossetia and Abkhazia was backed by 140 out of 175 Party of Regions deputies. Renat Akhmetov and Borys Kolesnikov, allies of Bohatyreva, did not support the resolution (with Kolesnikov expressing public protest at Bohatyreva's expulsion from the party).

OU-SD's popularity has closely correlated to Yushchenko's and both have plummeted to 5-6 percent. A September 2008 poll gave OU-SD only 3.9 percent, a support level that would not guarantee crossing the 3 percent threshold. In the May Kyiv city elections Our Ukraine won only 2 percent and failed to enter the council. Of the nine parties in the OU-SD bloc four are against withdrawing from the coalition (Self Defense, Rukh, European Party Ukraine and Party of Defenders of the Fatherland) who represent more than half of the OU-SD 72 deputies. These four parties may align with BYuT in pre-term elections. The vote to leave the coalition was only supported by 39 deputies, barely a majority of the faction which groups 72 deputies. The four parties in OU-SD which did not support withdrawal from the coalition could join or align with BYuT if pre-term elections are held.

Within BYuT there is not unanimous support for a formal grand or a 'situational' coalition with the Party of Regions. The Reforms and Order Party is one of three parties in BYuT, the other two being Tymoshenko's Fatherland Party and the Social Democratic Party. Reforms and Order, which defected from Our Ukraine where it was a member in the 2002 elections, has expressed its opposition to any coalition with the Party of Regions.

## Time Lines

**3 September:** Our Ukraine-Self Defence withdraw from the orange coalition.

**13 September:** deadline to retract withdrawal from coalition.

**12 October:** 30-day deadline to create a new coalition. Failure to create a new coalition will give the president the right (not the duty) to disband parliament and call pre-term elections.

**January 2009:** pre-term elections following a 3-month election campaign.

**March 2009:** two months to establish a coalition (first 30 days) and the coalition to establish a government (second 30 days).

**January 2010:** presidential elections.

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# Profile: Viktor Baloga, Head of Ukraine's Presidential Secretariat

President Viktor Yushchenko's re-election for a second term in January 2010 is dependent on the head of the presidential secretariat, Viktor Baloga. Acrimonious divisions in the orange coalition are largely due to Baloga's antagonistic strategy of seeking to undermine Prime Minister Yulia Tymoshenko who is seen as Yushchenko's main challenger.

Born in June 1963 in the Mukachevo region of Trans-Carpathia Baloga was educated in Lviv's Trade-Export Institute in commercial trade. During the late Soviet era Baloga headed various business initiatives in his home region where there is little industry but which has always benefitted from cross-border trade with central Europe. Baloga's involvement in business affairs in Trans-Carpathia continued into the 1990s and today his extended family and allies control the most important business affairs in Trans-Carpathia.

Baloga's first foray into politics came in April 1998-May 1999 when he was mayor of his hometown of Mukachevo. Following this he was elevated to the position of Trans-Carpathian governor until June 2001.

Trans-Carpathia was a Social Democratic united Party (SDPUo) stronghold from 1998, when the SDPUo first entered parliament, to the end of President Leonid Kuchma's second term in office in 2004. Although Baloga did not join the local party of power he was undoubtedly on good relations with the SDPUo which would have had to approve his appointment as governor of Trans-Carpathia.

Following the March 2002 elections Baloga resumed his position as mayor of Mukachevo. In addition, Baloga was first elected to parliament in the March 2002 elections as an independent. After entering parliament Baloga joined the Our Ukraine faction, the centre-right bloc headed by Viktor Yushchenko.

The SDPUo, based primarily in western-central Ukraine, regarded Our Ukraine as its main threat to domination of these regions. Other pro-Kuchma parties of power were based in eastern-southern Ukraine where Our Ukraine was electorally weak. Choosing Our Ukraine over the SDPUo put Baloga on a collision course with the SDPUo in Trans-Carpathia who attempted to remove him from the position of mayor of Mukachevo. This ebbing conflict erupted into electoral violence in the April 2004 Mukachevo pre-term mayoral elections when the authorities resorted to using local organised crime to thwart Baloga's re-election. The violence was widely seen as a precursor of that which was to dominate the presidential elections that same year.

