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SUBJECT: UKRAINE: YUSHCHENKO CONFIDENT ABOUT MAP AND COALITION, BUT WORRIES ABOUT PM'S ACTIONS

Classified By: Ambassador for reasons 1.4(a,b,d).

1. (C) Summary: During a February 18 meeting with the Ambassador, President Yushchenko made the case that Ukrainians are ready for MAP and closer ties with NATO, providing polling data showing that only a small portion of the population wanted a referendum on membership in NATO now. In response to the Ambassador's question about public spats in the press between the President and Prime Minister, Yushchenko argued that the coalition "would be maintained," but worried about "what the PM is doing," alleging that she and BYuT were taking actions without consulting their coalition partner. He complained that BYuT's cooperation with the Communists trading privatized objects for Rada votes and with the Party of Regions on maintaining the Tender Chamber was leading the coalition down the same road of corruption that caused the first Tymoshenko Government to collapse in 2005. Yushchenko also claimed that it was the Rada's prerogative to appoint the heads of state committees and that the government had overstepped its authority, leaving him no choice but to countermand the PM's orders. He also noted that it was critical for the PM to follow his lead with regard to relations with Russia, otherwise the Kremlin would succeed in its divide and conquer approach and formulate separate policies for dealing with the President, PM and opposition. In the end, Yushchenko acknowledged the connection between a stable, working government and Allied support for a MAP for Ukraine at Bucharest.

2. (C) Comment. Yushchenko was energetic and engaged, and made the clear point that the coalition was viable and would survive. However, he acknowledged, but did not seem to completely grasp, the Ambassador's message that our concern was the public nature of the President-PM disagreements, rather than the substantive differences as to which party was in the right or wrong with regard to domestic political disputes. On the other hand, the approach to Russia that he

laid out appears to make sense and puts the tug-of-war over the dates of the PM's travel to Moscow in context.



Yushchenko looks remarkably healthy; his face continues to show improvement, he appears to be wearing much less make-up, and the pock marks from the poisoning are less visible. Yushchenko's comments regarding Ukraine's reaction to Kosovo's declaration of independence reported septel. End Summary and Comment.

Yushchenko - Ukrainians Are Ready for MAP  
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3. (C) Referring to Yushchenko's previous conversations with the President and the Secretary about Ukraine's request for MAP, the Ambassador asked how he was reinforcing the message. Yushchenko noted that he had a good meeting with the German Foreign Minister in Kyiv and that he hoped to have a meeting with French President Sarkozy in "the near future" -- hopefully within the next ten days. (Embassy note. Yushchenko turned to Deputy Presidential Secretariat Head Chaliy who confirmed that the Ukrainians had requested such a meeting by diplomatic note, but that there had not yet been a reply from the French side. End note.) Yushchenko said that his goal was to have tete-a-tete meetings with key NATO leaders to reinforce Ukraine's request for MAP with his own personal message. The Ambassador agreed that Yushchenko's personal diplomacy had been very effective; however, Ukraine would make its strongest case for MAP if Ukraine was perceived by the U.S. and other NATO Allies as united.

4. (C) Embassy Note. German Ambassador Shaefers recently informed us that during a February 15 meeting German FM Walter Steinmeier told President Yushchenko that, in Steinmeier's view, Ukraine would at some future point join NATO and the EU. Steinmeier, in Kyiv to attend a meeting of EU Foreign Ministers with Black Sea region counterparts, reportedly was pressed by Yushchenko to support Ukraine's MAP request during a bilat meeting on the margins of the conference. Shaefers admitted to being surprised by Steinmeier's position, which was much more forward leaning than Shafer had expected. End Note.

5. (C) Yushchenko then presented the Ambassador with a pie chart of polling data (no further information about the polling group), noting the significance of responses to the question "When would it be appropriate to conduct a referendum regarding the accession of Ukraine to NATO?" He pointed out that only 18% of respondents said that a referendum should be held now, and another 21% thought that a referendum was not needed at all. Of the remaining respondents, 10% thought that a referendum should be held in 2010-2011, and another 37% said that a referendum should be held "only when the population is sufficiently informed." Only 15% had no response. The President noted that these were "brilliant dynamics" and because of this, he was optimistic about the openness of Ukrainians to beginning a MAP.

Coalition Will Remain, But Strains Exist  
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6. (C) The Ambassador then turned to the health of the orange coalition, noting that many in Washington and Europe were openly asking whether or not the coalition was in trouble. He cited Presidential Chief of Staff Baloha's decision to launch a new pro-presidential party, statements in the press from both the President and his Secretariat and the Prime Minister and her team criticizing each other, and rumors of higher political ambitions of some in the Presidential Secretariat. The Ambassador stressed that disagreements between coalition partners were normal and not the business of the U.S. Government and the West; however,

the constant battles in the press made some question the viability of the coalition. He cited a number of recent examples: the public conflict on the law on procurement, the public conflict over the head of the State Property Fund, the public dispute over the list of items to be privatized, the public dispute over gas tariffs, the public questioning of the Government's ability to resolve the gas problem or supervise the solution, the public disagreement over low-income housing, and even the struggle over who goes to Moscow when. The Ambassador noted that he made the same point about the danger of public disagreements over policy to the PM and her team.

7. (C) Yushchenko said that he wanted to comment on the range of issues raised by the Ambassador, "openly and frankly." He stressed that the "coalition would be maintained," but said "I have concerns about what the Prime Minister is doing." Yushchenko noted that this was not a problem between the President and the PM, but a problem of coalition partners Our Ukraine and BYuT. He said that BYuT had "tossed the first stone," when the PM and the Communist Party had made a deal to give seven oblast energy companies to Communist deputies in exchange for seven votes. (Embassy note. Although the number is slightly different, we believe that Yushchenko is referring to the passage of the budget in December 2007 when eight Communists voted in favor with the coalition. End note.) In Yushchenko's view, Tymoshenko's actions were "returning us to the corruption that ruined us," referring to the September 2005 collapse of the previous orange coalition. He acknowledged that some negotiations with the Communists should certainly take place, but that this should be done with both coalition partners, not just one political force. Yushchenko said that it was important for coalition partners to inform each other about what we are voting for, but in this case the "seven communist votes were obtained behind our back."

