

This publication intends to inform readers about the pre-term parliamentary election in Ukraine scheduled for September 30, 2007. It reflects the views and opinions of The PBN Company's professional staff on issues of concern to voters, business and the international community. It is not a partisan publication and is not funded by any campaign, government or donor organization.

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Who will be Ukraine's next Prime Minister? A tight race shows a virtual split between orange political forces led by Yulia Tymoshenko (left) and blue forces supporting incumbent Prime Minister Viktor Yanukovich (right).

What to Expect from Ukraine's Coming Election?

More than two-thirds of Ukrainian voters will cast ballots in this Sunday's parliamentary election. Opinion polls show overwhelmingly that they will choose from among one of three pro-market political forces that represent a conglomeration of regional business and political interests, namely the Party of Regions (blue), Yulia Tymoshenko Bloc (orange) and Our Ukraine-National Self-Defense Bloc (orange). With so much power and patronage at stake, these so-called mega-blocs have campaigned hard to ensure their Election Day gains do not become hostage to narrow small party interests when the time comes to form a governing coalition. Their political rhetoric during the campaign has gone beyond their traditional voter bases in hopes of convincing undecided voters not to cast ballots for parties with little chance of winning seats in Parliament.

Opposition leader Yulia Tymoshenko's surge in opinion polls during the campaign's final weeks may not be enough for her to dislodge incumbent Prime Minister Viktor Yanukovich's party from capturing the plurality of Election Day votes. However, her closing the gap on Yanukovich,

coupled with a respectable showing by the pro-presidential Our Ukraine-National Self-Defense Bloc, may be enough for Tymoshenko to form an orange majority in the next Rada and retake the government. Parties representing communist, socialist and agrarian interests could become kingmakers if they pass the 3% threshold to qualify for seats in the new Rada. However, reliable polls taken at the beginning of the month show all minor parties hovering around the 3% mark. Moreover, party clones setup by the mega-blocs to split voting extremes on the right and left are expected to ensure that none of the smaller parties gains enough votes to make it into Parliament.

East vs. West

After a hot summer of dull campaign ads, politicians began using emotionally charged issues in September to sway undecided voters. With socioeconomic differences between the pro-market parties so minor, geopolitical views became important tools for rallying voters. Russia, like no other issue in Ukraine, resurfaced in the

East vs. West *(cont'd)*

campaign as a fault line over which Ukrainians are divided into either sympathizers or opponents. Western and central Ukrainian voters with their eyes on Europe and Western integration were also given hopeful assurances from EU leaders and the United States Senate. PBN's Ukraine Election Update takes a look at the way geopolitics is used as a campaign tool for moving voters into action.

The Russian Card

The Party of Regions announced three referendum initiatives: on giving the Russian language official state status; ensuring Ukraine remains a neutral power and does not join NATO; and, empowering local government by transferring more state power from the center to the regions. The move was designed to shore up support among soft Party of Regions voters who may consider voting for either communist or more radical leftist parties. Thereafter, an interview between Russian President Vladimir Putin and Ukrainian Prime Minister Viktor Yanukovich appeared in the press alleging the two leaders agreed on Ukraine entering a Slavic Union with Russia and Belarus. While Yanukovich's press service denied the allegations, appropriate signals were sent to both pro-Russian sympathizers and pro-Western opponents.

In a counteroffensive, President Viktor Yushchenko announced to reporters that an investigation into his poisoning during the 2004 presidential campaign cannot be concluded because Russia has so far refused to provide Ukraine with samples of dioxin from its labs. He also noted that Russia is hiding three Ukrainian citizen-suspects alleged to have committed the poisoning. Both US and UK labs that manufacture dioxin, it should be pointed out, claim their poison was not found in Yushchenko's blood samples. Russian Ambassador Viktor Chernomyrdin, always ready for a good media sound bite, vehemently denied Russia's connection to Yushchenko's poisoning. Chernomyrdin's unexpected berating of Ukraine's leadership, during an emotional television interview carried widely in the media, did not sit well with independent minded Ukrainians not always fond of Russian opinion. And while the Kremlin later announced it would cooperate with the investigation, Chernomyrdin's statement was taken by orange political forces and used to rally anti-Russian sentiments among pro-orange sympathizers.

The European Card

The European Union's top leadership made a mid-September trip to Kyiv to meet Ukraine's President, Prime Minister and opposition leaders. The EU-Ukraine Summit, planned as part of a Partnership and Cooperation Agreement between the two sides, was also used by orange parties to rally pro-European voters and migrant workers voting abroad.

"The fact that we are here is real proof of our relationship, our trust in the development of your country, in the future of your country, in free and fair elections, and the possibility of having a government as soon as possible," Javier Solana, High Representative of the EU Commission, said. "Our European and democratic choice is obvious and unbreakable," President Viktor Yushchenko said.

EU Commission President Jose Manuel Barroso, External Relations and European Neighborhood Policy Commissioner Benita Ferrero-Waldner and Solana urged Kyiv to quickly form a government after the September 30 election and focus on economic and political reforms needed to bolster cooperation with the 27-nation Western bloc. Yushchenko told his European interlocutors a new government would be formed quickly. The head of his presidential secretariat went even further, predicting a new government would be formed hours after election results are publicized and show orange forces winning a majority of the votes.

