CARNEGIE ENDOWMENT
FOR INTERNATIONAL PEACE

UKRAINE: CURRENT DEVELOPMENTS
AND FOREIGN POLICY PRIORITIES

WITH
H.E. ARSENIY YATSENYUK
MINISTER OF FOREIGN AFFAIRS OF UKRAINE

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AMBASSADOR JAMES F. COLLINS: Good morning everyone and welcome to Carnegie on this very beautiful morning in Washington. Our program this morning is focused on Ukraine and we are very, very pleased to have with us the Minister of Foreign Affairs of Ukraine, Mr. Arseniy Yatsenyuk.

The minister was appointed Minister of Foreign Affairs of Ukraine in March of this year. He has a background in the banking sector and he has served as the Minister of Economy in the Autonomous Republic of Crimea, Simferopol.

He is going to talk this morning about current developments in Ukraine and Ukraine’s foreign policy priorities. And I think, without further introduction, I would like to give the floor to Minister Yatsenyuk. We will hear from him, and his views. And then we will have, as usual, a time for a good discussion between the minister and to all of you in the audience. So, Minister, without further adieu, please.

(Applause.)

MINISTER ARSENIY YATSENYUK: Good morning. I see a lot of familiar faces. So it’s a great honor for me to speak at the Carnegie Endowment and to have the floor and actually to address you on main challenges not only of Ukraine, but probably on some aspects of global politics, too.

First, I would like to praise Carnegie Endowment and its activity, not only in the U.S., but actually on the post-Soviet territory. You have been real Ukrainian advocates for last 15 years. And this institution is a real think tank; think tank for global challenges. And we strongly believe that the nearest future, this will be a think tank, not only within the U.S., but actually in the global measurement, too. We respect your activity aimed at finding solutions to the topical problems of today and tomorrow. So you actually – it seems to me that you know everything about Ukraine, sometimes even more than I. (Laughter.) Anyway, I hope that this is the reason why you are not surprised with what’s up in Ukraine. (Laughter.)

To find out what kind of target shall we reach, I’ll try to define the current stance of Ukraine. So, if I may, I would better macroeconomic data because, frankly, it’s much better rather than political one. (Laughter.)

So, macro economy is going great and it’s a Ukrainian peculiarity. The lower intervention, or the lower influence of Ukrainian politicians into Ukrainian economy, the higher output of Ukrainian economy. (Laughter.)

So regarding macro economy, the GDP rate is perfect, about 8 percent, and we are doing quite well. The inflation is relatively low. It’s about 1.3 percent for first quarter of the year 2007. We have a tremendous capital inflow in Ukraine. I’m talking about the diadiate (ph) data. It’s about $4.2 billion dollars for 2006. So actually, it proves that Ukraine is confident for international investors. And the environment is relatively
positive. The budget deficit is extremely low. For the year 2006, we had the budget deficit lower than 1 percent, instead of forecast of 2.5 percent.

What kind of challenges we face? As usual, one of the main challenges in the transitional economy is negative trade balance. But, you know, this is the way all European countries live with and, actually, the entire Eastern Europe has a negative trade balance, and even the UK has about $25 billion of negative trade balance. Well, probably, it’s much more easier for the UK to overcome this, but anyway, we have an experience how to tackle this problem.

So my message is that Ukrainian economy is relatively good. And despite the temporary political turbulence, the outcomes of Ukrainian economy are quite positive. And again, I would reiterate, we can actually say that right now in Ukraine, a level of administrative involvement into Ukrainian economy is much lower rather than it was five years. And this called, actually, the market economy. So my first message is that we see some quite reasonable and visible signs of market economy in Ukraine and the macroeconomic output is actually proving this.

What of kind of economic agenda we have in Ukraine? So, to accomplish economic reforms, we need a competitive Ukrainian economy. What does it mean “competitive for Ukraine” and what kind of steps have to be done in Ukraine?

