

From: Frank Mermoud jfmermoud@██████
Subject: Re: Hello -- Ukraine Parliamentary Elections
Date: October 3, 2014 at 7:40 AM
To: Rob Walker rwalker@rosemontseneca.com
Cc: Hunter Biden hbiden@rosemontseneca.com, Katie Dodge kdodge@rosemontseneca.com



You're welcome. Am swamped next week as well with the WB/IMF - the following week better. Will reach out to Katie to assist in scheduling.
Best
Frank

Sent from my iPhone

On Oct 3, 2014, at 7:29 AM, Rob Walker <rwalker@rosemontseneca.com> wrote:

Thanks, Frank. Let's look to get together in the coming weeks. Next week is bad though. Rob

On Oct 3, 2014 6:56 AM, <jfmermoud@██████> wrote:

Hello Hunter and Rob

Again, good to meet you both earlier in the week. Thought you might find the below of interest particularly as the various coalitions are attempting to shape up (or not, in many cases) and the morphing of the former Regions Party.

Rob, would enjoy a follow-up meeting along the lines of what I mentioned in my email. Let me know if a time week after next might work.

All the best,

Frank

My latest....

<http://www.brianmefford.net/ukraine-update-october-1-2014-parliamentary-races-watch/>

Brian Mefford

Ukraine Update, October 1, 2014: Polls, Politics & Parliamentary Races to Watch

October 1, 2014 By [Brian Mefford](#) [Leave a Comment](#)

• **Poll of Polls:** Despite six polls published over the last 30 days, the race appears to be largely unchanged since last week's [update on September 22](#). The only major difference is that Strong Ukraine slipped below the 5% barrier to 4.9%. This is due to the IFES poll which put them at a mere 1.8% nationwide. If that poll is excluded though, then Strong Ukraine's average rating is 5.5%. That 0.5% is the difference between zero and up to 20 seats in parliament.

[polls october 1](#)



Poroshenko's bloc inches higher to an average of 39.8 up 2.3% from last week. This is due to the increasing public awareness of the joint bloc with UDAR and familiarity with the party list. The Radical Party levels off a point to 13.1% as a possible leading indicator of the public's decline in infatuation its' with Lyashko. Byut also lost 1.3% down to 7.9% as the voters realize that Yatsenyuk, Turchynov, Avakov et al, have left for the People's Front. On the lower end of the polling spectrum, the Opposition Bloc doubled to 1.6% and Right Sector jumped 2.6%. We will track whether or not these moves are sustainable or statistical aberrations. In all likelihood though, the Opposition Bloc increase is legitimate as they begin unleashing tens of millions of dollars over the next month to achieve 5%.

• **Maneuverings of the Party of Regions & Opposition Bloc:** The decision of the Party of Regions to boycott this election is both practical and strategic. Practically, the brand name is in need of a major overhaul due to Yanukovych and the actions of other party members when in office. The party's presidential candidate in May (Dobkin) received a mere 3% of the nationwide vote. For a party that held the presidency and 207 of 450 seats in parliament just four months prior, that was a catastrophic disaster and a sign that a serious renovation was required. In addition, with the Russian annexation of Crimea, and the war in the Donbass disabling voting in more than half of the parliamentary districts in the region, the traditional base of the Party of Regions is unavailable to vote. Also, with chief party financier, Rinat Akhmetov, preoccupied with defending his business empire against fellow oligarch Ihor Kolomoyskyi, an economic recession and infrastructure damage to his industries due to the war, his excess cash flow is limited. Thus, rather than struggle to pass the 5% barrier with "damaged goods", the Opposition Bloc (led by the rebranded version of the Party of Regions: i.e. the Party of Development) was created. Akhmetov loyalists like his aunt Tetyana Bakhteyeva and personal lawyer Yuri Voropayev received prominent positions on the party list (9 & 13 respectively). Other Party of Regions members were left to scramble for positions elsewhere and many decided to sit out this election. In Donetsk and Luhansk, 21 of 33 current MP's (almost all of which belonged to the Party of Regions factions a year ago)

