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# Ukraine: Prospects and Risks

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## Key Points

* A serious political conflict has erupted in Ukraine over foreign policy prerogatives. Despite the constitutional primacy of President Yushchenko, Prime Minister Yanukovych and his Party of Regions are in a strong position, and they are making use of it.

* Nevertheless, they are in a weak position vis à vis Russia, which continues to use the gas price as a lever to extract strategic concessions. This reinforces Yanukovych's wish to pursue a multi-vector policy that promotes Western investment, trade and political support.

* But Yanukovych has limited understanding of Western institutions, expectations and interests. Although he has recently brought some knowledgeable people into his team, the learning curve will be slow, and the risks of setbacks and mistakes along the Western vector are high.

* The President has launched a vigorous counter-offensive, centred on a strengthened presidential Secretariat and a revitalisation of the pivotal National Security and Defence Council.

* He is also repositioning himself politically by incorporating members of Yanukovych's eastern rival, the Industrial Union of Donbas, into his team. At the same time, he is distancing himself from several of his former confidants. The President's traditional bastion, Our Ukraine, is steadily losing influence.

* In the mid-term, these developments could prove beneficial to Ukraine. Already, they are beginning to break the mould of the Orange-Blue political divide. In time, they might produce a more interest based and less regionalised pattern of alignment. They might also benefit Ukraine's principal opposition leader, Yulia Tymoshenko, who has long sought a breakthrough into eastern Ukraine

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A serious political conflict has erupted in Ukraine over foreign policy prerogatives. In principle, there are several grounds to hope that this conflict, brought about by the new division of power between President Viktor Yushchenko and Prime Minister Viktor Yanukovych, will not lead to major changes in Ukraine's foreign policy course. In practice, institutional rivalries, external pressures, ignorance and mistakes may combine to do so. Yanukovych's foreign policy record and the content of his 14 September speech in Brussels (calling for a 'pause' in NATO integration) are far less negative than often portrayed. Nevertheless, one should not take for granted that Ukraine will continue down the path that President Yushchenko set in January 2005. Once again, politics is undermining clarity of purpose and coherence of action.

The positive factors are these:

- The 'Universal' agreement of 3 August established the framework for a grand coalition of Yushchenko's Our Ukraine and the 'blue' forces of 2004: Yanukovych's Party of Regions, Moroz's Socialists and the now much diminished Communist Party. It also reiterated presidential prerogatives in foreign and security policy already set out in the December 2004 OSCE brokered constitutional agreement, as well as Article 106 of the Constitution.

- The President's Euro-Atlantic team—Foreign Minister Borys Tarasyuk and Minister of Defence Anatoliy Hrytsenko—was swiftly reconfirmed by the *Verkhovna Rada* (parliament), as were three other Yushchenko appointees in the national security area, Minister of Interior Yuriy Lutsenko, SBU (Security Service) Chairman Ihor Drizhchanyy and Minister for Emergency Situations Viktor Baloha (who on 16 September left this post when he was appointed State Secretary/head of the President's Secretariat). The President retains the power to designate the Secretary of the country's influential National Security and Defence Council (NSDC), which, according to Article 107 of the country's constitution, 'coordinates and controls the activity of bodies of executive power in the sphere of national security and defence'. After much speculation, he appointed Vitaliy Hayduk to this post on 10 October.

- As Prime Minister under President Leonid Kuchma, Yanukovych pursued a generally positive line towards NATO. He was an architect of the NATO-Ukraine Memorandum of Understanding (MOU) on airlift (which parliament rejected), and he supported the drive for a Membership Action Plan (MAP) at a time when Kuchma was losing credibility in the West.

