

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES**

**STATESMEN'S FORUM
WITH
VIKTOR YANUKOVYCH,
PRIME MINISTER OF UKRAINE**

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DR. JOHN HAMRE: Ladies and gentlemen, good morning.

My name is John Hamre. I'm the president here at CSIS. This is a great way to start a week in Washington. I told the prime minister that I was just quietly told that the fire marshal said that if we didn't get started right away, they were going to shut down the – any more admissions. So we need to get going and we obviously have a great morning in front of us.

Prime Minister, thank you for coming. We're delighted to have you here. This is a very important time in the history of the Ukraine and, of course, our relations with Ukraine.

We're excited about having a chance to hear you, Prime Minister. We know that this is your return to office. And obviously, there is great interest in what you are now doing and the leadership that you're bringing to Ukraine.

We are excited that you will take time to be with us publicly this morning. We know that you have many other private meetings that you're going to be undertaking while you're here, but while you're with us, this is your chance to speak to the American public. And as you can see, we've got all the cameras here. The American people are waiting to hear from you.

Prime Minister, without further delay, we introduce you to this audience: The prime minister of Ukraine. (Applause.)

(NOTE: Prime Minister Yanukovych's remarks are through an interpreter.)

PRIME MINISTER VIKTOR YANUKOVYCH: Dear ladies and gentlemen, it's a special pleasure for me to start my working visit to the United States with this meeting.

I'd like to thank the Center for Strategic and International Studies for the opportunity to speak at this renowned think tank, and particularly to such a distinguished, competent, and most importantly, interested audience.

I hope that our discussion will be frank and to the point – all the more so that the actions of my government are transparent. We do not use double standards and dubious deals that for some reasons cannot be discussed publicly. We have but one truth for internal use, as well as for exports, as they say. In Kiev, whether in Moscow, in Washington or in Brussels, we speak the language of the national Ukrainian interests.

Naturally, it is physically impossible for me to tell you details about all of our priorities and the first results of my government's work within the minutes that I have –

and perhaps I don't have to, as the world has become so open now and our actions are so transparent that the experts and public at large can have complete access to the information. Therefore, allow me to concentrate on a number of priorities and most widely discussed issues.

Five years ago Ambassador of the United States, Carlos Pascual and Ambassador Steven Pifer, who are present here, who made a great contribution to the development of relations between the United States and Ukraine. So five years ago they published a profound article called, "The Struggle of Ukraine for its Decisive Place in History." Incidentally, many arguments that they suggested would still be valid today.

The diplomats wrote that, ironically, it is obviously easier to predict the following 25 year than the next 10 years. It's difficult to imagine the country as great as Ukraine, with its history and culture, having such natural resources and manpower, and not being a part of Europe at the same time. The question is, what path is Ukraine going to select in order to reach that objective – an easy way or a difficult one?

Half of the period of unpredictability is behind us already, and our government is going to work at least for the next five years, I hope, and these years will be predictable and stable. Therefore, this concludes the period of uncertainty about Ukraine.

I fully realize that the next five years will not be easy, because many reforms that should have been introduced in the first years of independence are still waiting for their turn to come. But despite all that, and in any situation, we will not abandon the path we have chosen – the path of democratic market transformations.

There can never be too much democracy in Ukraine, just as there cannot be too much freedom. Therefore, let me start one of the most important subjects for us now: energy sector.

Ukraine will not have a stable economic development, and Damocles' sword will always hang over the country's economic reforms if we fail to introduce energy-saving technologies, diversify sources of power supply and switch over to the world prices for energy resources. We are determined to get rid of our dubious world leadership in energy consumption.

Energy intensive enterprises must implement energy-saving technologies within – on a very tight schedule. For this purpose, the government is now creating substantial financial incentives. We also intend to upgrade electric power infrastructure, including gas and oil pipelines, heat, electric power plants, et cetera. By our calculations, these measures alone will save up to 10 percent of annual power consumption in Ukraine.