... current MP's (almost all of whom belonged to the Party of Regions factions a year ago), opted not to run for re-election this time. In addition almost all current/former Regions MP's that are participating in the election are now running as independents – such as Serhiy Klyuyev (whose bank accounts in Switzerland were recently frozen due to a corruption investigation) in Donetsk district 46. The strategic factor in the Party of Regions decision not to participate in this election is the belief that the newly elected parliament will not serve its full five year term and that new elections will be necessary within 1-2 years. Because of military pressure from Putin, the effects of the economic recession, and overall instability in the country, some believe that a new election in a year or two will be the compromise solution to keep the country together. And of course, if new elections are forced early, then they will be conducted in a much less hostile (and possibly even favorable) political environment towards the Party of Regions (and pro-Russian politicians) than now. In the meantime, Serhiy Tyhytko's Strong Ukraine Party is the likely beneficiary of the Regions party boycott in the near term as they will be positioned to pick up eastern and southern voters that previously voted for the Party of Regions.

• **Svoboda & Poroshenko Deal?** Analysis of candidate registrations in districts throughout the country shows that in 11 districts where there are incumbent Svoboda MP's, the Poroshenko bloc does not have a candidate. With the exception of Kyiv city district 223, there are no Svoboda candidates in single mandate districts this election, although some are running independently. In Kyiv district 223, Yuri Levchenko won the 2012 race but the courts later invalidated the results. He is running for office again and likely to win this time since incumbent Viktor Pilipyshyn is not running for re-election. Lviv district 118 has been vacated by MP Mykhalchshyn which paves the way for his challenger last time, Bohdan Dubnevych to win this time. Dubnevych ran as an independent last time but lost 57-28% to Mykhalchshyn. This time he is running as the candidate from the Poroshenko bloc. In Ivano Frankivsk district 83 (Deputy Premier Sich's old seat), Oleksandr Shevchenko won the seat in the May 25 special election with Svoboda. Now however he is running as the candidate from the Poroshenko bloc. All of these instances strongly suggest that Poroshenko and Tyahnybok have reached an electoral agreement "non-aggression" pact. Since Poroshenko is being "out-hawked" rhetorically by Yatsenyuk and Tymoshenko, Tyahnybok's support in the west can help shore up undecided voters in favor of Poroshenko's candidates. Conversely, Tyahnybok's future hopes lie in Svoboda getting five percent nationwide (currently they are averaging 4.6%). A hostile presidential administration could make that more difficult. Thus, while the full details are not known, it is safe to say that there is a good

more difficult. Thus, while the full details are not known, it is safe to say that there is a good degree of coordination between Poroshenko and Svoboda at this time. Of course, the Machiavellian interpretation of the deal would be that Poroshenko persuaded Svoboda not to expand their numbers in the districts while knowing that they won't cross the five percent barrier. In other words, he contained them to less than a dozen districts. Time will tell which version is true.

- **Gas Talks** – surprisingly the tripartite meeting among Ukraine, Russia and the EU in Berlin last week produced the first steps towards an agreement since the June supply cutoff by the Russians. The though emphasis is on “steps” and not “agreement”, it marks a turning point in the negotiations. Ukraine’s conservation efforts combined with gas reversal from Slovakia have allowed the country to negotiate standing up rather than on its knees (as gas talks in previous years often were conducted). Ukraine estimates it will need between 5-12 billion cubic meters of gas to get through the winter –depending on the severity of the cold. Given that Ukraine typically imported 25 billion cubic meters annually, this is a marked improvement. The talks in Berlin yielded the verbal agreement from both sides that Ukraine would pay \$2 billion to Gazprom by the end of October and another \$1.1 billion by the end of the year. The \$2 billion initial payment would resume gas supplies to Ukraine. Given that the IMF gave Ukraine \$1.4 billion in September and will give another \$2.2 billion in December, this is a financial workable solution (albeit still costly). The key element of the Berlin talks though was the verbal agreement that the International Court in Stockholm would decide the fair price of Ukraine’s gas imports from Russia. If the Stockholm court finds that Ukraine is correct and the fair market price of Russian gas is \$285/cubic meter then Ukraine owes nothing else. If the court rules in Russia’s favor though, then Ukraine owes \$2 billion more. The temporary solution will give Ukraine time to get through the winter without freezing and keep Europe heated as well. Now that there is a road map, we will see how many weeks before it is finally agreed and implemented. Odds are that the actual agreement will be signed after the October 26 election so Russia can avoid giving Ukraine’s government anything to brag about beforehand.

