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C O N F I D E N T I A L SECTION 01 OF 04 KIEV 003029

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SUBJECT: UKRAINE: TALE OF TWO VIKTORS: YUSHCHENKO NOMINATES  
YANUKOVYCH AS PM, BROAD COALITION IN THE OFFING

REF: A. 04 KIEV 4952

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Classified By: Ambassador, reason 1.4 (b,d)

1. (C) Summary. In another last minute decision crucial to the political future of Ukraine, President Viktor Yushchenko initiated the procedures required for dissolution of the Rada (parliament) August 2, only to agree in the middle of the night instead to endorse Regions' leader Viktor Yanukovich's nomination as Prime Minister. The reversal came after Yushchenko conducted a final round of multi-hour negotiations with Yanukovich and Speaker Oleksandr Moroz. By mid-day August 3, both Regions and OU sources were suggesting that a new coalition had been formed between Regions and Our Ukraine (OU) although the details, including participation by the Socialists and Communists, remained unclear. In the mid-afternoon roundtable signing of the Declaration of National Unity, or Universal, sparks flew between Yushchenko and Yuliya Tymoshenko, who accused Yushchenko of capitulating to Regions on all important issues and then refused to sign the document. Yushchenko told Ambassador August 3 that the developments over the previous 24 hours had been very important for Ukraine, helping to remove the divisions between eastern and western Ukraine while reinforcing his domestic and foreign policy priorities: integration into NATO and the EU as Ukraine's strategic orientation; the unity of the Ukrainian state; removal of the artificial issue of the status of the Russian language; support for creation of a unified Ukrainian Orthodox church; and development of a land market. Our Ukraine heavyweight Poroshenko later confirmed to the Ambassador that a new coalition agreement, drawing on elements of the Universal, would be signed in the Rada by OU and Regions on August 4, but it was unclear whether the Socialists or Communists would sign too.

2. (C) Comment: This is at least the third time in two years that Yushchenko has made a critical last-minute



change of heart on a key political decision. On December 8, 2004, he waited until after Rada voting had started to

call on Our Ukraine (OU) to abandon its position and support constitutional changes weakening the power of the Presidency as part of a "big package" deal which also secured a revote of the falsified second round (ref A). After greenlighting an OU-Regions coalition deal initiated June 20 in which Yuri Yekhanurov would serve as PM, Yushchenko reversed course at the last moment the morning of June 22, authorizing OU to sign the Coalition of Democratic Forces text with Yuliya Tymoshenko's Bloc (BYuT) and the Socialists instead. Yushchenko and OU had flirted with forming a coalition with Regions ever since OU slipped to a weak third place showing behind BYuT in the March 26 elections. In the aftermath of Moroz' July 6 defection from the so-called "Orange Coalition," Yushchenko and OU appear to have made the best deal available for themselves, one which may also give Ukraine a chance to surmount the orange-blue divide existing since the 2004 Presidential election cycle. How the two Viktors will work together in office after the bitter enmity of the 2004 and 2006 election cycles will remain an open question. End Summary and Comment.

Surprising End-game, with a two Viktor solution

3. (SBU) When Yushchenko initiated a roundtable political discussion of a possible Declaration of National Unity leading to a coalition of National Unity July 27, opinion was split on whether the exercise would lead to substantive progress in overcoming the political impasse, merely serve as cover for OU accommodation with Regions, or expose unreconcilable rifts between Yushchenko/OU and Regions, leading to possible Rada dissolution and new elections. The televised July 27 marathon session showed Yushchenko in command, acting Presidential. Subsequent late night sessions lasting up to 10 hours started July 28 and occurred behind closed doors, involving Yushchenko, Yanukovich, and Moroz (July 28, August 2), Yushchenko and Yanukovich (August 1), and a working group involving key deputy leaders of OU, Regions, the Socialists, occasionally the Communists, and the Presidential Secretariat haggling over the text of the Universal and a possible reconfigured coalition.

