

Major Russia-Ukraine Economic Deals Made, as Kuchma Is Under Fire

by Rachel Douglas

Sixteen agreements, signed Feb. 12 by the Presidents of Russia and Ukraine, boosted the two nations' commitment to cooperate in the aerospace, defense, and energy sectors of their economies. At the end of the summit, however, it was unclear whether Russia's Vladimir Putin would be left trying to make the agreed-upon collaboration stick, with a successor to his negotiating partner, Ukrainian President Leonid Kuchma. The scandal over the disappearance of journalist Heorgi Gongadze and audio-tapes, allegedly showing Kuchma in crude discussions with his staff about getting rid of Gongadze, continues to be fanned by warring economic interests in Ukraine, political opposition groups, and the foreign press. It is now commonly called "a political crisis" for Kuchma and his regime.

The Putin-Kuchma summit took place in Dnipropetrovsk, in the heavily industrialized Dniepr bend area of Eastern Ukraine. The city is home of the giant Yuzhmash missile factory, of which Kuchma was once the director, and which the two Presidents visited. Yuzhmash will be involved in a number of the agreements, involving joint missile technology development, other high-tech aerospace projects, and the power industry. Some of the bilateral talks were held at the plant, behind closed doors.

Agreements were signed on joint production of the AN-70 large transport military aircraft; joint production of the TU-334 civilian airliner; joint development and production of a new ballistic missile; Gazprom's becoming a majority shareholder at Ukraine's biggest producer of large-diameter pipes for oil and gas pipelines; and, Russian car manufacturer Avtovaz's becoming majority shareholder of Ukraine's biggest aluminum producer. Furthermore, Russia and Ukraine resolved to re-connect their overland power grids, after ten years of separation, to enable Russia to supply Ukraine with electricity at guaranteed, stable, and preferential prices. This also lays the ground for future exports of electricity from Russia, to Western and Southwestern Europe.

There is an umbrella program of cooperation on peaceful space research for 2001, and one between the Russian Aerospace Agency and the national Space Agency of Ukraine. Russia and Ukraine will pool their marketing efforts, to sell Ukrainian-Russian space technologies on the world market, as well as carrying out terrestrial and marine mapping, natural

resource evaluation, and ecological monitoring.

One of the most prominent projects envisaged, is the construction of a highway and rail bridge across the Straits of Kerch, at the mouth of the Sea of Azov onto the Black Sea, which will link the southern Russia region of Krasnodar with the Crimean peninsula. This project will require investments of \$1 billion, and is to be completed in the Summer of 2005, with construction beginning this year.

"We are delighted by the results," a Russian analyst told *EIR* on Feb. 14. "This is a very important step, from the standpoint of strengthening the military-industrial complex in Ukraine. Now, Kuchma is being fully backed by the military-industrial complex and armed forces, and it is not accidental, that as soon as Putin left, the leading opposition figure Tymoshenko was arrested, on tax-evasion charges. Kuchma would never have dared that, before the Putin visit." Suggesting that the industrial deals were the only chance for the Ukrainian economy to get out of its horrible state, this analyst noted, "It is hard to believe, but the Ukrainian economic situation is twice as bad as the Russian economic situation."

In the Streets

The arrest of Yuliya Tymoshenko was only one of the political bombshells going off one after another in Kiev, before, during, and after the Russian President's trip to meet Kuchma. Until recently, Tymoshenko was a Deputy Premier, having headed Ukraine's largest power company before that. In early February, her political supporters joined the Socialist Party of Alexander Moroz and other parliamentary and extra-parliamentary opposition figures, gathered on Kreshchatik, the main street in Kiev, to demand that Kuchma step down.

On Feb. 2, Prosecutor General Myhailo Potebenko confirmed that one of the voices on the tapes released by Moroz late last year, allegedly surreptitiously recorded in the President's offices, was indeed that of Kuchma. His words, however, had been doctored to suggest the President's instigation of a crime—the murder of Gongadze. On Feb. 6, Potebenko suddenly took a six-week leave of absence.

That day, several thousand demonstrators gathered on Kreshchatik. The London *Guardian* headlined, "Ukrainian President Fights for Survival." Some of the demonstrators marched under a new slogan, "Ukraine Without Kuchma." A London *Independent* article of Feb. 6, titled " 'Murder Tape' Threatens To Topple Ukraine President," trumpeted that Kuchma was "under growing pressure to go."

Prime Minister Viktor Yushchenko, the ex-Central Bank chief far preferred to Kuchma by foreign bankers and financiers, stayed clear of the Dnipropetrovsk summitry. In the latest twist of the power struggle, however, Yushchenko issued an open letter to Kuchma on Feb. 15, in which he demands the removal of Minister of Fuel and Energy Sergei Yermilov and Chairman of the National Commission on Electricity Regulation, two of the officials who helped nail down the new agreements with Russia.