



New Government Gives Ukraine Hope

Ukraine has a new prime minister and government. Yulia Tymoshenko, Ukraine's Leader of Opposition and of her eponymous bloc, was appointed Prime Minister on Tuesday after her nomination received a majority of votes from deputies (MPs) in the 450-seat Verkhovna Rada (parliament). Out of the 227 deputies registered, 226 voted for Ms Tymoshenko's appointment.



▲ Yulia Tymoshenko, Ukraine's new prime minister. The new cabinet has been appointed and began work on Wednesday.

The voting was not trusted to the Rada's electronic voting system which last week failed to register votes in favour of Ms Tymoshenko's nomination. Instead, deputies voted with a show of hands. There was one abstention, Ivan Plyushch, who failed recently to muster sufficient backing for the position of Speaker. Another deputy, Ivan Spodarenko, was hospitalised and unable to attend the session.

"Ukraine has reached a vital turning point. We have an opportunity to heal the country, unite the nation and work with vigour to take our place at the table of prosperous democratic nations," said a smiling Ms Tymoshenko, "this government will put in place the deep reforms needed to provide a responsible, fair and prosperous society. We will bring transparency to government, protect the rights of civilians and investors alike and be a friend to our neighbours. This represents a new chapter for our country."

As Prime Minister, Ms Tymoshenko leads the democratic coalition government comprising the Bloc of Yulia Tymoshenko (BYuT) and the pro-presidential Our Ukraine - People's Self-Defence Bloc (OU-PSD). The two blocs have 156 and 72 seats respectively, providing a slim but workable majority even without the support of the minor parties.

At the same session of parliament, deputies from the democratic coalition voted unanimously to approve the new Cabinet which began its work on Wednesday (see page 4).

A triumphant yet conciliatory Ms Tymoshenko said, "I congratulate everybody who voted for the democratic forces, and those who did not - we will make sure that we are their team too."

President Viktor Yushchenko welcomed Ms Tymoshenko's appointment saying that it was evidence of the democratic coalition's effectiveness. He went on to state that the cooperation bore well for the "fruitful resolution of top-priority issues facing the state."



In contrast, a somewhat crestfallen Viktor Yanukovich resigned and took his party into opposition. The Party of Regions supremo said that his faction would support the parliament and work constructively. Later on, when talking to journalists, he rounded on the new government predicting that it would be short-lived.

Tymoshenko Appointment Welcomed

Well wishers from around the world were quick to congratulate Ms Tymoshenko. A letter received from German Chancellor Angela Merkel said that



Ukraine can bank on Germany's active support in implementing needed reforms.

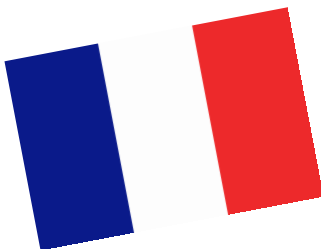


▲ The first day in the new job. Yulia Tymoshenko, Ukraine's new prime minister, in her office.

"Important reform decisions are pending in Ukraine, which will be of great significance as a lasting basis for further democratic and legal reforms in your country," said the German Chancellor.

Earlier, Foreign Minister Frank-Walter Steinmeier said that Ms Tymoshenko's appointment was "an important first step on the road to a stable government."

The French President, Nicolas Sarkozy, wrote in a letter: "Due to your immense responsibilities

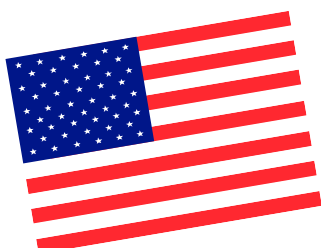


you have gained again and to which you will dedicate all your talent and tenacity you can bank upon France's full support for political stability, independence, prosperity and rapprochement to European Union."



Javier Solana, the High Representative for the Common Foreign and Security Policy of the EU, offered his congratulations while underlining that it was important the new government focused on reforms to modernise the country. He said that the EU stood at Ukraine's side to help with their implementation and invited Ms Tymoshenko to visit Brussels in the near future.

Joseph Daul, Chairman of the European People's Party and European Democrats group in the European Parliament, heralded the vote for Ms Tymoshenko's appointment saying that it had demonstrated a strong unity amongst the democratic forces. He added, "We are convinced that Prime Minister Yulia Tymoshenko will



give new impetus to Ukraine's European drive."