- Although repairing relations with Russia is his top priority, Yanukovych is known to favour a multi-vector policy on a basis that respects



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Ukraine's national interests. He has indicated on several occasions that this will prove difficult unless the West remains firmly in the equation. He was humiliated by President Putin on at least one occasion during the 2004 electoral contest and is capable of drawing conclusions from Putin's warning (to Russia) that 'only the strong are respected' in international affairs. It is unlikely that he, any more than Kuchma, wishes to be a 'vassal of Russia'.

- This inclination towards balance is reinforced by very powerful business interests in eastern Ukraine: by the group of industrialists in Rinat Akhmetov's Systems Capital Management (which constitutes the 'economic resource' behind Yanukovych's Party of Regions), as well as the somewhat less powerful but very successful rival group, the Industrial Union of Donbas (IUD), co-chaired by Hayduk up to the time of his appointment to NSDC. Both groups know how to work with Russian partners, but also have a number of competing interests, as well as a growing portfolio of investments in Central and Western Europe. These industrialists rely upon a predictable macro-economic framework with their eastern neighbour, but have learnt to expect the unexpected. Although they have the capacity to absorb energy price rises, they can only do so if the increases are predictable and gradual.

But the negatives are telling:

- *The internal strength of Regions*. The Party of Regions, with its working 'blue' majority in parliament, believes it is in a dominant position and is wasting no time in exploiting it. As of January 2006, Ukraine is no longer a presidential republic. Although the President retains the formal prerogative in foreign, defence and security policy, Parliament's control of the money and its power to dismiss ministers risks confining this prerogative to paper.[1] If Our Ukraine is a loosely knit village, Regions is an entity run on Leninist principles with a lack of inhibition about using the power it has.

  Yanukovych's appointment of First Deputy Prime Minister Mykola Azarov (former First Deputy PM and head of the Tax Administration under Kuchma), and Deputy PM Andriy Klyuev (responsible for supervising the country's unreformed energy sector) should leave one in no doubt about this. Both appointments risk restoring opaque, post-Soviet norms of governance. Already, apprehensions have been voiced that Azarov might become the power behind the throne, reviving the reviled precedent set by Viktor Medvedchuk, head of ex-President Kuchma's presidential administration (but with the added advantage of ministerial appointment). Like Medvedchuk, Azarov is striving to become master of the bureaucratic apparat as well as the Cabinet of Ministers. As architects of Kuchma's administrative system, both of these figures studiously turned state and public institutions into tools of presidential interests. In the short time since his reappointment, Azarov has already replaced five regional heads of the once notorious Tax Administration, as well as its Chairman. The new Minister of Economy, Volodymyr Makuha (a supporter of integration into the Russian sponsored Single Economic Space) and the new Prosecutor General, Oleksandr Medvedko, are allies of Azarov. Whilst Klyuev appears to have the ability and ambition to offset some of Azarov's power at an institutional level, he shares the latter's *kuluarno* ( 'in the lobbies') understanding of power, administration and the relationship between business and government. To a country whose

greatest security problem is the relationship between politics, business and crime, these figures are unlikely to offer guidance or help. Euro-Atlantic norms of accountability and transparency are not on their agenda or in their bloodstream.

- *The weakness of Regions vis à vis Russia*. Russia's energy instruments remain in place: a concessionary gas price (now $95 per th cu m) subject to frequent review and a bankrupt state energy sector, excluded from the sources of income needed to repay its debts (thanks to the damaging agreement between Gazprom and Naftohaz Ukrainiy of 4 January 2006). The 15-16 August summit between Putin and Yanukovych in Sochi did nothing to change this status quo. Both sides were dissatisfied with the meeting: Yanukovych, because the Russians showed no inclination to change the rules; Putin, because Yanukovych failed to make the concessions—control of the pipeline network and full entry into the Single Economic Space—that would induce him to change them. But instead of refocusing Ukraine's efforts on the Western vector, the summit appears to have redoubled efforts to concede ground to Russia in other areas. There are grounds to fear that this might entail accepting a *de facto* Russian veto on further steps towards NATO and the WTO (which, in turn would put paid to the prospects of a free-trade agreement with the EU). The dominance of 'Moscow retransmitters' in Yanukovych's apparat (and the appointment of Anatoliy Orel, Kuchma's former foreign policy adviser to the analogous post under Yanukovych) has possibly propelled Yanukovych in this direction, though it is possible that more balance will emerge with the recent appointment of two other figures: former Foreign Minister Konstantin Hryshchenko and a young, independently minded refugee from Kuchma's Presidential Administration, Anatoliy Fialko.[2]

