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September 11, 2008

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EXECUTIVE SUMMARY

Ukraine is in the midst of its biggest political crisis in years: fallout from the Russia-Georgia conflict has triggered harsh confrontations among the three leading political parties. In this new wave of internal fighting, former enemies Yulia Tymoshenko and Viktor Yanukovich have joined forces to try to take down President Viktor Yushchenko. By mid 2008, Tymoshenko's BYuT and Yanukovich's Party of Regions were both fed up with the president's efforts to play each off against the other. The president's anti-Russian rhetoric, after Russia attacked Georgia in August, brought things to a head.

The actions of the two "plotters" were unusually well organized and coordinated. Broadly speaking, within few days the two ex-adversaries had managed to curtail some of the president's key authorities. Naturally Yushchenko and his team were furious, and accused both adversaries of treason, suggesting that the Kremlin had had a hand in the story. Although the Russia factor cannot be ignored, we hardly believe ambitious Tymoshenko would accept the Kremlin as a master. In fact, we think that the course of events is better explained by interplay of internal political interests.

The BYuT and the PR are perceived as temporal allies, with little chance of cooperating as an enduring coalition. Yushchenko's OU-PSD will hardly agree to resurrect its coalition with BYuT, after the prime minister's rebellion against the president. This means parliament is very likely to dissolve and new early elections called: the president is probably simply waiting for the right moment. These will probably happen, but won't change the power alignment much.

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