In order to get rid of our critical dependency on natural gas supply, we're going to develop our own alternative energy generating facilities. We'll increase production of coal and develop nuclear energy industry in a responsible manner.

We have succeeded in providing Ukraine with sufficient quantities of natural gas for the low prices by resuming our dialogue, first and foremost, with Russia. The price for gas for 2007 will be 130 U.S. dollars upon entering our territory. It's one of the best prices all over Europe, incidentally. And as we have been often criticized, I would like to emphasize that the subject of our negotiations was exclusively energy supplies. We didn't have any political bargaining with Russia.

Speculations about a possible change of ownership of the Ukrainian gas transportation system are false, too. I have said that clearly quite often, and I will say it again. This issue – the issue of the Ukrainian gas transportation system will not be subject to any discussion. This is the position of the president, the key political forces in the parliament and the government. We have a common principled position and it will not change.

We are interested in constructing supplementary transportation routes for energy resources from the Caspian region from Russia, across the territory of Ukraine. Taking into account the immense scale of the project, we would welcome the establishment of an international gas transportation consortium, with involvement of foreign partners.

The government of Ukraine is currently working on a number of projects to explore hydrocarbon reserves, jointly with our close and faraway neighbors. We have raised this issue with Russia and are currently conducting negotiations with Kazakhstan and Azerbaijan. Besides, we're trying to restore the status that we lost in Turkmenistan and Uzbekistan.

Ukraine will be a reliable partner in transporting energy resources to Europe. Today, gas – Ukrainian gas storage facilities are filled. And I can assure you that European consumers will have the necessary amount of natural gas this winter.

The energy policy of Ukraine will be in line with the world standards, including diversification of the sources of supplies. In economics, one of the top priorities for my government is to modernize our economy, increase its competitiveness and attractiveness for investors. We clearly understand that Ukraine should encourage a considerable growth of foreign investments.

Ukraine's accession to WTO will be a strong positive signal that foreign investors and the international community will receive in the nearest future. We have had long talks, long discussions, about the need to resolve the issue of Ukraine's accession to WTO. But it was our government, the government that was in place in 2002-2004, made that powerful final dash. We developed a realistic timeline, and our cooperation with Verkhovna Rada and its parliamentary majority concerning the adoption of the required laws, and we comply with it. We've practically completed this work. The parliament has only two of the 20 required bills that remain to be adopted in the final reading, and we have no doubts that it will be done soon.

I believe that everyone will benefit from Ukraine's accession to WTO. Ukrainian exporters will be able to strengthen their international positions. Healthy competition will prevail in our market. At the same time, we intend to protect our internal market, in full compliance with GATT-WTO rules and procedures. We expect our accession to WTO to result in improved economic indicators, such as foreign investments, GDP growth, price stabilization and job creation.

An essential part of our economic policy is fiscal discipline and responsibility. We plan to further decrease the budget deficit to the level of 2.5 percent of the GDP for the year 2007. It's a comforting thought that this important indicator is better in Ukraine than many European nations – than in some of the EU member nations.

By the end of 2007, we also plan to reduce the national debt to 16 percent of GDP. And in this respect, I'd like to say a few words about the draft state budget for the next year. It's clear that the budget of any country can be improved without limits. All you need is resources. However, in view of our -- today's situation, I have every reason to claim that the adoption of the state budget for 2007 will usher in a new stage of development for my country.

For the first time, throughout the years of independence, we will move away from the expenditure consumption principle, and will encourage the investment and innovation component. Foreign investors should find the Ukrainian stock market an attractive one. We must openly admit that it is yet underdeveloped. The government is currently designing a number of measures that will provide a powerful boost to stock market development, and thus to the economy in general. We view this as an important priority in our economic policy development.

At the same time, we stand for absolute respect of private property rights. And we have excluded the word "reprivatization" from our political vocabulary for good. Moreover, I intend to significantly improve the privatization procedures. We realize this cannot be achieved through the sales of only a number of assets or small blocks of shares that do not attract the investors. Our goal is not so much to make privatization a source of budget revenues, but rather, we want to turn it to an instrument for market restructuring and capitalization of the economy. This approach is the basis for our privatization program for 2007 through 2009.