  For the moment, the disposition to make concessions to Russia appears to have brought relief. On 12 October, the government delegation in Moscow (parliamentary Speaker Moroz, Deputy PM Klyuev and Minister of Fuel and Energy Yuriy Boyko) announced a 'breakthrough': the delayed introduction of the new price ($130) until 1 January. As Moroz triumphantly asserted, 'the price issue has been resolved, and we can draw a line under these relations'. Just how it has been resolved, he did not say.[3]

This combination of internal strength and external weakness has produced two unfortunate developments:

- *The bypassing of the President, Foreign Ministry and NSDC*. Neither Yushchenko nor Tarasyuk (let alone the Ukrainian delegation at NATO HQ) knew what Yanukovych would say in NATO HQ until he said it. The five-hour meeting between Yushchenko and Yanukovych following the latter's return produced an agreed position on NATO integration which survived until Yanukovych's first press conference.

- *The undermining of Tarasyuk and Hrytsenko*. In contravention of its commitment to deepen public understanding of NATO, Yanukovych's government has disbanded the Interdepartmental Committee on Euro-Atlantic Integration (which Tarasyuk chaired) and cut funds for the government's two NATO information programmes by 40 percent. The budget for reform of the Armed Forces has been cut by half: a cut which makes it brazenly optimistic to suppose that the MOD will be able to

match projected force reductions with the funds required to rehouse retired officers. It is unlikely that the architects of these cuts fail to understand the relationship between these components of the State Programme, the standing of Minister Hrytsenko in the Armed Forces and the evaluation of Ukraine's defence reform by NATO. It is, after all, this State Programme and Hrytsenko's capable implementation of it that has provided NATO with its strongest argument for extending MAP to Ukraine.

In response, a president who was reluctant to use his powers when he had them has now begun to fight a vigorous rearguard action:

- *An institutional counter-offensive.* The first vehicle in this fight, the Secretariat of the President, is a purely presidential structure. After almost two years of frustration, infighting and ineffectiveness, it looks as if it finally will be capably led and directed. Although its new head, Viktor Baloha, is reputed to be a key figure in the much reviled Mukacheve business group, he is also regarded as a strong and competent administrator. Noteworthy amongst his appointments is one of his two first deputies, Arseniy Yatsenyuk, former Economics Minister; and, amongst three deputies, the urbane and well seasoned Oleksandr Chaliy, former Deputy Foreign Minister and latterly Vice President of the Industrial Union of Donbas. Yatsenyuk is also considered an 'IUD man'. These appointments suggest that the President is not only trying to defend his foreign policy turf but limit damage on the domestic, economic front as well and enlist a new set of allies to this end. But how will the Secretariat succeed in the absence of the real levers of power that the Cabinet of Ministers and Parliament now possess?

  The President's second institutional vehicle is the NSDC. Although chaired by the President, its members consist of ministers in Yanukovych's government as well as other senior decision makers with national security responsibilities. The August agreements with the Prime Minister and Parliament have already diluted the NSDC, bringing into the fold Prosecutor General Oleksandr Medvedko, parliamentary Speaker Oleksandr Moroz and National Bank Chairman Volodymyr Stelmakh. Although it cannot be said that these figures lack national security responsibilities, their priorities are certainly different from those of the Minister of Foreign Affairs, Minister of Defence, Minister of Interior, Chairman of the SBU and Chairman of the SZR (Foreign Intelligence Service). Moreover, Medvedko and Moroz are political opponents of the President, and it was the latter's defection from the Orange coalition which brought Yanukovych back to power.