The first is to diversify the economy because right now it’s more, so to say, export oriented, mainly on such goods as metal, chemical products. So, we are dependent on our exports. The second is investment climate. The third is deregulation. The fourth is transparency in corporate governance in Ukraine. Inflation targeting has to be implemented.

One of the most important issues for Ukraine is improving energy efficiency and this is more political and geopolitical aspect rather than economic one because in Ukraine we have perfect data in terms of energy consumption. We have the first place in the world of energy consumption per one dollar of GDP. So these problems have to be addressed in the nearest future.

One of the tools – or one of the remedies how to improve macroeconomic stances is definitely WTO. And, we have a lot of discuss on WTO and, actually, this is one of the best results of cooperation and collaboration between the Ukraine and the U.S. Last year we both removed Jackson-Vanik Amendment, the U.S. granted market economy status to Ukraine, and we signed a bilateral protocol with the United States on goods and services. So we are on the final stage.

But this is actually in Ukraine a never ending story. It’s like a national game to join WTO. But we hope that in the nearest future, we shall join WTO and the necessary subset of legislation was enacted in 2006. And it was actually a quite positive sign because the president submitted to Rada about 15 draft laws, and the prime minister and
coalition backed all set of legislations. So, we can say that sometimes Ukrainian politicians speak in one voice.

So, if I may, I would shift to politics. So, what’s happening right now in Ukraine? Politics is actually an indispensable condition of not only macroeconomic stability, but stability at all.

I try to remind you that in 2004, we had presidential elections. In 2006, we had MPs’ or parliamentary elections. So we got a democratic president in 2004. In 2006, we got a new Rada with a coalition and opposition. And in 2007, we got the dissolution of the parliament. So it’s a certain consecutive role of unpredictability in politics. It seems to me it is called democracy.

When I tried to describe you microeconomic situation, actually, I targeted market economy in Ukraine or some signs of market economy in Ukraine. Right now, I target democratic signs in Ukraine.

To explain you what’s up, I don’t want to dwell on some kind of legal issues or reasons why the president signed the decree on the dissolution of the parliament. As usual, two lawyers, three opinions. But the president had a right to sign a decree. The president – it is not his right, it was his obligation to protect the constitution.

Talking about the pre-term elections, the data – the collected data in Europe – is quite actually clear: the pre-term elections is an ordinary, or usual, mechanism in every European democratic countries. In 12 European countries, pre-term elections have been held for last 10 years, so just nothing special. The only question is the way of these pre-term elections: how these pre-term elections will be conducted, in what manner. They have to be transparent, they have to be democratic and they have to be legal ones. Even more, just to remind you that pre-term elections are usually called by the majority and are usually called by the government just to improve the results of previous elections. So again, my message to you that Ukraine is going in its democratic way. And there is some political turbulence in Ukraine, but let’s not exaggerate it. And we shall definitely overcome this situation.

And, what kind of agenda in politics we have? So first of all, anyway, we need to – I don’t want to say the word “upgrade” the constitution, but we need to improve the constitution. I strongly oppose any kind of frequent and high speed amendments to the constitution; no, it doesn’t work. The constitution is the law which has to be one of the most stable ones in the legal framework. But, in 2004, new constitutional amendments were enacted and, actually, it delivered certain huge imbalances in the Ukrainian state government.

So before 2004, the president used to be a part or head of the executive power, similar to the U.S. construction. But after these constitutional amendments, we tried to shift from presidential republic into something which is probably called parliamentary-presidential or presidential-parliamentary. But, you know, frankly, there is no real legal
definition, clear definition, what does it mean and what is the difference between parliamentary-presidential and parliamentary-presidential republic. Usually, it depends on the authors of the theoretical books. So, what we have to do right now, we have to provide a smoothly working democracy and smoothly working state governance in Ukraine. So constitutional amendments are urgently needed.

