

Scandal in Ukraine Has Strategic Dimension

by Rachel Douglas

Ukraine has suffered “palpable losses” during the nearly nine years since independence, President Leonid Kuchma acknowledged on Nov. 16, 2000. The man who has been the Ukrainian head of state for the past seven of those years, cited the halving of the nation’s economic capacity, the fall of living standards, and “serious demographic problems”—a delicate reference to the reduction of the population by nearly 3 million persons—as the price paid for “democracy and a market economy.”

Kuchma’s actions during the last quarter of 2000 suggested that he might have decided the price paid has been high enough. He shifted his personal diplomacy in the direction of new economic and other agreements with Russia, which do not bode well for the geopolitical vision, nurtured in some London and Washington quarters, of Ukraine as ever closer to NATO and more hostile to Russia. Some Ukrainian observers began to talk in terms of Kuchma’s becoming a “second Lukashenka” (referring to the President of Belarus), dropping liberal reforms and the orientation toward NATO, and moving much closer to Russia instead.

At this branching point for Ukraine, a major scandal broke over Kuchma’s head. Its timing is reminiscent of the wave of scandals in France, which surged this past Summer and Autumn after France attacked the Anglo-American routine of using demands for “democratization” as a means to blackmail countries, and challenged British-American-Commonwealth hegemony in other areas.

Foul Play

Alexander Moroz, leader of the Ukrainian Socialist Party, announced at the end of November that he was in possession of an audio tape, in which Kuchma was heard discussing the need to eliminate the editor of the web publication *Ukrainskaya Pravda*, named Heorhy Gongadze. The tape’s transcript was posted on the Internet by the same *Ukrainskaya Pravda* on Nov. 26. In a conversation laced with swearing and obscenities, the voice allegedly belonging to Kuchma is heard saying that “this Georgian [Gongadze] should be sent to the Chechens”—meaning the often brutal rebel bands in southern Russia.

Gongadze went missing in mid-September. A decapitated body, located by *Ukrainskaya Pravda* journalists in a morgue in Tarashcha, Kiev Region, in November, was

identified as his, under circumstances that remain opaque. After the journalists left town, the body was said to have disappeared from the Tarashcha morgue, then turned up at a forensic facility in Kiev some days later.

The scandal quickly escalated, with Moroz’s call on Dec. 5 for Kuchma to resign. It became even more lurid, with the Dec. 12 showing in Parliament of a videotaped interview with the alleged producer of the audiotapes, former secret service bodyguard Mykola Melnychenko. Said to be speaking from a hiding place abroad, Melnychenko additionally accused Kuchma of having organized the bomb attack on Presidential candidate and Progressive Social Party leader Natalia Vitrenko in October 1999. Members of Parliament Hryhoriy Omelchenko and Anatoli Yermak muddied the waters still more, demanding the release to Parliament of other, allegedly suppressed videotapes, including one with “information” that the Ukrainian Interior Ministry ordered the assassination of Rukh Movement leader, Member of Parliament Vyacheslav Chornovil.

Kuchma, who said Dec. 6 that he had not ordered the elimination of Gongadze and had “nothing to explain,” charged in a Dec. 21 press conference that “big money and professionals” were driving the destabilization.

The Yushchenko Option

Whatever might ultimately prove to be behind the Moroz tapes, the scandal drew attention to the figure of Prime Minister Viktor Yushchenko, who would, according to the Constitution, replace Kuchma as President in the event of the latter’s resignation. Former chief of the Central Bank, Yushchenko is known for his close ties to the United States, especially Republican Party circles, including through his wife’s employment in the Reagan Administration.

Yushchenko is also associated with the members of Ukraine’s energy lobby in the government, some of whom may be less than pleased with Kuchma’s recent negotiations with Moscow. As recently as Nov. 2, Yushchenko threatened to resign over suggestions by Council of National Security and Defense chief Yevhen Marchuk that he and Deputy Prime Minister Yuliya Tymoshenko (formerly an energy executive) had falsified data on the energy and fuel sector, with respect both to the fuel available for this Winter, and to the level of cash receipts within the sector.