In general, I'd like to say that we understand very well that Ukrainian properties are undervalued. This is one of the key objectives for my government is to value it completely in the nearest future. And this is what the stock market will do. My government will give adequate attention to the development of small and medium business. This is a way for us to solve a triple task, namely, formation of the middle class, that I'm sure will promote political and social stability in the society; increased involvement of the population that will contribute large-scale investments directly to the economic development, rather than deposit them with the banks, as is the case now; acceleration of the innovative development of the economy, where private entrepreneur initiative is a powerful incentive.

In the nearest future, we will find solutions to a number of old problems, including the improvement of the permit system, licensing and regulatory policies. In other words, the government will significantly reduce the state interference with private business activities. We have already submitted a draft law to that effect to the parliament. The government is now finalizing five more drafts. This will create clear, transparent and comprehensible rules for doing business in Ukraine.

I think that the implementation of the strategy we have chosen will allow us to maintain quite a high rate of GDP growth for the coming five years – up to 6 or 7 percent annually. At the same time, we are going to implement a series of effective measures to curb inflation. We understand very well that the national and the foreign investors will feel at ease in Ukraine only when we have an effective transparent and independent judiciary system.

I'm sure that this is one of the most important problems that we have in Ukraine today. And let me assure you that my government will do everything possible in order to provide fair justice in Ukraine. That's why it is very important for us to have a judicial reform as soon as possible.

Among the other important priorities, my government is fighting corruption. I understand that this is an area where we have to achieve a breakthrough, but my government is resolute about this. We have already made the first steps. And I'd like to tell you that today the government will sign an agreement, and this – I'm very happy to say this – with the Challenges Millennium Corporation about starting a threshold program for Ukraine. The government has also initiated, has submitted to the president and the National Security Council, the idea to discuss the issue of corruption as a top priority at the December meeting of the National Security Council, because it's only through combined effort of the branches of power we'll be able to achieve important results.

The next issue – next important element – is the democratic development in Ukraine. All the necessary conditions for democratic development are present in Ukraine today: freedom of speech, freedom of assembly, free and unobstructed access to information, freedom to express one's own opinion that differs from the position of the majority.

I was in opposition not long ago, and I know from my own experience how important it is to adhere to those fundamental rights and freedoms. In general, a competitive political environment has been created in Ukraine, which has been characterized by independent mass media; efficient system of checks and balances where the president, the governmental majority – the Verkhovna Rada – are part of different political forces with strong opposition; and a strong constitutional court, whose role is important as never before.

We have all the necessary conditions for a gradual democratic development Ukraine, which is a clear priority for my government. The duty of the authorities is to support and consolidate the vital achievements that the people have gained. Almost all remember Maidan. Everyone has had one's own Maidan, and it brought about a powerful purification process for the Ukrainian society.

The remaining issues that generate certain tensions in society and have to dissolve include, first and foremost, the final redistribution of powers among the branches of government of Ukraine that result from the transition to the parliamentary presidential system. Our view is that the state institutions are to function effectively, so as to avoid unnecessary conflict and/or duplication.

It's not a simple process for any nation, and especially for such a young democracy as Ukraine. However, complicated as the problems might be, we manage to solve them without needless social distress and excessive polarization of the society. And this is symbolic, because in the long run all of us in the government – the Verkhovna Rada and the president – have but one aim: to improve people's life.

I must admit, though, that we still lack wisdom and tolerance, such as the ones that the Founding Fathers of the United States had. They had mastered their will to subordinate all the minor differences and personal ambitions for the sake of the ideals of democracy and freedom. For every complicated issue they were able to find the golden middle – the compromise that has passed successfully the test of over 200 years. We are learning from you.