So the second step regarding democratic elections and regarding so-called imperative mandate: in Ukraine we have a certain peculiarity which is called imperative or compulsory mandate. In means that the MP can vote only within the (fraction’s ?) decision, otherwise he will be just excluded or his mandate will be cancelled by (fraction ?). I strongly reject this kind of legal solution. But anyway, as a temporary decision and due to the fact that it is already incorporated in Ukrainian constitution, it could exist. So the next step, we have to elaborate the way the imperative mandate is going to act in Ukrainian situation.

Some additional problems, or some additional items in our agenda: as usual, tackling corruption, rule of law state, the role of NGO was must be much higher rather it is right now. So actually, what we have to do, we need reforms, all reforms, starting from economic one, social, legal, administrative. And this is the best way to improve Ukraine as it is.

Regarding our foreign policy, I am not going to declare any new kind of targets for Ukrainian foreign policy. I would better say that we should implement new tools of Ukrainian foreign policy and we shall create new vehicles of Ukrainian foreign policy, but Ukrainian foreign policy remains unchanged.

We are focused on European and Euro-Atlantic integration. I’m talking about the Europe – I would inform you that right now we are in the third stage of negations with the European Union, a new enhanced agreement with the EU. The deadline for an agreement on cooperation and partnership with the European Union ends in 2008 and, actually, we started new negations with the European Union. It has to be a real roadmap, a real roadmap for Ukraine-EU collaboration, and we need to find out what kind of targets or what mutually we want to receive and to achieve.

Ukraine is not begging for any kind of European perspectives, no. We say that we have not just European incentives, but we have European vocations because we are Europe. We have 47 million people and we are not the country of the European Union but we are a European one.

What we have to do, and I would reiterate again, we have to implement reforms in order to be invited to the EU rather than to beg for European membership. And it seems to me that we both share such kind of vision, the EU and Ukraine. So terms of the EU, we are doing quite well, and in June we shall sign a visa facilitation agreement.

And actually, this kind of agreement accelerates Euro-integration of Ukraine. Euro-integration is not a matter of statements of Ukrainian, or of Kiev or Brussels,
bureaucrats. It’s a matter of people. It’s a matter of educational programs, of cultural programs. It’s a matter of joint projects in energy, in financial sector, in economy. This is the best vehicle to accelerate European integration in Ukraine.

Russia. Two weeks ago I had a meeting with my colleague, Mr. Lavrov, and actually we can state that Ukrainian-Russian relationship has to be transparent, more pragmatic and more efficient one. We have a lot of stuff to resolve and we – you know that we have relatively complicated history, but we are oriented on a quite positive resolution of all problems existing in Ukraine-Russia relationship, starting from the Black Sea fleet and ending with our macro economic problems, antidumping procedures, trade talks and et cetera.

The U.S. -- actually, that’s why I am in Washington. We declare that the United States is one of the main partners of Ukraine, and we highly appreciate U.S. support to Ukraine in terms of democracy, in terms of mutual projects, in terms of energy efficiency, actually, in terms of WTO accession. So actually, we shall update Ukraine’s U.S. political agenda. And, there is a draft target plan which I would to present to Condoleezza Rice and I hope that we shall elaborate on it. And again, I would reiterate U.S. activity in terms of assistance to Ukraine in all spheres, starting from economy and ending in some kind of reforms.

So summarizing, I would say that Ukraine is doing quite well. I strongly believe that we shall overcome this temporary political turbulence in the nearest future. And we all need strong and flourishing Ukraine. Thank you for the attention.

(Applause.)

MR. COLLINS: Well, thank you, Mr. Minister, that’s a very comprehensive and full description, it seems to me, of the broad specter of both economic, political and foreign policy issues that you have on your agenda.

What I’d like to do now is open the floor to our audience. The minister will be with us here for discussion here for as long as he can remain. And so, why don’t I just start with question. Who would like to lead off? And if no one will – yes?

Q: Mr. Gus Schumacher, former Under Secretary of Agriculture. You mentioned that you have the highest energy utilization per dollar, GDP. Having visited your country a number of times in various capacities, you also have some of the most outstanding soils and tremendous, very strong interest by the Europeans in your renewable energy agricultural products. Do you have a strategy to foster renewable energy to mitigate some of these energy problems you have?