  Nevertheless, it is the Council's Secretary who has tended to play the key role in its affairs, not to say a key role in the strategic direction of the state. Under the initial stewardship of Volodymyr Horbulin (1996-99) the NSDC was an effective and respected body, adhering strictly to its constitutional remit and providing the rudiments of inter-agency coordination in a country hobbled then (as now) by debilitating institutional rivalries. But under Horbulin's successors, Yevhen Marchuk and Volodymyr Radchenko, the Council was sidelined by President Kuchma and the head of the Presidential Administration, Viktor Medvedchuk, who not only usurped the Council's traditional powers, but directly supervised ministers and, despite his lack of an elected position or a constitutional role, became the second most powerful figure in the country.

From the start, those who expected President Yushchenko to restore constitutional norms were rudely disappointed. As Secretary (January-September 2005), Yushchenko's close associate Petro Poroshenko used the NSDC as a foil against Prime Minister Yulia Tymoshenko and secured presidential backing to widen its remit well beyond its statutory role. The result was a full blown crisis which broke up the Orange coalition only nine months after the Orange revolution brought it to power. After this trauma, it is not surprising that Yushchenko returned the NSDC to safer hands: former Prime Minister Anatoliy Kinakh (September 2005 to May 2006) and, after Kinakh took up a parliamentary seat, to Horbulin once again (but as Acting Secretary). It was clear that Horbulin could only be a stopgap. On 10 October, Vitaliy Hayduk, Co-Chairman of the Industrial Union of Donbas, was appointed to this post.

- *Political realignment.* The appointment of Hayduk, Chaliy and Yatsenyuk (and the reappointment of Oleksandr Zinchenko as presidential adviser) has brought the Industrial Union of Donbas into the core of Yushchenko's administration. This gives the President allies on his opponent's turf. In a country where those who own and those who run the country are often indistinguishable, this is a significant development. By taking this step, Yushchenko has expanded his financial resources in ways which he appears to believe will improve his prospects for re-election in 2009. But well before then, he clearly hopes to limit the ability of Regions to damage his foreign policy and monopolise the economy. The by now exhaustively explored alternatives offered him no egress: deeper dependence on a diminished Our Ukraine and on 'dear friends' already compromised by the events of 2005; or alliance with Yulia Tymoshenko, whom both he and the 'dear friends' regard as ambitious, uncontrollable and too knowledgeable about the shortcomings of his administration. This erstwhile inner circle also advised him not to appoint Hayduk, but he has wisely ignored their advice.

  For the Industrial Union of Donbas, the new developments are, of course, propitious. From the moment that Yanukovych and Azarov returned to power, the IUD was made to feel the financial levers of Akhmetov and the administrative resources of the Yanukovych/Azarov/Klyuev government. Now they will have administrative resources of their own. They will also aim to counterbalance the geopolitical tilt of Regions' economic policy. Hayduk will almost certainly make energy security a major priority at NSDC. Central to this enterprise will be steps to counter the covert Russification of Ukraine's energy sector and electricity market—and its not so covert proponents, Deputy Prime Minister Klyuev and the Minister of Fuel and Energy, Yuriy Boyko. The fact that Hayduk firmly opposed the January 2006 gas accords and the formation of RosUkrEnergo—which the President's men negotiated and the President defended—is an awkwardness that both men will have to manage. The President now appears ready to support efforts to free Ukraine from the vice that these accords created, as long as radical means—the denunciation of the accords and a fresh gas crisis—are avoided. Hayduk is not a radical, and he will pursue other, more subtle forms of attack and defence. As a major player in the economy—and, not incidentally, a former Deputy Prime Minister under Yanukovych's last government—he retains all the necessary back channels to Regions. He knows how to compromise as well as resist. The appearance of another IUD man, Konstantin

Hryshchenko, in the Prime Minister's team, will also keep lines of communication open.