Dear ladies and gentlemen, it is sad that the transition problems affect such an important and delicate area as foreign policy. We have yet to learn to speak with one voice. The Ukrainian leaders should be working hand in hand in the international arena to improve the country's image, especially considering the fact that we do not have anything to argue about.

It is in foreign policy where there is a common vision, a compromise. Everyone recognizes our European choice as the key foreign policy priority. Everyone also understands the importance of developing our strategic partnership with the United States and a special partnership with NATO especially.

And I have not yet met politicians who would be opposed to developing friendly relations with Russia. I believe I have no disagreements with the president of Ukraine concerning strategic prospects of the country for the next 20 to 25 years. Our tactical approaches can be the issue. I have always maintained that our actions at the international level should be based on the principles of pragmatism, realism and equilibrium. We should not take upon ourselves more than we can deliver, and this is my personal principle. The economic, financial and energy factors cannot be ignored either.

Finally, as we make foreign policy decisions we have to think about preserving the country's unity. The only significant and controversial problem concerns Ukraine's

Euro-Atlantic integration or else practical implementation of the NATO membership issue. It's hardly surprising, as the stereotypes of the Cold War live too long. A great number of our people still fear that our accession to NATO would be directed against Russia, would harm our friendly relations.

As a result, only one in five Ukrainians is ready to support filing a membership application today to the alliance, and one cannot fail to take the situation into account. That is the reason why I proposed a pragmatic approach at the September meeting of NATO-Ukraine Committee in Brussels. And I suggested the following: continuation of the intensified dialogue with the alliance; expansion of our cooperation, first and foremost in peacekeeping; depoliticizing the subject of NATO-Ukraine relations; carrying out, or rather, launching a wide-scale information campaign that will allow the society to calmly examine the situation without excessive stress, and make a responsible decision.

We greatly appreciate NATO's constructive and well-balanced approach to its future cooperation with Ukraine. President Bush said it best in his speech at the Riga summit. He said that Ukraine can join NATO when it is ready and if it decides to do so. At the same time, I want to leave no doubt: Ukraine remains a reliable and essential partner for the alliance. We have proved it repeatedly in practice. When the suggestion was made to establish the Anti-Terrorist Coalition, we made the decision about where our place should be. And our contribution to that important mission was substantial.

I believe that the other foreign policy issues are much less controversial – perhaps with the exception of my attitude toward our relations with Russia, that for some reason attracts increased attention. Let me say that I view Russia in a much broader way than just a market for our products and a supplier of energy resources. And I'm doing this because of a whole number of factors -- historic factors, cultural, family-related and geopolitical ones. We have to develop our relations in all the areas, but we have to behave as equal partners and base our policies upon our own national interests and priorities -- primarily economic ones -- and this is very important for Ukraine.

As regards to implementation of Ukraine's key strategic objectives -- that is, succession to the European Union -- we have decided to introduce a pragmatic element into our policies. My government has a realistic assessment of today's situation. We believe that pushing the membership issue and heating up the debate cannot resolve the stalemate and will only lead to mutual disappointment and reinforced Euroskepticism. That's why we believe that it's important at the nearest future to concentrate on some specific actions. The most important real step is to start negotiations on the establishment of the free trade area with European Union after Ukraine joins WTO. We believe that a deep and comprehensive free trade area as the first step of our integration with Europe should be the basis for the new agreement with European Union.

Other areas of Ukraine's cooperation with the European Union comprise the energy sector, development of transport corridors, free movement of persons and fight against illegal migration and crime. Ukraine wants to consolidate its position of a leader

in integration processes taking place in the Black Sea-Baltic region. We will also work on strengthening our role as a key factor for ensuring European stability.

At the end of the day, we intend to cut down dramatically the disproportion between, as the first president of the Ukraine, Mykhailo Hrushevsky, put it, what we actually are and what we should be.