MR. YATSENYUK: The pace depends on New York Stock – on New York Mercantile Exchange. What I am talking? The higher oil price, the more prospectives to renewable energy is visible.
So talking about the energy policy, let’s start from the energy policy in Europe. We still do not have unified energy policy in Europe. The European Commission started or presented its green paper last year, but they still do not have mandate on the unified energy policy. The regulations which exist right now in the EU – I am talking about the Energy Charter and Transit Protocol – they are not efficient due to the reason that Russian Federation is the main of the suppliers – is the biggest supplier of energy – didn’t ratify it.

So, we do not have a legal framework for energy policy. Talking about Ukraine, our privilege or our benefit is transition system pipeline. You are well aware of the certain frictions – or, I can say actually – an energy conflict between Russia and Ukraine in 2005. So, there is a temporary solution of this situation right now and it seems to me that it is – temporary well balanced – the price and the transition fee.

Anyway, what we have to do together is we need to elaborate an energy policy transit countries, supply countries and consumer countries. Due to the fact that the primary target for all of us is to diversify energy supply is unlikely to be achieved in the nearest future. And in Brussels – three months ago in Brussels, the European Commission held a seminar on energy efficiency and energy problem and it was clear that there is no way to diversify energy supply in the nearest future. Actually, we are all dependent on Russia. I mean, Ukraine and Europe, et al.

So, as a certain way out, yes, it could be renewable energy, but first and the most important is that it is too expensive. It is much more expensive for today rather than purchasing or rather than buying natural gas and oil and exploring these stocks of – in Ukraine, onshore and offshore stocks in Ukraine.

So, as a goal or as a target we could say that, yes, in Ukraine we started this program. But, to achieve this program, to achieve the progress, or substantial progress, in the nearest future, it’s quite complicated thing.

Q: I’m Mike Haltzel from Johns Hopkins School of Advanced International Studies. Mr. Minister, you said that priority for your government’s foreign policy was integration into European and Euro-Atlantic institutions. And you went into a little bit of detail of institutional arrangements between Ukraine and the European Union. You didn’t go into similar detail about NATO. I wonder if you could give us an update on your government’s position and if you’d care to speculate about how that relationship might evolve in the future. Thank you.

MR. YATSENYUK: I knew that you would ask me.

Q: Of course.

(Laughter.)
MR. YATSENYUK: So, on NATO: we are doing quite well with NATO and I just came back from Oslo and we had an informal meeting with all NATO member countries and Ukraine. It’s called NATO Ukraine Committee. We stick to our internal legislation and Ukraine’s legislation remains unchanged in terms of Euro-Atlantic integration.

We have quite good programs in our joint activity with NATO. I am talking about K4. I am talking Afghanistan and NMTUI mission in Iraq and we provide overflight capacity, we provided airlift capacity for NATO countries. So we are doing quite well.

The main problem in Ukraine on NATO is just public awareness. You know, if you ask someone on the street, what does it mean, NATO, I’m not sure you will get a real reply. So public awareness is the major problem. And we allocate – in the state budget allocate it – about $1 million dollars for public awareness program. And last Wednesday, the government approved a special resolution on information or updating of Ukrainian population on NATO.

What we have to finalize just urgently is annual target plan with NATO. We already received all approval from different governmental authorities and I strongly believe that we shall finalize and we shall enact this annual target plan with NATO in the nearest future.

One of the main problems is trying to speak in one voice between the president, prime minister and coalition and opposition on NATO issues. Because not even all opposition parties are absolutely clear on NATO. So, just pro-presidential party -- (speaking Ukrainian) -- sends clear messages on NATO integration. And other political forces are quite weak on this issue.

So we have to elaborate one voice on this, that’s the first issue. The second one, public awareness program has to be implemented. The third one, on MAP, Membership Action Plan. MAP is not an entrance ticket. MAP is a conductor on the train.