- **Races to Watch** – With around 200 districts there are far too many to provide commentary on in this blog. However, starting this week through the election, we will provide highlights on interesting races to watch.

Vinnitsya 12 (city), 16 (Yamil) & 18 (Illintsi): Presidential son Oleksiy Poroshenko is running to win his father’s seat in **district 12**. A year ago he won a special election for oblast

council in Bershada rayon and now seeks to build upon his achievement. Odds are highly in his favor. Vinnitsya's second most powerful political family, the Kaletnyks face tough re-election battles. Wealthy from controlling the Customs Office on the Transnistria border, the family's past association with Yanukovich and the Communists (Oksana was a faction member) are a liability this cycle. In **district 16** Oksana faces a rematch from Yuri Makedon who she edged 43-37% last time while in **district 18** Grigory also faces a rematch from Kostantyn Yakumenko from Byut (Grigory won 46-33% last time), the Mayor of Nemirov Oleksandr Kachur (with Lyashko's Radical Party) and from Poroshenko backed businessman leader Ruslan Demchak.

Volyn 20 (Horokhiv): Independent MP and agri-businessman Serhiy Martynyak faces a rematch from Byut backed Roman Karpyuk (former MP) who he edged by just 461 votes last time (29.6 to 29.2%). Former MP and oblast council chairman Volodymyr Bondar is Poroshenko's candidate in the race.

Donetsk 48 (Kramatorsk): Few districts in the Donbass are likely to hold elections due to the threat from the terrorists. However in Kramatorsk, Serhiy Blyzhyuk, son of the former Governor is running as an independent. Blyzhyuk remains a member of the Party of Regions and faces 17 opponents including Poroshenko and Byut backed candidates. Historically, Kramatorsk and Mariupol have been the most pro-European oriented electorates in Donetsk oblast. Tymoshenko for example, received her largest vote percentage in the region here in the 2010 presidential election (almost 10% of the vote). Watch this race carefully. If Blyzhyuk wins then expect the Donetsk elites to re-emerge emboldened despite the events of the last year. If the Poroshenko or Byut backed candidate pulls an upset, then the decline of the Donetsk clan will continue for a longer period of time.

Zakarpattia 69 (Mukachevo), 71 (Hust), 72 (Tyachiv), & 73 (Vinogradiv): The Poroshenko-Kaletnyk influence in Vinnitsya is minor league when compared to the Baloha family dominance of Zakarpattia oblast. With former Yushchenko Chief of Staff Victor Baloha breezing to re-election in **district 69**, his brother Pavlo is set to hold his seat in **district 71**. The other Baloha brother, Ivan is positioned as the front runner in **district 73** after his opponent from 2012 MP Bushko declined to run for re-election. Bushko, then the Party of Regions candidate, defeated Ivan Baloha 41-36% in one of many dirty elections that cycle. Baloha "best friend" Vasyl Petovka is running for re-election in **district 70** to keep four of six seats in the oblast in the family's hands. It's no wonder that Zakarpattia is sometimes referred to as "Baloga-stan".

Zaporizhya 82 (Polohi): Agri-businessman Vadim Kryvohatko wasn't able to campaign very actively in 2012 due to trumped up criminal charges against from the local Party of Regions controlled prosecutor. This time he is seeking a rematch against incumbent MP Oleksandr Dudka. Dudka remains a member of the Party of Regions faction in Parliament but is running as an independent this cycle. Byut once again has a candidate in the race which will complicate the math for Kryvohatko, despite backing from Poroshenko. Last time, the combined votes for Kryvohatko (with UDAR) and Byut were more than Dudka's but negotiations to get the Byut candidate out of the race beforehand fell through. Kryvohatko also must overcome a clone "Vadim Kryvohatko that has registered as a candidate. This race will be a bell weather as if Poroshenko backed candidates are winning in Zaporizhya, it will likely signal a clear majority for the Poroshenko bloc in the next parliament.