Prime Minister Yanukovich, speaking to Ukraine's European skeptics, used the EU summit to highlight how visa and trade relations between the EU and Ukraine are worsening. A tough visa regime continues to force Ukrainians to stand in long queues at embassies. Yanukovich said EU embassies had unfairly high refusal rates for Ukrainian citizens, with Germany and Italy cited as the worst offenders. Furthermore, Yanukovich pointed out that new anti-dumping cases are being opened and tariffs are increasing for Ukrainian producers and exporters.

During a weekend campaign visit to Odessa, Yanukovich also lashed out at the United States Senate for passing a resolution that he claims unfortunately "supports Ukraine's orange political forces." Last week the U.S. Senate passed a resolution urging that Ukraine's government hold free and fair elections in keeping with the standards of the Organization for Security and Cooperation in Europe (OSCE), to which both the U.S. and Ukraine are signatories.

Latest Polling


Reliable opinion polls at the beginning of September showed the following range of voter support for parties most likely to qualify for seats in parliament.

Party of Regions		34-38%
Yuliya Tymoshenko Bloc		23-28%
Our Ukraine–National Self-Defense Bloc		11-15%
Communist Party of Ukraine		3-5%
Socialist Party of Ukraine		2-3%
Voldymyr Lytvyn Bloc		2-3%


Political Parties at the Threshold

Polls show the communists, socialists and the Volodymyr Lytvyn Bloc hovering around the 3% threshold to qualify for seats in parliament. Four other minor parties, known as clones set-up by the mega-blocs, will divide undecided voters and could severely hurt their chances. Much depends on voter turnout.

Volodymyr Lytvyn Bloc

Leader:	Volodymyr Lytvyn					
% 2006 Vote:	2.44%	# Seats Prev. Rada:	-		Latest Polling %:	3%
Voter Base/ Regional Support:	Rivne, Kherson, Central regions, rural dwellers	Possible Cooperation in Future Parliament:	Party of Regions or Our Ukraine			
Ideology:	Agrarian, Centrist					
Socioeconomic Policy Priorities:	Prohibition on the sale of profitable state enterprises, development of agrarian sector, opposes land sales, supports increased social spending for teachers, doctors and artists.					
Foreign Policy Orientation:	Wants Ukraine to maintain its status as unaligned with any military bloc and enter international organizations only based on referendum.					

Progressive Socialists Party of Ukraine (PSPU)

Leader:	Nataliya Vitrenko					
% 2006 Vote:	2.93%	# Seats Prev. Rada:	-		Latest Polling %:	1.5%
Voter Base/ Regional Support:	Eastern and Southeastern regions	Possible Cooperation in Future Parliament:	Party of Regions			
Ideology:	Left-wing					
Socioeconomic Policy Priorities:	Nationalization of strategic enterprises in fuel and energy, transportation, communications, metallurgy and chemical sectors; implementation of the "expensive work force" model.					
Foreign Policy Orientation:	Close alignment with Russia, joining the Single Economic Space, Union between Russia-Belarus-Ukraine. Opposed to NATO, IMF and relations with the United States.					


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Political Parties at the Threshold (cont'd)


Bloc KUCHMA

Leader:	Olexander Volkov					
% 2006 Vote:	-	# Seats Prev. Rada:	-	Latest Polling %:	0.3%	
Voter Base/ Regional Support:	Eastern Ukraine		Possible Cooperation in Future Parliament:	Our Ukraine–Self-Defense Bloc		
Ideology:	Pro-market					
Socioeconomic Policy Priorities:	Liquidation of the institution of the Presidency, creation of a parliamentary republic.					
Foreign Policy Orientation:	Close relations with Russia					

Liudmila Suprun Bloc - Ukrainian Regional Activists

Leader:	Liudmila Suprun					
% 2006 Vote:	-	# Seats Prev. Rada:	-	Latest Polling %:	0.3%	
Voter Base/ Regional Support:	Central regions		Possible Cooperation in Future Parliament:	Our Ukraine–Self-Defense Bloc		
Ideology:	Social liberalism					
Socioeconomic Policy Priorities:	Economic development based on innovation, support for small and medium business.					
Foreign Policy Orientation:	Maintain Ukraine's status as unaligned with any military bloc, membership in the UN Security Council as a country that voluntarily renounces nuclear weapons, cooperation with international organizations.					

All-Ukrainian Union Svoboda (Freedom)

Leader:	Oleg Tyagnybok					
% 2006 Vote:	0.36%	# Seats Prev. Rada:	-	Latest Polling %:	1.2%	
Voter Base/ Regional Support:	Western regions		Possible Cooperation in Future Parliament:	Our Ukraine–Self-Defense Bloc, YTB		
Ideology:	Right-wing nationalist party					
Socioeconomic Policy Priorities:	Key attention to energy sector – opposed to gas supply monopoly from Russia, tariff increases for gas transportation, prohibition on sales of strategic state enterprises, opposed to land sales.					
Foreign Policy Orientation:	Reestablish Ukraine's status as a nuclear country; against participation in Single Economic Space and CIS; withdraw Russian troops from Crimea.					

The PBN Company

3 Sportyvna Ploshcha
2nd entrance, 8th floor
Kyiv, Ukraine 01023
Tel: +38.044.270.72.40
Fax: +38.044.270.72.41
pbnukraine@pbnco.com

Visit our website
<http://www.pbnco.com>

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