So anyway, we say that we need reforms because if you compare NATO annual target and the EU target plan, they actually similar. Reforms, reforms and reforms. And only 10 percent of Ukraine NATO action plan is related to military aspect. And that’s it. So, it’s more a part of social program. It’s more a part of economic reforms program, of accelerating of the pace of economic reforms in Ukraine rather than just military aspect.

So, my third point is that we need reforms in Ukraine and this is the best reply to any kind of integration processes.

Q: My name is Dimtri Yersonov (ph). I am with Itar-Tass, the Russian newswire service. Mr. Minister, I would to ask you about the idea a possible international mediation to help you overcome the current political crisis. Do you think such an mediation would be desirable or it’s simply not necessary?
MR. YATSENYUK: I see. Usually I answer that mediation is like a wedding. You know, it’s going to be great if all parts agree. (Laughter.) Sometimes it couldn’t happen. But anyway, we shall tackle this problem, we shall tackle Ukrainian with our – even sometimes, I even say our rural political turbulence – with our political forces.

We can invite somebody to seal the deal but the decision has to be elaborated by Ukrainian politicians. So they created this friction, political friction, they have to find the way out. What we need? We need political maturity and they have to prove that they stick to a certain highest level of political culture. Otherwise, they will be just fade out and substituted by another political forces. So, we highly appreciate any kind of assistance from different countries but not yet.

Q: Steve Larabee, the RAND Corporation. You mentioned that President Yushchenko had an obligation to suspend the Rada and to call for elections and I would accept that. But then, if you look at the polls, you see that most of them suggest that the outcome of any next election will be relatively similar, that the Party of Regions would still more or less what it got – maybe a little bit less than it got in the March elections. Timoshenko will do a little better, Our Ukraine a little bit worse.

So the elections are not going to most likely resolve the crisis. The question of the imperative mandate, the fact that, in fact, in my view, the Party of Regions has tried to weaken the president and improve or enhance the powers of the prime minister, what is going to stop them from doing that? What’s going to change if the election results bring about, more or less, the same as the March elections?

MR. YATSENYUK: Could I have another question?

(Laughter.)

Q: (Offmike) -- after you answer -- (inaudible). There’s an easy one after that.

MR. YATSENYUK: Okay, on the outcomes, you are probably right that outcomes of the suggested elections would be similar with the small difference than we have today. But the president said it has to be a lesson, a lesson for all political forces, a lesson to all political elites. We have to tackle the problem of political corruption which is in Ukraine right now.

So, what actually drive the president to sign the decree? The coalition was formed with 230 votes, something like that – or 38 votes. And it’s a majority in the parliament but not a constitutional one. So the aim of the coalition was to get 300 or constitutional majority, easily to override presidential veto. And, it could happen. And actually, Ukraine constitution prescribes the way of forming of new coalition – but of forming of new coalition but not extending of the old one, extending via, attracting by different means individual MPs. It is impermissible, or it’s a clear violation of Ukrainian
constitution if the faction is formed not by the decision of the faction but by the decision of individual MPs.

So in this way, the president tried to stop political corruption in Ukraine, on the one hand. On the other hand, it has to be a lesson for everybody that the violation of Ukrainian have clear implications and have clear consequences as the dissolution of the parliament. I am sure it’s not the remedy. Well, actually, it is the remedy in case if we have a certain supplements to this remedy. We need to enact a new law on elections. We need to enact a new law on imperative mandate. We need to cancel the law in the cabinet of ministers. So in case if we envisage this plan as the full scale action plan, and pre-term elections is one of the tools of this action plan, it works.

Q: (Inaudible) -- Voice of America. I have a very basic, maybe even a simple, question. It was clear in few previous words that president and prime minister has a slight different view on foreign policy and my question is who is right now, president or prime minister, in charge of foreign policy? Or you have to as foreign minister balance between the two of them? Thank you.

