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Analyst's Notebook

Ukraine/Politics
April 26, 2006

****Editor's Note:** The Analyst's Notebook is Concorde Capital's fast response tool for keeping our coverage of the Ukrainian market as up to date as possible. Unlike our more in-depth desk notes and reports, Analyst's Notebook provides rapid feedback on breaking news in the Ukrainian market. Analyst's Notebook gives you our analysts' first impressions of a situation and may set the table for further investigation. Our analysts will use their experience in their sectors to take a look at the situation and provide insight or speculate on possible scenarios. We want to emphasize however, this product consists mostly of the analyst's intuition and may require further analysis.

START THE CLOCK!

Ukrainian Court Throws Out Appeal, Opens The Door For New Rada Session.

This morning Ukraine's Supreme Administrative Court threw out a lawsuit put forward by several small Ukrainian political parties and blocks that claimed the election results had been falsified. The court's ruling will breathe new life into the stalled coalition process.

Now that the trial is over, by law, the Central Elections Commission (CEC) is required to officially publish the election results (expected Thursday or Friday). Once the results are published, Rada deputies have up to 30 days to open the new Rada session. Once the session opens the deputies have another 30 days to form a coalition and an additional 30 days after that to form the new government.

At Last Ukraine's Government Is Going Back To Work - NOT SO FAST

One of the main parties in the lawsuit, the Nataliya Vitrenko Block, which just missed getting into the Rada by less than 0.10% of the vote, has announced plans to take their case to the European Court of Human Rights. However, since almost every organization in the world has given Ukraine's March 26th Rada elections their seal of approval, we believe Vitrenko's complaints will fall on deaf ears.

Look for the next two stages of Ukraine's government building to drag out until the last minute. The Party of Regions which is to be the largest block in the new Rada (186 seats in the 450-seat Rada), is in no rush to do anything as everyday that passes is not only a chance for them to improve their standing, but also another chance for the rift between the 'orange camp' to widen. In a heated internal battle among the different wings of Our Ukraine (81 seats), the party refused to include a clause in their coalition agreement with the other 'orange' parties that would open the door for Tymoshenko's premiership and currently is the main sticking point in the three sided talks.

Given their weakened position Our Ukraine seems to have no way to walk away from coalition talks with their former 'orange' partners and save face. The battle for the Socialists' seats seems to have been won by the Yulia Tymoshenko Block (BYT 129 seats), which offered the later the Speaker position in the new Rada. With seemingly no way out for either BYT (which has poured abuse on the Party of Regions) or Our Ukraine look for both parties to swallow a bit of their pride and form a government and look for a way to walk away at the most opportune moment.

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