Following Yushchenko's election in January 2005 Baloga was briefly re-appointed Trans-Carpathian governor where he assisted in the removal of the SDPUo's influence. Senior SDPUo member

Ivan Rizak, who is also from the Mukachevo region, was arrested in spring 2005 and charged with widespread abuse of office when he had been governor from September 2002-January 2005.

In the Yushchenko era, Baloga has held a number of important positions. From September 2005-October 2006 he was Minister of Emergency Situations in the Yuriy Yekhanurov and Viktor Yanukovich governments. He headed the Trans-Carpathian oblast branch of Our Ukraine until he resigned from Our Ukraine in spring 2008.

## Analysis

Viktor Baloga has headed the presidential secretariat since 15 September 2006 and is likely to remain in place while Yushchenko remains president. Yushchenko's experience with two earlier secretariats heads (Oleksandr Zinchenko in 2005 and Oleh Rybachuk in 2005-2006) have convinced him of the need for a tougher 'crisis manager' to defend him and lead the secretariat. Zinchenko headed Yushchenko's 2004 election campaign but resigned in September 2005 after he made accusations that the president's entourage was involved in corruption. The resignation prompted Yushchenko to remove Yulia Tymoshenko as Prime Minister (which he could undertake under the 1996 presidential constitution) precipitating an eighteen month split in the orange coalition. Rybachuk was a close personal and banking ally of Yushchenko's since the early 1990s. Rybachuk remained as Yushchenko's senior adviser but was removed earlier this year after he had the temerity to criticise Baloga's aggressive and unproductive strategy.

Although constitutionally the presidential secretariat is designated as a 'technical' and 'support' structure for the president in reality it has always played a far more support role in tandem with the National Security and Defence Council (NRBO). The NSDC has been used by Yushchenko since 2005 as a pro-presidential counter-weight to the government.

Baloga's future is linked to Yushchenko's re-election for a second term as without his patron the unpopular Baloga would be quickly marginalised. The precedent is his nemesis, Viktor Medvedchuk, who headed Kuchma's presidential administration from May 2002-December 2004. Following Yushchenko's election the SDPUo that Medvedchuk leads failed to enter the 2006 parliament and did not compete in the 2007 pre-term elections.

Our Ukraine's failure to beat the



*Viktor Baloga,  
Ukraine's 'Grey  
Cardinal'*

*'Probably the straw that broke the camels back was the de facto charge made against the premier of her involvement in an assassination plot against the head of the presidential secretariat. The charge is as incredibly absurd as it is devoid of reason. And we will again repeat that if there was not this (charge) then sooner or later there would have been another. Obviously Tymoshenko decided that the time was right to respond to her accusers.'*

***Yulia Mostova and Serhiy Rakhmanin,  
Zerkalo Nedeli/Zerkalo Tyzhnia,  
6-12 September 2008.***

Tymoshenko bloc (BYuT) into second place in the March 2006 elections, when Our Ukraine obtained 10 percent less support than in 2002, came as a shock. Baloga, as head of the secretariat from September 2006, was well placed to argue in support of a cleaning out of corrupt businessmen in Our Ukraine whose presence had allegedly harmed its electoral chances.

The main target of Baloga's purge were the so-called *Liubi Druzi* (Dear Friends), close personal friends and business acquaintances of Yushchenko, who formed the pragmatic wing of Our Ukraine. Baloga's plan to revive Our Ukraine in the final analysis failed as the re-named Our Ukraine-Self Defence (OU-SD) bloc obtained the same 14 percent in the 2007 elections that it had obtained in 2006. The campaign against the *Liubi Druzi* led to poor relations between Baloga and Yushchenko's business allies. A combination of poor relations between Baloga and the *Liubi Druzi*, Baloga's closing of access by the *Liubi Druzi* to Yushchenko and Baloga's aggressive 'crisis management' strategy have impacted negatively on the formation of the new party of power, United Centre. The new presidential party was launched in July 2008 to much fanfare in the Ukrayina Palace when it was televised live Soviet-style on state television.