MR. YATSENYUK: Usually, the foreign minister is in charge of foreign policy. (Laughter.) Frankly, I try to balance and I try to balance. In Brussels, someone asked me on spagad (ph), that I am sitting on spagad (ph). And my answer was that spagad (ph) is a leverage of diplomacy, is one of the most clearest tools of diplomacy. We still don’t have any kind of conflict for more than a month, so I try to balance between the president and prime minister. But actually, according to the constitution, the president is responsible for elaborating of the foreign policy and the prime minister is responsible for the executing of this foreign policy. And the Minister of Foreign Affairs is just responsible for talking. (Laughter.)

Q: George Geda of AP. Do you have a view on Russian concerns about the missile defense initiative in the Czech Republic and Poland and has there been any discussion between the United States and Ukraine on this issue with respect to the possibility of installation of facilities in Ukraine?

MR. YATSENYUK: Ukraine was one of the first countries commenting on missile defense system and it was relatively strange, on the one hand. On the other hand, my personal estimation is that missile defense system is a matter of bilateral agreement between the U.S. and other countries. But anyway, what we beckon or what we assist in terms of setting of missile defense system, that G8, or countries of nuclear pool, have to make a certain consultation on this particular issue in order just to overcome any kind of suggested turbulence, which we have right now.

So again, I would reiterate, that it’s a matter of bilateral agreement. That’s the first issue and the consultations are needed, definitely, between all nuclear power countries, states.
Q: Julia Nanay, PFC Energy. I’m going to ask you an energy question related to the Black Sea offshore. How do you view the future foreign investors in the Black Sea and the border issues between Russia and Ukraine? What is the status in the marine area?

MR. YATSENYUK: We agreed with Mr. Lavrov, establishing of group of delimitation and demarcation of Ukrainian-Russian border. So, I hope that in the nearest future, we shall finalize demarcation of the land territory. I’m talking about the delimitation in the Black Sea. Yes, there is some unresolved issue in terms of delimitation. We have different visions on the solution of this problem, but it’s a matter of great importance for both of us, for Ukraine and Russia, and I hope that – it has to take some time – but, anyway, we shall resolve this issue.

This issue is somehow correlated with Ukraine-Romania border problem and there is a court claim in the European – sorry, in the United Nations court and the litigation is in process right now. So, it’s going to take about two years to get a ruling on the Ukrainian-Romania border issue.

Talking about the investment climate, Ukraine has a state owned company called Chernomor Naftogas (ph) and this company explores – or explores – explores offshore territory of Ukraine. The main problem for Ukraine is lack of financial resources and we try to invite different international investors to explore Ukraine onshore and offshore stocks, but the question is that our experience is not so positive, is not so positive with companies like – I don’t want to name them, but we have to elaborate on our investment climate in terms of energy exploration.

Q: Okay, my name is Vadim Gobach, I’m from the World Bank. You said that you see integration with EU as mostly cooperation in educational, cultural programs and economic cooperation. In this regard, do we have – I mean, basically, your position is loaded politically at this point, but, you know, from cultural and educational standpoint, you can do a lot. What are your ideas in this regard? Thanks.

MR. YATSENYUK: Well, I just said that culture and education and, just, science is the best vehicle to accelerate integration. But, what we have on the surface, we have an economic integration and, you know, we are doing quite well in terms of financial integration and, actually, you are well aware, that Ukrainian financial sector is one of the most attractive in Eastern Europe and the growth per capita is higher rather than six times in Ukrainian banking system. And actually, all major financial players of Europe purchased Ukrainian banks. I am talking about Trifizen (ph), Ersta (ph) and et cetera, et cetera.