8. (C) President Yushchenko also complained about what he said were "unilateral negotiations" with the Party of Regions and the Lytvyn Bloc. He noted that "I'm for these -- I'm a bigger supporter of negotiations between political forces than anyone else;" however, these negotiations had to be carried out "on behalf of the coalition." In his view, this was how the PM's team was letting the coalition down. Yushchenko stressed that these actions were "not fatal for the coalition." Nonetheless, Tymoshenko had to change her tactics, "otherwise, it would ruin everything."

9. (C) Yushchenko then turned to the specific areas of dispute raised by the Ambassador. With regard to the law on state procurement, Yushchenko alleged that BYuT and the Party of Regions benefited from the existence of Ukraine's "tender chamber," (a government structure through which all government procurements and contracts must flow), and said that the chamber had an annual turnover of "\$36 billion" of which "\$6 billion" went to just four families. (Embassy note: He offered no further information on the identify of the four families benefiting from the chamber, although leading journalist Yuliya Mostova told the Ambassador in previous meetings that she was confident that tender chamber proceeds had been used to fund a large portion of Tymoshenko's successful campaign for the September 2007 pre-term election. End note.) He said that structures like this had created "the majority of money" in the Rada and that he had recalled his support for the draft law because of it. Yushchenko alleged that for the past two years, the seven largest oligarchs in BYuT had been the biggest business in Ukraine and that was not correct.

10. (C) Turning to the dispute over the head of the State

Property Fund, Yushchenko stated that appointing the head of the committee was the "sole prerogative of the Parliament," and that even former Prime Minister Yanukovich had never thought to appoint the head without the Rada's involvement. He simply could not accept such an action from the Government -- "it was hard, but this needed to be agreed in the Parliament" whether referring to the head of the State Property Fund, the head of the Anti-Monopoly Committee or the Head of the State Accounting Chamber. Yushchenko said that he understood the interest of a new political force that comes to power in changing the heads of these organizations, but the way that the Government was going about this was illegal.

11. (C) According to Yushchenko, this approach was playing into the hands of the opposition Party of Regions. Noting that he meets with opposition leader Yanukovich "every 20 days or at least once a month," Yushchenko said that if the Government and Parliament followed the law and the Rada rules (the reglament), then the Rada wouldn't be blocked. "If the PM wants to change the heads of state committees and even the Speaker, then she has to go through the Rada," said Yushchenko. He said that he could "not accept any other position" and that the PM and Government needed to "stick to law and procedures." When the Ambassador reiterated his point that we weren't taking about the substance of these issues, but instead the connection between getting Allied support for MAP and the need for a stable, working government, Yushchenko acknowledged the point, saying "we will keep this in mind."

Calling the Shots on Relations with Russia  
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12. (C) Yushchenko said that he wanted to give the Ambassador some context about the disagreement with the Prime Minister over the timing of her proposed trip to Moscow. He said that there was no doubt that Russia was attempting to establish three separate relationships with Ukraine -- through the President, the PM and the leader of the opposition -- and thereby eliminate the center of Ukrainian decision-making with regard to Russia and form a "fifth column." Yushchenko said that "I am responsible for the conduct of our relationship with Russia," and noted that there were several national priorities. First was the delimitation and demarcation of the Ukrainian-Russian border. He noted that there were many issues on the bilateral agenda and that this would not be easy, but it was still the top priority. Ukraine had waited for 16 years and Russia was still delaying any real discussion about the border. The second priority in the Russia relationship was the status of the Black Sea Fleet. Again this would not be easy, but it was important to ensure the full-fledged implementation of the bilateral agreement. The third priority was energy, and the fourth was the battle for the "information space" (a reference to the saturation of the Ukrainian media market with Russian media interests and broadcasts) and Russia's attempt to "deny us of our history and our spirituality" (presumably a reference to Russian opposition to international recognition of the Holodomor and continuing difficulties between the Russian and Ukrainian Orthodox churches).

13. (C) According to Yushchenko, "for the past year and a half, I have been working with Putin to formalize these issues." He noted that, for example, there have been 60-80 rounds of negotiations regarding the border, but it is clear that the Russians don't want to agree. Yushchenko said that he had suggested to Putin that there should be a new format of relations, based on a two-year action plan that would include all of the sensitive bilateral issues. This action

plan would have 26 points and would set up commissions and working groups to address each of these points. For the past nine months, Yushchenko said that he has been trying to set up a visit to Moscow to finalize this action plan, and four times, the Russians postponed the visit (for a variety of reasons).

14. (C) The issue came to the fore after the new government came to power and the discussion began about where the new PM would visit first, Brussels or Moscow. According to Yushchenko, "the PM decided on Moscow; I disagreed and told her that a visit to Brussels was needed." Moreover, if Tymoshenko went to Moscow first, then there would never be a meeting of the two Presidents and an agreement on the action plan for 2008-09. Yushchenko said that as a result, he postponed the PM's visit and instructed the MFA to prepare the action plan for signature during the February 12 meeting of the two presidents in Moscow. In Yushchenko's view, now that the action plan has been signed, the PM is welcome to go to Moscow and raise any issue included in it. Yushchenko reiterated that foreign policy is in the President's purview and that instead of seeing this issue as "putting the PM down," he was simply trying to ensure that there is one unified approach to Russia.

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