Kirovohrad 101 (Holovanivsk): District 101 features MP Vitaliy Hrushevskiy (formerly Party of Regions and now Peace and Stability faction in parliament) facing challenge from singer/MP Mykhaylo Poplavskiy (aka the Wayne Newton of Ukraine). Poplavskiy was an MP with the People's Party (Lytvyn) in the past and as recently as last December, won a special election in Cherkasy (with Party of Regions backing). Poplavskiy's flirtation with the Party of Regions was brief though, as he was one of the first MP's from the majority to break ranks on February 21 to prevent martial law and oust Yanukovych the following day. The district includes the area of Kirovohrad where the Odesa Highway is located, which gives Poplavskiy's numerous restaurants located there an opportunity to help his candidacy by turning out their "50 kinds of varenniki" and chebureki. Poplavskiy must not only defeat the incumbent Hrushevskiy but also candidates from the Poroshenko bloc, Byut, Lyashko and a Poplavskiy clone.

Lviv 115 (Sykhivskiy Rayon in the city) & 124 (Sokal): Former Yushchenko Deputy Premier Ivan Vasyunyuk makes a political comeback as the front runner in **district 115** for the vacated seat of former Byut MP Mykhaylo Khmil. Vasyunyuk is running from National Front and his brother Ivan (elected in 2012 from district 117 in Lviv) is #17 on the party list. Lacking the famous family name, Khmil gets the consolation prize of #42 on the National Front party list. At the moment, National Front is not likely to receive that many seats on the proportional ballot but when a government is formed with its members then enough seats could open up for Khmil to return to parliament. **In district 124**, longtime Byut MP Stefan Kurpil faces an independent challenge from the Minister of Health Oleg Musiy, who rose to prominence as a lead doctor for Euromaidan. Former Ternopil Governor Yuri Chyzhmar is

also in the race.

Mykolayiv 127 (Zavodskiy rayon in the city): Former Prime Minister Anatoliy Kinakh (2001-2002) has returned to Mykolayiv to run for the seat vacated by Regions MP Nakonechniy. Kinakh served as the elected Governor of the region prior to the 1996 Constitution which changed the system from elections to presidential appointments. Poroshenko, National Front, Byut, Democratic Alliance and Lyashko are all fielding challengers in the race.

Odesa 135 (Prymorskiy Rayon in the city), 141 (Bilgorod Dnistovskiy) & 143

(Izmayil):Odesa city **district 135** has a whopping 47 registered candidates (including Darth Vader) competing for the seat currently held by MP Serhiy Kivalov. Kivalov is still remembered in infamy for his time as Chairman of the Central Election Commission in the 2004 Orange Revolution. Even though most of the Odesa business and political elites (that backed Yanukovych a year ago) have made peace and sworn allegiance to Poroshenko, there is still a sense that a sacrifice must be made. Kivalov has the highest profile and appears to be the most easily expendable. Yet Kivalov is a savvy politician and will not go down without a fight. As they say, “you can’t beat something with nothing”. Thus, until a clear challenger emerges from the pack, Kivalov is counting on the confusion to carrying him to another term in parliament. **District 141** features incumbent MP Vitaliy Barvinenko in a rematch with Serhiy Dubovoy in a race that could be renamed “the clone wars”. Both are running as independents and Barvinenko prevailed in 2012 by a 42-35% margin. Out of the 39 candidates in the race, there are four Barvinenko’s and three Duboviy’s and a Dubovoy. While Poroshenko, Tyhypko, and National Front also have candidates in the race, the real question is will the Barvinenko or Duboviy clones siphon enough votes to make the difference in the race. In **district 143**, son of former Odesa Mayor Ruslan Bodelan (independent) is making a second bid to win the seat being vacating by his 2012 opponent, MP Yuri Kruk (formerly Party of Regions). Kruk won 24-17% last time over Bodelan but chose to run on the Strong Ukraine list this time around (#30). Bodelan’s main opponent is MP Oleksandr Duboviy (currently in the Byut faction but running independently) who is the brother of Serhiy Dubovoy in district 141. Former Odesa Governor under Yushchenko, Ivan Plachkov, is also competing in the district.