Even more, as a macroeconomic perspective, we have an FTA agreement with the European Union and we started an informal negotiations on the Free Trade Area with the European Union. So, we have a pile of different ideas and the main issue is just to implement them via a new enhanced agreement.
Q: Ed Chow. Good to see you here in Washington, Mr. Minister, again. When the law on government was formed last autumn, one of the few things that the prime minister and the president seemed to agree with each other and are committed to is WTO accession. And yet, that process seemed to have slowed down. Since then, a number of pieces of legislation that remains to be enacted by the Rada hasn’t gone forward. Are there some policy differences or is this a casualty of politics as they currently stand and would a fragile coalition, if there were to be one, after the new elections, what are the chances of real action on economic policy front? Or should Ukrainian economics depend on the politicians not interfering so much, as you said at the beginning?

MR. YATSENYUK: On the WTO accession, I would reiterate again that, actually, it’s one of the most positive signs of certain collaboration or cohabitation between the president and prime minister and coalition. We all have similar vision. And the best example was in 2006 when enacted the necessary set of legislation. What happened right now? For example, USTR has a set of questions and in order to find a solution or to answer this question, it seems to be reasonable to enact a certain set of legislation in terms of WTO accession. And the question is in temporary political instability right now. We just don’t have Rada, so we don’t have a legislative branch of power and that is the reason why the process of WTO access is decelerated.

But, I believe that, yes – I am going to meet USTR – deputy USTR – tomorrow morning and we shall try to elaborate on it and I hope that we shall find a solution. We shall find a solution on WTO accession.

Q: Suzanne Lotarski. Welcome, Mr. Minister.

Ukraine and Poland recently won the 2012 games to be jointly hosted. Have you started doing a plan of how to take advantage for Ukraine’s development, especially in terms of the border crossings, which will of course, not only facilitate the games, but trade and your other economic development goals.

MR. YATSENYUK: Talking about year 2012. This is the best way to integrate, frankly and it’s really, extremely – it’s a perfect chance for Ukraine, not only to show what Ukraine means, but actually to attract people, to attract money and to make business. And that’s perfect to improve Ukrainian infrastructure. That’s perfect.

Talking about some kind of complications or suggested complications, the first and the main issue regarding visa. In 2005, we cancelled visa issuing procedures for EU and U.S. citizens, so actually, we do not have such kind of problem right now.

On certain additional visa facilitation, on cross bordering issue, yes, the government have to allocate a huge amount of money in terms of infrastructure development and the president signed the decree. Last week, the president signed a special decree. And the government is going to prepare an action for the development for the year 2012. And for starting of the year, a quite complicated job in terms of organization of year 2012.
Q: Steve Pifer from the Center for Strategic and International Studies. Welcome Mr. Minister. You mentioned the question that with WTO legislation, it's difficult to see how that can be passed in the current circumstances and that seems to be sort of one example of the foreign policy costs that current political crisis is having. Others would be, for example, the decision by the Commerce Secretary three weeks ago to postpone his visit to Ukraine.

I wondering how you see these foreign policy costs and is there any appreciation by the president and the prime minister for these costs and is that having any impact on their effort to try to find a solution?

MR. YATSENYUK: I am sure that they realize the cost of the political uncertainty in Ukraine, that’s why they actually meet every day. The president and prime minister have frequent and long term meetings every day, constant meetings. So -- and even more, I would declare that mostly they have similar vision on all national priorities and all items of the agenda, except one: pre-term elections.

Anyway, we have to be clear that the political uncertainty in the long term perspective has negative complications and has negative consequences. And not only for Ukraine, for every state. That’s why the primary target of both of them is try to resolve this problem in peaceful manner and in the nearest future, as fast as possible.

MR. COLLINS: Mr. Minister, I wonder if I could ask you a question? One of the immediate issues on your border, is the issue of Transnistria. And I wonder if you could give your own thoughts about where that terribly difficult issue stands and how you might see it evolving and whether Ukraine feels it has a particular role given the nearness of the issue and the complexities on its border that it entails?

MR. YATSENYUK: Transnistria issue is extremely relevant for us. And, Ukraine did a lot of good in terms of the resolution of Transnistria issue.

In 2005, the president proposed his action plan on Transnistria, a resolution which envisaged the format five plus two. And actually, we restarted negotiations in this format. We tried to elaborate, we tried to address this problem, but it’s a pity. But in the year 2000, for the last time, we feel a certain stagnation in terms of Transnistria resolution.

