

Coalition & government forged

Pro-presidential forces flaunt Constitution

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- **This morning Ukraine's Verkhovna Rada formed a pro-presidential parliamentary coalition and government**
- **Mykola Azarov was named Prime Minister**
- **We view the coalition & government announcements very coolly - constitutional court precedent exists for recent procedural changes to be rolled back & the coalition annulled**

Verkhovna Rada composition

	Coalition*	Total
Party of Regions	172	172
Tymoshenko Bloc	7	155
Our Ukraine	6	72
Communist Party	27	27
Lytvyn Bloc	19	20
Unaffiliated	4	4
Total seats	235	450

* Unofficial tally based on recent Rada votes
 Source: Verkhovna Rada of Ukraine, Concorde Capital

Key ministerial appointments

Prime Minister	Mykola Azarov
First Vice-PM	Andriy Klyuyev
Vice-PM	Borys Kolesnikov
Vice-PM	Sergiy Tigipko
Economy	Vasiliy Tsushko
Finance	Fedir Yaroshenko
Foreign Affairs	Konstantin Hryshchenko
Fuel & Energy	Yuriy Boyko
Defense	Mykhail Yezhel

Rada bakes pro-presidential coalition of individual MPs

This morning deputies in Ukraine's Verkhovna Rada formed the "Stability and Reform" coalition led by the pro-presidential bloc Party of Regions. The exact composition of the coalition was not disclosed, but Rada Speaker Volodymyr Lytvyn said it controlled 235 votes, more than the simple majority of 226. Yesterday President Viktor Yanukovich signed into law amendments to parliamentary procedures that allowed for the formation of parliamentary coalitions by individual deputies, in contradiction to Ukraine's supreme law.

Azarov to head government

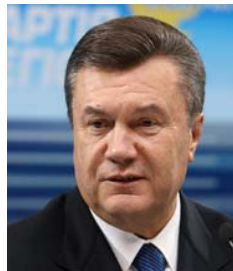
The Rada also approved, with 240 votes in favor, the new Cabinet of Ministers. Mykola Azarov, Yanukovich ally, former Finance Minister and current Regions leader was named Prime Minister. We take a cautiously favorable view of the appointments: Finance Minister Fedir Yaroshenko previously headed the State Tax Administration; Economy Minister Vasiliy Tsushko was previously Minister of Internal Affairs; and we note the inclusion of Sergiy Tigipko, who finished #3 in voting in the January presidential election in the government. Also of note - Azarov said earlier today that he expected the 2010 budget to be adopted within a month.

Constitutional court could annul coalition; early elections still possible

In order to form the new coalition, Ukrainian politicians elected to sidestep the law rather than play by it: the Constitutional Court ruled as recently as September 2008 that "roll your own" coalitions composed of individual deputies were unconstitutional. If the new procedural changes are rolled back, the specter of early parliamentary elections returns. The Party of Regions had been unable to entice the pivotal Our Ukraine Bloc to join forces in a faction-based coalition, and several Our Ukraine sub-factions publicly rallied behind opposition leader Yulia Tymoshenko on Tuesday. Hence, we view today's coalition announcement very coolly until the Constitutional Court weighs in.

Appendix 1: Who's who in Ukrainian politics

Pro-presidential profiles



VIKTOR YANUKOVYCH

President of Ukraine

- Inaugurated: February 25, 2010 (five year term)
- Previous government posts: Prime Minister of Ukraine, 2002-2004, 2006-2007; Governor of Donetsk Oblast, 1997-2002
- Personal data: Age: 59. Place of birth: Enakievo, Donetsk region. Married. Two children.
- Education: MA in international law, Ukrainian Academy of Foreign Trade