The pompous launch could not disguise the disinterest of the *Liubi Druzi* in joining United Centre. Parliamentary speaker Arseniy Yatseniuk refused to head United Centre and it has failed to find a new charismatic leader. Our Ukraine deputy Ivan Plyushch, who has refused to sign the orange coalition, has not joined United Centre. United Centre's support for a pragmatic grand coalition of Our Ukraine-People's Self Defence and the Party of Regions has traditionally been supported by the *Liubi Druzi*.

Yushchenko's legally questionable disbanding of parliament on 2 April 2007 was under the influence of Baloga who saw the growing defection of deputies to the Anti-Crisis coalition as a threat to the president if it had managed to reach 300 deputies when it would have a constitutional majority able to over-ride presidential vetoes. Baloga and Party of Regions 2007 campaign leader Boris Kolesnikov brokered a deal in May 2007 consisting of pre-term elections in September and a grand coalition following the elections (with Prime Minister Viktor Yanukovich remaining in place). In December 2007 Party of Regions parliamentary leader Raisa Bohatyreva, a close ally of Kolesnikov and party financier oligarch Renat Akhmetov, was appointed NSDC secretary. Not coincidentally, the appointment took place only four days after parliament approved Tymoshenko as prime minister.

Baloga has been instrumental in reaching out to alternative oligarchs to obtain financial and political support for Yushchenko, a policy that began in October 2005 during the Yekhanurov government and one which put it at odds with Tymoshenko's anti-oligarch rhetoric. The main beneficiaries of Baloga's oligarch-friendly strategy have been Igor Kolomoysky's Pryvat Group. The Pryvat Group provided the bulk of the financing for Our Ukraine's 2006 and 2007 election campaigns.



President Viktor Yushchenko

## 'Crisis Management' Strategy

Similar to Medvedchuk's aggressive 'crisis management' in defence of President Kuchma, Baloga's defence of Yushchenko is also highly aggressive. Medvedchuk and Baloga are though different: the former is the head of the Association of Lawyers, a member of the Kyiv elites in the Soviet era and highly educated while Baloga is from a poor province with only a technical education.

Baloga's aggressive strategy has been counter-productive and ineffective and has not succeeded in improving Yushchenko's ratings; if anything, it has undermined them further. Yushchenko has remained Ukraine's third most popular politician for the last three years except for a brief period in the spring 2007 crisis when he overtook Tymoshenko to second place.

Baloga's strategy has targeted Tymoshenko for the bulk of the secretariats criticism. While Yushchenko has professed loyalty to the orange coalition he has criticised the government at every opportunity while interfering in areas that are no longer within his realm under the 2006 constitution.

Baloga convinced Yushchenko that in order to win a second term he needed to strike a deal with the Party of Regions which was therefore not subjected to his or Yushchenko's criticism. Meanwhile, doing everything to undermine Tymoshenko. Although Tymoshenko professed disinterest in standing in the presidential elections a lack of trust between her and the president, which has been exacerbated by Baloga, prevented them from striking a non-aggression pact. Baloga's strategy aimed to ensure Yushchenko faced Tymoshenko in round two of the elections where Baloga had convinced Yushchenko that he would win.

## Conclusion

Baloga defected from a SDPUo sympathiser to Our Ukraine in 2002 where he remained for five years until creating a new party of power, United Centre, in 2008. With a business background and his provincial Trans-Carpathian roots, Baloga's politics are pragmatic and thereby flexible. His support for a grand coalition and warmth towards Ukraine's oligarchic elites portray this pragmatism.

Baloga's career is dependent upon Yushchenko winning a second term. Baloga's aggressive anti-Tymoshenko strategy has been premised on fomenting a lack of trust between the two orange leaders in the belief that Tymoshenko will be Yushchenko's main opponent in the 2010 elections. Yushchenko's failure to win a second term would marginalise Baloga from politics in the same manner as Medvedchuk and the SDPUo were marginalised following Yanukovich's defeat in the 2004 elections. The September 2008 crisis showed Baloga's success in undermining the orange coalition but ironically it may have also undermined Baloga's plans for an alliance with the Party of Regions.