My primary target is to resume the format five plus two. We strongly reject any kind of unilateral or even bilateral actions in terms of Transnistria resolution. It has to be a matter of all parts of Yushchenko’s plan. So, we have to act transparently. We need to ask Tiraspol to negotiate and we do not back any kind of unilateral negotiations or unilateral position in terms of Transnistria issue. It’s too sensible for Ukraine.

Talking about Transnistria, there is a certain correlation between Kosovo issue and Transnistria. So we call to be very cautious in terms of Kosovo issue and we ask for
a non-precedent case in terms of Kosovo resolution because it could have certain implications for Transnistria issue.

So again, we are keen on resolution of Transnistria issue and I hope the visit of foreign minister of Moldova is scheduled to Kiev next month and we shall discuss as quick as possible the way of possible resolutions of this extremely important issue.

Q: Mr. Minister, Dmitri Trenin of the Carnegie Endowment. You did not mention in your presentation, which was wide ranging and very interesting, the Community for Democratic Choice and GUAM. Any thoughts on that, sir?

MR. YATSENYUK: Last month, I met my colleagues from Azerbaijan and Georgia and we decided to accelerate the pace of GUAM development. It is very relevant vehicle for us to express or to be present in geopolitics. So we have an action plan in GUAM.

What we need, we need to involve an economic aspect, or enhance an economic share, in GUAM activity. That’s the first target. The second, there were different suggestions on peacekeeping operations in GUAM. So it could be dependent elaborating of the first or primary steps of GUAM activity and I am mainly focused on economic activity of GUAM.

Q: Community of Democracies?

MR. YATSENYUK: They are actually correlated and I would reiterate again that Ukraine wants to be not an object but a subject of geopolitics and in order to do these we need to have a certain mechanism and the best mechanism is like Community and like GUAM. So we have to push this. We have to push this.

Q: Dimtri Yersonov (ph) from Tass, again. Sir, may I ask you for your thoughts about events in Tallinn, the whole process of removing the memorial in Estonia. The events in Estonia, would you care to comment on that?

MR. YATSENYUK: It’s a matter, actually – the first and the main issue is that it’s a matter bilateral relations and it was a statement of the European Union. And usually, Ukraine backs all EU decisions on this – on every issue. But, it seems to me that such kind of activity does not deliver stability and friendly relations between different countries.

MR. COLLINS: Okay, last question, perhaps.

Q: (Inaudible.) Do you see real interest in Europe toward Ukraine? Like at this point, you know, there is certain progress in terms of improving a situation with visas and moving toward EU accession some plan, but can you see genuine interest in Europe to, you know, closer integration, cultural educational, you know, human integration with Ukraine? Thank you.
MR. YATSENYUK: Well, interest depends on the attractiveness and I would comment on the financial sector issues that Europe has a great interest in Ukraine in financial sector. So, the more attractive we are, the higher interest they have. And talking about some kind of new types of interest, yes, we are big country. We are very big market and we have a lot of things starting from high tech technologies and then with the aircraft technologies. So, we are absolutely interested, not only in terms of economy. We are interested in terms of education, too.

But, for us, it’s extremely important just to speak English in Ukraine, to speak French, to speak German, to be more attractive and to be more interesting, so we have a lot of things to do in home. So it’s our home test, too. So, the matter of interest depends on the attractiveness and depends on the certain standards which have to be implemented in Ukraine. We have a matter of mutual interests.

MR. COLLINS: Mr. Minster, you’ve been very generous and I do want to say thank you personally for the, I would say, comprehensive answers to the questions and the fullness of the answers to the questions. And we very much appreciate your taking the time to be with us this morning and we hope to see you again, when you’re next in Washington. So thank you very much.

MR. YATSENYUK: Thank you. Thank you.

Thank you, I tried to be open as much as possible. So, see you next time. Thank you.

(END)