On the date that Hayduk was appointed, the breakdown of the Universal agreement had a second political consequence. Our Ukraine announced that it was going into opposition and called for the resignation of all ministers 'appointed on behalf of Our Ukraine'. But just who belongs to that category? Our Ukraine's leader, Roman Bezsmertniy, insists that the entire pro-presidential bloc in Cabinet belongs to it. Minister of Defence Anatoliy Hrytsenko, who belongs to no faction, is adamant that he does not. So is Borys Tarasyuk, who whilst a member of Our Ukraine, does not owe his appointment to its leaders, but to the President's foreign policy prerogative. For his part, the President is holding 'consultations' on the issue, which in accordance with his well established convention, appears to mean that 'we will make a decision on Friday, and on Tuesday we will make another'. As of 14 October, he also continues negotiations with Yanukovych to resurrect the coalition. The indecisiveness of the President survives.

But the die appears to have been cast. The experiment in unity between the foes of 2004 has collapsed. Yet instead of restoring old alliances, the collapse is producing a new and more complex alignment. Who in these new circumstances will the President's people now be? What kind of opposition will be formed and against whom? On 12 October the leadership of Our Ukraine boldly announced the formation of a nine-party opposition 'confederation' under the name European Ukraine. Yet this format, if realised, will simply replicate the format of Our Ukraine in 2001. The centrepiece of parliamentary opposition, Yulia Tymoshenko's bloc, has not been invited to join it. The IUD's men in parliament who, like Hayduk himself, enjoy good relations with Tymoshenko, certainly will not join it. Will the IUD's men in the Secretariat and NSDC be able to stabilise the relationship between the President's team and hers? Will they give teeth and ballast to the parliamentary opposition? Will Tymoshenko's bloc in turn be able to give the IUD more of a political shape? Where will Our Ukraine fit into this matrix? Is it capable of doing so, or will it retreat into its village and its nostalgia?

## A Dangerous or Fertile Tension?

Although the Universal agreement set out a framework for civilised *dvoevlastie* (bifurcated power), politics has set Ukraine on a course of antagonistic *dvoevlastie*. Need that be a destructive course? If the struggle were played out along Orange-Blue lines, that would probably be the case. Either Yanukovych's Party of Regions would prevail (because Blue is stronger), or both antagonists would lose (because Blue would win in opposition to most of the country and the greater part of Ukraine's foreign and defence policy establishment). The short and mid-term casualties would be accountability, legitimacy and coherent policy.

Today's developments point to the emergence of new lines of cleavage: between democratically orientated Euro-realists and the bastions of eastern Ukrainian paternalism and the multi-vector approach. By reaching out to the foils of Yanukovych and Akhmetov in eastern Ukraine (and disregarding the counsels of those who only recently were his closest confidants), President Yushchenko has either shown strategic wisdom or achieved a strategic breakthrough by accident. Yet the new alliance is unlikely to give much joy to idealists. The IUD are not

crusaders against corruption or ideologues of financial transparency and G7 style corporate governance. But they are self-interested proponents of a European future for Ukraine, and they have set themselves in opposition to the key projects that would turn Ukraine towards another future: the Single Economic Space and the Russian-Ukrainian energy consortium. Unlike most of Yanukovych's entourage, those brought into the NSDC and President's Secretariat understand Western institutions and impress Western decision makers with their knowledge, pragmatism and competence. The IUD team has also developed a productive relationship with Ukraine's most prominent opposition figure, Yulia Tymoshenko, whose public profile is considerably more radical than their own. From the start, she, unlike the leaders of Our Ukraine, has sought to move onto the opponent's ground, eastern Ukraine.