Anders Åslund, a great promoter of “shock therapy” for the East European economies in the 1990s, shed some light on the interest that his type of foreign financial circles would have, just now, in Yushchenko’s heading Ukraine rather than Kuchma. His *Washington Post* commentary praised Yushchenko as a “highly respected prime minister,” responsible for an “economic breakthrough” in Ukraine (he should have written “breakdown”). He spun two scenarios for the unfolding of the scandal. One would be the impeachment of Kuchma, which would make Yushchenko acting President and the likely winner of Presidential elections. In the other script, Kuchma dismisses the Parliament, which would



Ukraine President Leonid Kuchma. As soon as he indicated that the economic destruction caused by nine years of a “market economy” might have been high enough a price to pay, he was engulfed in scandals.

“make Ukraine as isolated from the West as Belarus is.”

Kuchma would have been on Åslund’s list of heroic “reformers,” until recently.

A Diplomatic Turn

At the end of September 2000, Kuchma signalled a turn in Kiev’s diplomatic posture, replacing Borys Tarasyuk as foreign minister by the appointment of Anatoli Zlenko, a former foreign minister who most recently has been Ukrainian Ambassador to France. Tarasyuk was associated with the policy of integrating Ukraine into the European Union (EU) and “Euroatlantic structures,” as one parliamentarian put it—meaning NATO. Kuchma, stating Oct. 2 that Ukraine’s foreign policy would not change, also called for improving relations with Russia, through, “not confrontation, but mutually beneficial cooperation.”

During a visit to Portugal with Kuchma at the end of October, Zlenko told the newspaper *Publico* that while membership in the European Union is a major long-term objective for Ukraine, the issue of Ukrainian membership in NATO is not under discussion at present. The Moscow daily *Nezavisimaya Gazeta*, among others, pointed out that previous foreign ministers Hennadi Udovenko and Borys Tarasyuk had spoken in terms of membership in both organizations.

The same month, Zlenko visited Moscow, where he stated, “The time of those politicians who would like to undermine the relations between [Ukraine and Russia] has passed.”

On Oct. 11, Kuchma issued a “categorical” ban on the

siphoning off of Russian natural gas during its transit across Ukraine. This move, which did make Kuchma a target of the criminal interests involved in the theft, opened the door to new agreements between Moscow and Kiev. These were reached in a series of personal consultations between Kuchma and Russian President Vladimir Putin, beginning on Oct. 16 at the Russian resort town of Sochi. Putin said then, that Kuchma’s guarantees against the continued theft of natural gas meant that the problems of Ukraine’s energy shortage and inability to pay for imports could be solved with Russian participation. They began to discuss the modalities for possible Russian investment in building and upgrading pipelines in Ukraine, which defused a recent scenario for Russian-Ukrainian conflict,

one which would have been based on Ukrainian objections to being bypassed by a new pipeline to carry Russian natural gas to Germany and other European customers, across Poland.

At the beginning of December, the two Presidents met again, during the Minsk summit of Commonwealth of Independent States members. The result was an agreement that Kuchma called a “breakthrough,” whereby Ukraine’s debt to Russia for natural gas is postponed ten years at low interest, while new purchases are paid for half in cash, and the illegal siphoning stops. The deal was formalized in two agreements, signed by Putin and Kuchma in Moscow, later in December.

The Russian and Ukrainian Presidents explicitly situated their agreements in the broader context of the energy partnership being negotiated between Russia and the EU. “We understand that in the near future, European countries will require a sharp increase of gas supplies,” Kuchma said. With Russian investment to upgrade it, he added, the Ukrainian gas pipeline grid will be an efficient and low-cost component of the system to deliver the Russian natural gas to customers.

According to the Russian publication *Vedomosti*, Putin and Kuchma also signed an agreement on cooperation between Russian and Ukrainian military industrial facilities. The agreement contains a list of some 200 Russian and Ukrainian enterprises, undertaking joint military production, in areas ranging from machine design to aircraft, engine production, and space technologies. Putin welcomed “the qualitative change for the better in relations between Russia and Ukraine, in the past months.”