MYKOLA AZAROV

Prime Minister of Ukraine

- Party affiliation: Party of Regions
- Previous government posts: Finance Minister / First Deputy Prime Minister, 2002-2005, 2006-2007; Chair of State Tax Administration, 1996-2002
- Personal data: Age: 62. Place of birth: Kaluga, Russia. Married. One child.
- Education: Doctorate in Geology & Mineralogy; Geology degree, Mikhail Lomonosov Moscow State University



VOLODYMYR LYTUVN

Verkhovna Rada Speaker

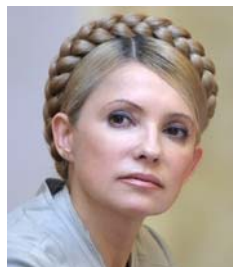
- Political affiliation: People's Party
- Likely to ally with Party of Regions coalition
- Previous government posts: Verkhovna Rada Speaker, 2008-Present, 2002-2006; Aide to President, 1994-1999
- Personal data: Age: 53. Place of birth: Sloboda-Romanivska, Zhytomyr. Married. Two children.
- Education: History degree, Taras Shevchenko University



SERGIY TIGIPKO

- Political affiliation: Labor Party
- Declared willingness to join pro-presidential government
- #3 in voting in 2010 presidential election
- Previous government posts: Head of the NBU, 2002-2004; Economy Minister, 1999-2000
- Personal data: Age: 49. Place of birth: Dragoneshty, Moldova
- Married. Four children.
- Education: Engineer-metallurgist degree, Dnipropetrovsk Metallurgical Institute

Opposition profiles



YULIA TYMOSHENKO

Head of the Yulia Tymoshenko Bloc

- Runner-up in voting in 2010 presidential election
- Previous government posts: Prime Minister of Ukraine, 2005, 2007-Present; Vice Prime Minister of Fuel & Energy, 1999-2001
- Personal data: Age: 48. Place of birth: Dnipropetrovsk. Married. One child.
- Education: Candidate degree in economics, Dnipropetrovsk State University



ARSENIY YATSENIUK

- #4 in voting in 2010 presidential election
- Political affiliation: Front for Change Party
- Previous government posts: Verkhovna Rada Speaker, 2007-2008; Foreign Minister, 2007; Economy Minister, 2005-2006; Head/Deputy Head of the NBU, 2003-2005
- Personal data: Age: 35. Place of birth: Chernivtsi. Married. Two children.
- Education: Accounting & auditing degree, Chernivtsi Trade-Economics Institute of the Kyiv Trade-Economics University

Appendix 2: Cabinet of Ministers

Position	Name
Prime Minister	Mykola Azarov
First Vice Prime Minister	Andriy Klyuyev
Vice Prime Minister	Volodymyr Semynozhenko
Vice Prime Minister	Borys Kolesnikov
Vice Prime Minister	Volodymyr Sivkovich
Vice Prime Minister	Viktor Slauta
Vice Prime Minister	Sergiy Tigipko
Vice Prime Minister	Viktor Tykhonov
Environmental Protection Minister	Viktor Boyko
Fuel & Energy Minister	Yuriy Boyko
Transportation & Communications Minister	Konstantin Yefimenko
Industrial Policy Minister	Dmitriy Kolesnikov
Culture Minister	Mykhaylo Kulinyaka
Justice Minister	Oleksandr Lavrinovich
Health Minister	Zinoviy Mytnyk
Internal Affairs Minister	Anatoliy Mohilov
Labor & Social Politics Minister	Vasyl Nadraha
Housing-Communal Services Minister	Oleksandr Popov
Agrarian Politics Minister	Mykola Prysyzhnyuk
Family, Youth & Sports Minister	Ravil Safiulin
Education & Science Minister	Dmytro Tabachnyk
Minister of the Cabinet of Ministers	Anatoliy Tolstoukhov
Economy Minister	Vasyl Tsushko
Finance Minister	Fedir Yaroshenko
Regional Development Minister	Volodymyr Yatsuba
Coal Industry Minister	Yuriy Yashchenko
Emergency Situations Minister	Nestor Shufrych
Foreign Affairs Minister	Konstantin Hryshchenko
Defense Minister	Mykhail Yezhel

Source: Verkhovna Rada of Ukraine

Appendix 3: Ukrainian political system

Ukraine is a semi-presidential republic. It declared independence from the Soviet Union on August 24, 1991. The government has three branches: executive, legislative and judicial. Ukraine has 24 oblasts (regions), one autonomous republic and two cities with special status. Ukraine's capital is Kyiv. Ukraine's current constitution was adopted June 28, 1996 and was amended December 8, 2004.