The past fortnight's developments suggest that the struggle might be shifting onto that ground. If so, it is a good and necessary thing. Eastern Ukraine is a region that many in the West have considered lost and that many more in Russia have considered *nash* (ours). Yet it has never been a monolith. The East-West political paradigm has repressed its divisions, ambivalences and even its Ukrainian identity. Whereas President Kuchma managed for a time to alter this paradigm, the electoral contest of 2004 revived it in Orange-Blue form. In that form, politics in Ukraine is fated to be a process that weakens Ukraine. The political course since Yushchenko's inauguration makes it worth reiterating that Ukraine's greatest challenge is not integration with the West, but the integration of Ukraine. This will not be possible without the diminution of the regional divide and the mutation and reconstitution of today's political blocs. The short-term effect of this process of mutation is bound to be incoherence and an untidy, altogether Ukrainian accommodation to the mixed agendas of key players. But that might be a price worth paying if it breaks the mould of Ukrainian politics. That mould—the absence of an opposition able to operate on Regions' own turf—has not only handed eastern Ukraine's electorate to Regions, it has retarded the evolution of Regions itself. Those who believe in the possibility of Regions' evolution should welcome this process.

## Conclusions and Recommendations

The events of recent days demonstrate once again that things are never as good or as bad in Ukraine as they seem. The emergence inside eastern Ukraine of a capable bloc of pro-presidential allies is not only redressing some of the imbalance between Yushchenko and Yanukovych. It is shifting the ground of Ukrainian politics in ways that demand examination by the West, not to say encouragement. The alternatives which have commanded so much attention are not viable. A revived Orange coalition, like the original coalition, would have little internal coherence and possibly an even shorter shelf life than the first. The grand coalition has already fallen apart, and its instrument of unity, the Universal agreement, merely enabled Regions to come to power and exercise it without too much regard for its provisions. For the moment, a gross imbalance persists. Yanukovych and Regions are seeking to establish *de facto* control over foreign and security policy, and they believe they possess the tools to do so. Despite the President's counter-offensive, they might be right. The struggle between Yushchenko and Yanukovych is no longer the only game in town, but it remains the biggest game, and it could prove to be a destructive one.

That puts the West in a dilemma. How can NATO and the EU accommodate to the reality of Regions' *de facto* power without legitimising it? In today's circumstances, the establishment of direct lines of communication with Ukraine's new government

is essential. In principle, there is no impropriety in establishing them. But there is a difference between exchanging views with the Prime Minister and Cabinet and transacting official business with them. Western governments will need to get this balance right. We dare not suggest by our behaviour that power and money trump the laws and the constitution of Ukraine.

For its part, Regions will need to come to terms with three realities The first is the West. Yanukovych and a good many others in his entourage and government are hobbled by a lack of understanding of the West and the working culture and ethos of its core institutions, NATO and the EU. They exaggerate the extent of geopolitical competition for Ukraine and underestimate the importance we attach to its democratisation, the liberalisation of its economy and the modernisation of its institutions. They also underestimate our knowledge of how Ukraine works, the depth and extent of our relationships in the country and our ability to see through the scams and deceptions of politics and daily life. Finally, they overlook the magnitude of our other security problems and the limits of our attention span and patience. Unless we can break through these misunderstandings we may be heading for trouble.

The new authorities might also underestimate the extent of democratisation that has occurred in Ukraine itself: the growing astuteness and assertiveness of civil society, the knowledge and courage of journalists and experts and the extent to which people have come to take liberty for granted during the past two years. We must not forget that despite the failings of Yushchenko, Yanukovych (who secured 36 per cent of the vote in October 2004) secured only 32 per cent of the vote in Ukraine's freest elections to date, those of March 2006. The majority of Ukrainians do *not* support him, and there is a risk that he will overestimate the limits of their tolerance.