"It's great to have a prime minister that we can now deal with."

The U.S. Ambassador to Ukraine, William Taylor, hailed Ms Tymoshenko's appointment as a vote for reform. "It's great to have a prime minister that we can now deal with, and we hope that this is the first step toward forming a reform-minded government," he said.

Verkhovna Rada Approves Cabinet

In the end the new Cabinet came about relatively easily. All 227 registered deputies voted for the package of positions.

The New Cabinet:

Prime Minister – Yulia Tymoshenko (BYuT)

First Vice-Prime Minister – Olexander Turchynov (BYuT)

Vice-Prime Minister – Ivan Vasyunyk (OU-PSD)

Vice-Prime Minister – Hryhoriy Nemyria (BYuT)

Minister of Education and Science – Ivan Vakarchuk (OU-PSD)

Minister of Transport and Communications – Yosyp Vinsky (BYuT)

Minister of Culture and Tourism – Vasyl Vovkun (OU-PSD)

Minister of Economy – Bohdan Danilishyn (BYuT)

Minister of Labour and Social Policy – Lyudmyla Denysova (BYuT)

Minister of Defence – Yuriy Yekhanurov (OU-PSD)

Minister of Health – Vasyl Knyazevych (OU-PSD)

Minister of Cabinet of Ministers – Petro Krupko (BYuT)

Minister of Regional Development and Construction – Vasyl Kuybyda (OU-PSD)

Minister of Agricultural Policies – Yuriy Melnyk (OU-PSD)

Minister of Industrial Policy – Volodymyr Novytsky (BYuT)

Minister of Internal Affairs – Yuriy Lutsenko (OU-PSD)

Minister of Justice – Mykola Onishchuk (OU-PSD)

Minister of Foreign Affairs – Volodymyr Ohryzko (OU-PSD)

Minister of Family, Youth and Sport – Yury Pavlenko (OU-PSD)

Minister of Finance – Viktor Pynzenyk (BYuT)

Minister of Coal Industry – Viktor Poltavets (BYuT)

Minister of Fuel and Energy – Yuriy Prodan (BYuT)

Minister of Environmental Protection – Hryhoriy Filipchuk (BYuT)

Minister of Emergency Situations – Volodymyr Shandra (OU-PSD)

Minister of Housing and Communal Utilities – Oleksiy Kucherenko (OU-PSD)



Government Has its Work Cut Out

The most pressing item on the new government's agenda is to pass the 2008 state budget. Prime Minister Yulia Tymoshenko declared that once the budget had been concluded, the government would address the serious issue of beginning to deliver on the pledges outlined during the election campaign.

The new government reaffirmed its commitment to follow the foreign policy direction set by President Yushchenko, pledging support for NATO and eventual integration with the European Union. As for membership of the World Trade Organisation (WTO), Vice Prime Minister Hryhoriy Nemyria stated that while the issue of Ukraine's entry is not on the agenda for this week's General Council Session in Geneva, "membership will be progressed without delay by the new government."

Other key priorities include energy security, judicial reform, elimination of corruption and improving the economy and investment environment.



One of the more immediate issues is the need to prevent the state-owned gas company, Naftohaz Ukrainy, from going into default and triggering \$2.6 billion worth of loan repayments. Last week, three of Ms Tymoshenko's new ministers met with some of the major bondholders to discuss ways to solve the bankruptcy issue and restructure the ailing gas company.

Ms Tymoshenko is also keen to start a gradual and structured transition to a market framework regarding gas supply storage and transit. At a press conference she expressed her intent to initiate a meeting with "Russian colleagues to clarify all the issues concerning provision of natural gas and gas transit through Ukraine." At the same time she reiterated her desire to eliminate the use

of any intermediaries in gas deals between the two countries.

"My position has not changed: there should be no intermediaries on the gas market," said Ms Tymoshenko.

"This is a new government and we are seeing a new Tymoshenko," said a British businessman based in Kyiv, "She has definitely toned down her rhetoric on Russia and there is optimism in the air for a fresh-start with the Kremlin. And as for business, at long last it looks like we have a government that can be trusted."

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