Kharkiv 168 (Dzherynskiy rayon in the city): Regions MP Valeriy Pysarenko is one of the few Regions faction members running with the party label this cycle. He faces a challenge from fellow Kharkiv MP Vitaliy Nemilostiviy (elected #62 on the Byut list in 2012).

Nemilostiviy left Byut to run as the Poroshenko backed candidate in the race. Ivan Varchenko, who is now the Acting Deputy Head of the Kharkiv Governor's Office, is another former Kharkiv Byut leader and is the candidate from National Front. A total of 18 candidates are fighting to win the race.

Kherson 184 (Nova Kahovka): Former Regions MP Mykola Dmytruk (now independent) faces a rematch with Ivan Vinnik in what was 2012's closest election. Just 22 votes out of 78,000 cast separated Dmytruk from Vinnik. This time Vinnik is running with Poroshenko's backing (last time as an independent) but has to overcome a clone candidate (also named Vinnik), his own controversial business past relating to a local construction company, a dozen opponents and Dmytruk to win.

Khmelnyskiy 188 (city): In another 2012 rematch, Independent MP Serhiy Labazyuk faces his top two challengers again. Last time Labazyuk won 28.4% to 27.9% (469 vote margin out of 93,000 total) over independent Viktor Kolishchak and Byut backed Dmitro Bepalov (who received 20.8%). Kolishchak is counting on momentum from being the Poroshenko bloc candidate this time as well as the 11% of votes that went to the UDAR candidate last time (presumably which will go to the Poroshenko bloc) making the difference in the election. Third place finisher Bepalov has also repackaged himself by leaving Byut for National Front in this race.

Cherkasy 200 (Uman): Anton Yatsenko defeated a United Center Party (Baloha) candidate 30-23% in 2012 when he was the nominee from the Party of Regions. This time he is running independently to try to fend off fellow MP Vitaliy Chudnovskiy. Chudnovskiy was elected as an independent last time in Kyiv district 90 (Bila Tserkva area) which is on the same Odessa highway to district Cherkasy 200 (Uman). However Chudnovskiy is aided by being the Poroshenko bloc candidate as well as having a Yatsenko clone in the race. Former Yushchenko Governor Oleksandr Cherevko is running with Tyhypko's Strong Ukraine Party which makes the race even more interesting.

Kyiv 219 (Svytoshyn Rayon in the city): Volodymyr Bondarenko won this seat in 2012 by a comfortable margin (44-30%) then resigned to serve as Acting Head of the Kyiv Mayor's Office. His term as Kyiv Mayor lasted less than three months due to the May election which gave Vitaliy Klitchko a decisive victory (Bondarenko was a distant second). Bondarenko is now back in a bid to win his old seat and faces a challenge from former Yushchenko Deputy Chief of Staff Oleksandr Tretyakov. Tretyakov lost to MP Volodymyr Aryev with Byut in Kyiv district 218 in 2012 (39-26%), in one of the most expensive elections that year. Ironically,

Aryev left Byut to run as the Poroshenko bloc candidate in district 218 with and now Tretyakov is the Poroshenko bloc candidate in district 219. Given Tretyakov's past baggage, a victory in district 218 against Byut loyalist Bondarenko would signal a long and disappointing night for Tymoshenko and company.

Dates to Watch:

- **October 7 – Special Parliamentary Session to pass anti-corruption laws.** This special session is both the result of the IMF's demands to tackle the problem as well as political expediency as polls show support for an independent anti-corruption bureau at well over 70%. Ukraine is dependent on IMF funding to get through the economic crisis inherited from the Yanukovich government and worsened by the war. With the honeymoon with the IMF bankers coming to end, Ukraine is required to demonstrate a higher level of commitment to reducing corruption which has been epidemic for decades. Passage of the laws will also give the pro-European politicians some additional momentum less than three weeks before the election.
- **October 14 – The Last Parliamentary Session Scheduled.** This is the last scheduled meeting of the current parliament before the election. Expect high rhetoric in this final meeting just 12 days before the election with an abundance of charges and allegations from politicians seeking to up their poll numbers. As for substance, wait for the next parliament to be seated in November. This meeting will be 80% theater.
- **October 26 – Election Day.**