Dear ladies and gentlemen, Martin Luther King famously said, "I have a dream." Ukrainian politicians have their dreams, too, as do politicians all over the world, I guess. My government not only dreams, it acts. That's why I hope that Ukraine will come close to starting negotiating its succession to the European Union with me as its prime minister. Maybe we will start the negotiations. It will not happen today or tomorrow, but I believe it will happen. And in any case, Ukraine will have the highest economic growth rate figures in Europe in the nearest future, and Ukrainians will finally get decent standards of life and work. They have definitely earned that.

Thank you for your attention.

(Applause.)

AMBASSADOR STEVEN PIFER: Let me first of all thank you, Mr. Prime Minister, for the very broad discussion. The prime minister has kindly agreed to allow some time for questions. I would ask, first, no statements, just questions. Please identify yourself by name and affiliation and also wait for the microphone. So we'll start right here.

Q: (Inaudible) -- Ukrainian Service of Radio Free Europe/Radio Liberty.

Mr. Yanukovich, you ran a strong anti-NATO campaign this year during the parliamentary elections. And for example, one of the banners of your party displayed NATO atrocities and the pictures of mutilated bodies of women and children. Today, you told us that you speak in one language, but for some reason, you forgot to mention the NATO atrocities that you told the Ukrainian people about. So, who is the real, actual Mr. Yanukovich? Who is the real Mr. Yanukovich? The one who is scaring Ukrainians about NATO or the one who is promising to promote positive image of NATO to Americans? Thank you.

AMBASSADOR STEVEN PIFER: Just one -- for English translation, please go to channel six.

PRIME MIN. YANUKOVYCH: Very briefly, I'll say that the radical position -- the Regents Party never had a radical position with regard to NATO. This is first of all. Secondly, at the time when there was an unpleasant event in Ukraine in Crimea when U.S. ships entered without appropriate permission from the Supreme Rada, and the government of Ukraine violated Ukrainian legislation and the Ukrainian constitution and signed such permission without appropriate decision on the part of the parliament, the

Regents Party was the initiator in this conflict and took upon itself the responsibility to inform in a timely manner the secretary-general of NATO, members of the alliance that this event does not elicit desire on the part of the Regents Party to worsen and intensify the situation in society, because at the same time, it was intense enough already. We localized the actions of those ultra reactionary forces which exist in Ukraine, and we took this situation into resolution in the parliament. And when the time came to formulate a decision about NATO forces in Ukraine, we took the responsibility upon ourselves with the Ukrainian people. And we had the initiative in parliament with regard to the decision, and we decided it with a consensus vote.

Thanks for the question.

Q: Thank you -- William Hill, currently at Georgetown University, but for a number of years I was head of the OSCE mission to Moldova.

Mr. Prime Minister, in light of your aspirations for regional stability and integration, I'd like to ask your evaluation of prospects for progress on achieving a political settlement of the Transnistrian question. In particular, your position and intentions on further cooperation with the EU Border Assistance Mission and implementation of the joint statement of your predecessor, Premier Yekhanurov, and Moldovan Premier Tarlev. Thank you.

PRIME MIN. YANUKOVYCH: A week ago, we adopted a decision with regard to intensifying this work and stabilizing the situation on the Moldovan-Transnistria border. This decision was adopted on the level of such approaches that we developed jointly with the EU and the OSCE. So, we intensified this commission. It's now headed by the Vice Premier Kluyev of Ukraine, and members of the commission are functionaries and officials. And it's not a simple question. And during my stay in Moscow, I broached this question also, and we agreed with Russia that we would jointly adopt a common position to resolve this situation, and we will try to find a resolution. And Moldova should remain the only -- an undivided territory, and Transnistria should be part of Moldova.

Q: Hello. Robert Sherretta of International Investor.

Mr. Prime Minister, you mentioned in your speech that Ukraine could remain a reliable energy partner for the rest of Europe. Our question is, to what degree do you believe Russia will be a reliable partner passing natural gas through the Ukraine? And if, for whatever reasons, that was interrupted, how many days could Ukraine supply Europe with its present stocks before they were depleted?