4. (SBU) Initial reports during the late night August 1 session indicated tentative agreement had been reached between Yushchenko and Yanukovich and OU and Regions. However, Regions took a tougher line in the morning of August 2, categorically ruling out signing of the Universal

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version that Yushchenko supported. Yushchenko subsequently initiated mid-afternoon consultations with the Rada leadership and party faction leaders in line with Article 90 of the Constitution governing dissolution of the Rada, which in turn triggered Moroz calling a special session of the Rada to discuss Rada reaction to a possible dissolution in line with its July 24 resolution (ref b).

5. (SBU) The unfolding drama took multiple turns in rapid succession August 2 and 3. Regions MPs, led by in-house lawyer Olena Lukash, rushed to register a draft impeachment resolution at the Rada's Secretariat at 1730; on the way, they stopped to show it to Socialist deputy leader Rudkovsky as he was talking to us in the Rada lobby. OU

staffers and deputies such as MP Mustafa Jemilev told us at 1800 that Yushchenko would dismiss the Rada and was recording an address to the nation with a supportive explanation; press reports later claimed that such a taped address was delivered to State TV channel UT-1 at 1900, only to be recalled an hour later.

6. (SBU) Moroz at the podium and other Regions MPs in the lobby, however, expressed confidence that Yushchenko would "do the right thing" and nominate Yanukovych as PM. Rather than an early evening address to the nation, Yushchenko resumed closed-door negotiations with Moroz and Yanukovych at 2000, concluding close to 0200 with Yushchenko agreeing to endorse Yanukovych's nomination as PM. The press had spotted key Regions deputy leader Kluyev arriving separately after 2000, amidst reports that Kluyev and OU heavyweight Poroshenko had hammered out a possible list of cabinet members in the event an accord was reached between Yushchenko and Yanukovych allowing for Yanukovych to be PM and OU to join the coalition.

Yushchenko: unifying the country, reiterating policy priorities

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7. (SBU) Speaking before the media at 0200 August 3, Yushchenko described the chance to unify the country as the decisive factor in his decision to forward Yanukovych's nomination. He attributed his change of heart to success in securing agreement by Yanukovych and Moroz to sign a version of a Declaration of National Unity, the so-called "Universal," which endorsed what he called "constitutional values" on the five issues of critical importance to him and Ukraine: unity of the Ukrainian state; language; religion; domestic democratic reforms; and the strategic direction of foreign policy.

8. (C) Yushchenko reiterated these themes to Ambassador August 3 while elaborating on foreign policy and NATO in particular. He said that agreement on the Universal had removed the divisions between eastern and western Ukraine while reinforcing his domestic and foreign policy priorities, including: integration into NATO and the EU as Ukraine's strategic orientation; the unity of the Ukrainian state; removal of the artificial issue of the status of the Russian language; support for creation of a unified Ukrainian Orthodox church; and development of a land market. Yushchenko said that Ukraine would make all possible efforts to secure a Membership Action Plan (MAP) at the Riga Summit. Yanukovych as PM would send a letter in 10 days to NATO with this request; Yushchenko had urged Yanukovych to visit Brussels and Washington early on to demonstrate the commitment to the principles contained in the Universal and to specific steps needed to fulfill this vision.

Next Coalition: Blue-Orange or National Unity?

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9. (SBU) As the Rada opened August 3 at 1000, it initially appeared as if the existing anti-crisis coalition of Regions, Socialists, and Communists would vote in Yanukovych as PM; Socialist faction leader Tsushko predicted to the press that a broad coalition of Regions, Socialists, OU, and the Communists would subsequently emerge. "Deep orange" OU deputy leader Mykola Katerynchuk told us he was prepared to go into "constructive opposition" rather than join a coalition with Regions.

10. (SBU) The ground appeared to shift again around 1130, however, when OU deputy leader Roman Zvarych informed journalists in the Rada lobby that a new coalition agreement had been signed between OU and Regions, while still open to others. He added that on August 4, the Rada would create the conditions for the swearing in of the

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Constitutional Court, and that the new coalition would support all bills and actions designed to facilitate closer cooperation with NATO, while leaving the ultimate question of membership until after a national referendum. Corroborating Zvarych's claim of an emerging new alignment, Yanukovych's press secretary Rodion Myroshnyk told us that the day's schedule had changed: the Universal would be signed formally at 1400, followed by a joint caucus meeting of Regions and OU, and then the vote approving Yanukovych as PM.