Verkhovna Rada of Ukraine. Ukraine's Verkhovna Rada (Supreme Council in Ukrainian) is a unicameral parliament with 450 seats. The Verkhovna Rada amends the Constitution of Ukraine, adopts laws, approves the state budget, ratifies and denounces international treaties, declares war and peace, and appoints officials and judges. The Verkhovna Rada can dismiss the Cabinet of Ministers. The Verkhovna Rada can override a presidential veto with a two-thirds majority. The Verkhovna Rada is presided over by a speaker. Seats in the Verkhovna Rada are distributed on a proportional basis among political parties based on the results of a nationwide vote (to parties whose vote total exceeds a 3% barrier).

President of Ukraine. Ukraine's president is the head of state. The Ukrainian president is elected by popular vote for a five-year term. The current president, Viktor Yushchenko, was inaugurated on January 23, 2005; his term expires January 23, 2010. The Ukrainian president has the power to:

- Guarantee independence, territorial integrity, national security, the Constitution of Ukraine and basic human rights and freedoms
- Disband the Verkhovna Rada if it does not form a majority coalition within a month, appoint the government within 60 days or convene for an ordinary session for 30 days
- Nominate several key government positions to the Verkhovna Rada for approval: the Prime Minister proposed by the majority coalition, the Minister of Foreign Affairs, the Minister of Defense, the Prosecutor General, Head of the Security Service of Ukraine (SBU), and Head of the National Bank of Ukraine
- Sign into effect or veto laws passed by the Verkhovna Rada
- Suspend acts passed by the Cabinet of Ministers if they contradict the Constitution of Ukraine and challenge the acts in the Constitutional Court

Cabinet of Ministers of Ukraine. Ukraine's Cabinet of Ministers is the highest body of executive power. Ukraine has 20 ministries and there are 25 positions in the Cabinet (including the Prime Minister and Vice Prime Ministers). Nominations to the Cabinet, made by the Prime Minister or President depending on the position, are affirmed by the Verkhovna Rada. The Cabinet of Ministers term is for the duration of the parliamentary convocation or coalition. In Ukraine, the Prime Minister is the head of the executive and presides over the Cabinet of Ministers. The Prime Minister is appointed by the Verkhovna Rada, following submission by the President of Ukraine of the nominee from the majority coalition in the Verkhovna Rada. The Prime Minister nominates the heads of government ministries, the State Property Fund, the Antimonopoly Committee to the Verkhovna Rada for approval. The current prime minister, Yulia Tymoshenko, was confirmed on December 18, 2007.

Constitutional Court of Ukraine. Ukraine's Constitutional Court is charged with interpreting the Constitution of Ukraine and decides whether laws and legal acts are unconstitutional. The court is composed of 18 judges, appointed in equal shares by the president, Verkhovna Rada and the Congress of Judges. Judges are currently appointed for a single nine-year term.

Court system in Ukraine. The judicial system in Ukraine has four levels of courts of general jurisdiction: local courts, appeals courts, high courts and the Supreme Court. High courts include the High Administrative Court of Ukraine, which rules on administrative cases, and the High Economic Court of Ukraine, which rules on economic and commercial cases. The highest level is the Supreme Court of Ukraine. Supreme Court appointments are made by parliament and have no term limits. The Supreme Court is regarded to be an independent and impartial body.

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