Finally, Regions might overestimate their ability to improve relations with Russia. Yanukovych and most of his supporters are not tools of the Kremlin, but Ukrainians who recognise that the achievement of good relations with Russia will not be easy. Nevertheless, they currently believe that 'Yushchenko is to blame' and hope for real improvements that do not damage Ukraine's independence. It is likely that this will prove to be an illusory hope. Will Regions continue on a course of covert accommodations and incremental capitulations, or at some point will they draw lines and seek help? If they have alienated the West before they reach that point, then re-engagement on our part might prove difficult.

On all three fronts, the learning curve is likely to advance slowly. As clearly as possible, then, it would be in the West's interests to communicate three messages:

- We would like Ukraine to join the Euro-Atlantic community to the extent that it is willing and able. It is Ukraine's choice. But it cannot do so on the basis of values and interests that we do not share. A retreat from democratic norms—not only in elections, but in media freedom, administration and law enforcement—will have immediate and damaging repercussions in Europe and North America.

- NATO's priority is not MAP or membership, but the deepening of cooperation and the strengthening of the networks, mechanisms and programmes that sustain it. This depends on the survival of teams as well as ministers—and the continuation of their work to bring Ukraine's defence and security sector into the 21st century. Much has been invested and much achieved in this sphere. A return to 'integration by declaration' will thoroughly disenchant Ukraine's Western partners.

- There is an urgent need for Ukraine to demonstrate continuity and credibility. Without them, our relationship will unravel. There is no competition for Ukraine. There is a competition for priorities and resources inside the West. If our joint work in Ukraine is dismantled, Ukraine could find itself out of the competition.

For its part, the West needs to understand that a period of incoherence will not necessarily be bad for Ukraine if it breaks down today's outdated divisions and alters the dysfunctional pattern of politics in the country. Where Euro-Atlantic integration is concerned, it would also be best to adopt the maxim, 'better later, but better'.

**Endnotes**

[1] The President's principal foreign, defence and security prerogatives are set out in Article 106 Para 1 (he 'guarantees the state's independence, national security…') and Para 3 (he 'exercises *leadership* in the state's foreign political activity, conducts negotiations and concludes treaties'). Whilst Article 116, Para 1 of the Constitution states that the Cabinet of Ministers 'ensures the state sovereignty and economic independence of Ukraine [and] the *implementation* of domestic and foreign policy of the state', even this article (which obliges the Cabinet to implement 'acts of the President') implies that the policy to be implemented is that defined by the President. [emphasis added by author]

[2] Hryshchenko, a former ambassador to the United States, was believed to have strong Euro-Atlantic sympathies until he replaced Foreign Minister Anatoliy Zlenko in 2004 and then failed to support those fighting a rearguard action against Viktor Medvedchuk and the entry of Ukraine into the Single Economic Space. His deference to Medvedchuk (who had placed the Ministry under direct subordination to the Presidential Administration) secured his departure from the Foreign Ministry after the Orange Revolution. One casualty of Hryshchenko's tenure was Deputy Foreign Minister Oleksandr Chaliy, who had resigned over the issue of the Single Economic Space. Yet he, too, found himself shunned by Yushchenko after the Orange Revolution and, as a result, he soon began to advocate a more equidistant position for Ukraine. Both Hryshchenko and Chaliy took up positions in the Industrial Union of Donbas. But whatever his leanings at present, Hryshchenko is an extremely able and knowledgeable figure, who is bound to add balance and ballast to Yanukovych's alternative foreign ministry.

[3] *Interfax Ukraine*, 12 October 2006, cited in *BBC Summary of World Broadcasts: Former Soviet Union*.

## Want to Know More ...?

See:

James Sherr, "At the Crossroads or the Precipice? The Fate of Ukraine's Orange Revolution and its Implications for Europe", *Conflict Studies Research Centre,* Central & Eastern Europe Series, 06/14, March 2006.

James Sherr, "Ukraine's New Crisis", *Conflict Studies Research Centre,* Central & Eastern Europe Series, 06/32, July 2006.

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