11. (SBU) Sparks flew between Yushchenko and Tymoshenko at the roundtable signing of the Universal. Tymoshenko, talking as the leader of the parliamentary opposition, accused Yushchenko of caving into Regions' demands for textual changes on all the important issues: language, NATO, Single Economic Space with Russia, a national church; she called the declaration an "orange political capitulation." Yushchenko first attempted to cut her off, belittled her intervention as language fit for the bazaar, and later termed her comments "demagoguery." (note: our analysis, septel, of the final version compared to Yushchenko's initial text from July 27 and Regions' counterproposals suggests that Tymoshenko's characterization of the textual changes is largely accurate.) Tymoshenko refused to sign the Universal; Communist leader Symonenko "signed" it while announcing his refusal to endorse five key paragraphs on NATO, language, religion, land reform, and economic policy.

12. (SBU) A lengthy Our Ukraine caucus meeting to decide on joining a new coalition forced the Rada's timetable to slip late August 3; Socialist Tsushko predicted that the swearing in of both Yanukovych as PM and Constitutional Court judges would take place August 4. While Tsushko predicted that a new Coalition of National Unity would emerge August 4 and a full Cabinet approved in a special Saturday session August 5, he squirmed uncomfortably when asked about the fate of the Communists. Later Poroshenko confirmed to the Ambassador that the OU caucus had agreed to sign a new coalition agreement with Regions at the Rada. According to Poroshenko, the new agreement will include numerous elements from the Universal. When asked by the Ambassador whether all the OU deputies would agree to the new coalition, Poroshenko said that majority were in favor, but one or two would probably refuse to sign and effectively join the opposition. At this point, Poroshenko said that Yanukovych was scheduled to be sworn in at the Rada at 11 am on August 4. (Note: This could change numerous times in the next few hours. end note). BYuT deputy leader Tomenko told us that BYuT would stay out of the Rada chamber August 4-5, returning when the Rada reconvenes in September.

13. (C) In his conversation with the Ambassador, Poroshenko said that the Regions-OU coalition had also paved the way for ending the long-delayed convening of the constitutional court. According to Poroshenko, the new coalition would vote on the Rada's candidates for the

constitutional court at 10 am on August 4. Then the full Rada, in the presence of the newly-elected PM, the acting Chief Justice of the Supreme Court and probably President Yushchenko -- would swear in all the new constitutional court justices -- those newly nominated by the Rada and the nominees forwarded to the Rada by Yushchenko and the Council of Judges last November, giving the constitutional court a quorum for the first time in nine months. Poroshenko also noted that discussions were ongoing between Yanukovich, Regions and OU regarding the make-up of the Cabinet of Ministers, suggesting that lists were being readied now in order to present to Yushchenko over the next few days. Poroshenko predicted that a new government would probably be voted in by the Rada by early next week. It could not happen this week. He also suggested that as part of the agreement on the Universal, the Rada would pass several key pieces of legislation, including the long-delayed approval to hold military exercises involving foreign forces in Ukraine, before going out of session for the rest of August.

What next? questions heading into the August vacation  
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14. (C) Comment: The dizzying pace of developments leaves many loose ends as Ukraine's political elite heads into its delayed traditional August vacation, now set to begin August 7. Regions' preferred coalition partner all along has been OU, given closer policy affinity on economic issues than with the Socialists and Communists. Zvarych's comments about a new but open coalition agreement may have been targeted at potential BYuT businessmen defectors

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rather than the Socialists; both Tymoshenko and Regions MPs have told us recently that 50 BYuT MPs are ready to defect to any governing coalition. Socialists like Tsushko, however, talked as if OU would merely join a new configuration of the existing Regions-Socialist-Communist coalition, to be renamed the "Coalition of National Unity." Yushchenko told Ambassador that he planned on signing a Presidential-PM-Speaker declaration with Yanukovich and Moroz next week that would reiterate the unchanging nature of Ukraine's domestic and foreign policy priorities, suggesting that trilateral cooperation will likely continue.

15. (U) Visit Embassy Kiev's classified website at:  
[www.state.sgov.gov/p/eur/kiev](http://www.state.sgov.gov/p/eur/kiev).

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Website pages