PRIME MIN. YANUKOVYCH: Today, we have no objections with Russia supplying Ukraine and Europe. Besides that, Russia is interested to expand its deliveries to Europe, and we are now working to modernize the Ukrainian part of the transport system to parts of Bogorodchany-Uzhgorod. And we should do this, I think, in the near future -- 2007, 2008 -- which will give us the ability to increase our capacity to Europe on

the lines of 20 billion cubic meters of gas. And we have in mind that this will not only be Russian gas. Oh, by the way, this will be gas from the Caspian Sea Basin. And we're working with Kazakhstan, Uzbekistan, Turkmenistan. We're working in this direction so that this policy will be foreseeable, and that we can combine our forces of importers and exporters and transitors so that the energy delivery system into Europe will be stable and foreseeable.

Without a doubt, our priority is questions of diversification of energy delivery. And we're working to -- in the near future to have one separate source into Ukraine and Europe from Caspian Sea countries via Ukraine. This is a separate project. And we also have, as part of this, the Odessa-Brody-Irdines pipeline.

Q: My name is Roman Kupchinsky from Radio Free Europe.

Mr. Prime Minister, the monopoly on transporting Central Asia's gas to Ukraine is held by a company called RosUkrEnergo. Fifty percent of RosUkrEnergo is owned by Gazprom, the Russian state-owned gas monopoly. The rest are owned by Ukrainian businessmen -- (inaudible). Do these Ukrainian businessmen represent the interests of Ukraine in RosUkrEnergo? Do they represent their own interests? And what, if any, relationship do they have to the Ukrainian government and to -- (inaudible) -- Ukraine? Thank you.

PRIME MIN. YANUKOVYCH: Well, all these relations are transparent and pragmatic. In the nearest future -- I hope next week -- we will have such a public meeting -- open meeting -- with that company with participation of Gazprom of Russia, with participation of Ros -- the joint venture UkrGasEnergo. And clearly, we're interested in, first and foremost, having the supplies advantage and resources on a stable basis and the volumes that we need and with prices that make Ukraine happy.

Today, our key partner in this issue is Gazprom, the entrepreneurs that you have named. They are partners of Gazprom. And this is an issue that we, as they say, inherited from before. But we don't see anything bad in it as yet. So far, we have been able to provide the transparent mechanisms for transformation of resupplies, and we are watching that issue carefully.

Q: Spasibo bolshoi, Mr. Prime Minister. My name is Brian Murphy, I speak for myself.

Sir, I'm concerned about the state of the rule of law in Ukraine, particularly with regard to anti-corruption efforts. Could you share with us your views about the importance of anti-corruption efforts?

PRIME MIN. YANUKOVYCH: Well, by all means, this is an issue that worries the Ukrainian society a whole lot today. Two weeks ago, for the time, and a week ago for the second time, with this -- (inaudible) -- of corruption an open meeting of the government, and we made the necessary decision in the resolution of the Cabinet of

Ministers about fighting corruption in Ukraine. As I've said in my presentation, we're going to give a lot of attention to this issue in our work, because this is a sickness that has to be cured, and it has to be approached from every side. One of the key problems here -- and I have said that, too, in my speech -- is the problem of the judiciary. And the issue of the judiciary reform is very important today. It's on the agenda. It's to right, I would say. And the citizens of Ukraine, business and the authorities -- everyone understands well that the country cannot depend on the status of the judiciary, the state of the court system in Ukraine. And the judiciary reform is a priority for the government and the parliament, and we will be actively working on it now. We will introduce the necessary amendments to the laws and will adopt new laws.

Q: My name is Mike Haltzel from Johns Hopkins University, School of Advanced International Studies.

Mr. Prime Minister, I wonder if you could give us your view of the Lukashenko regime in Belarus. And given the democratizing reforms that you've just described that you're carrying out in Ukraine, what do you think Ukraine's policy towards Lukashenko's Belarus should be? Thank you.

PRIME MIN. YANUKOVYCH: Today, Belarus as a neighboring country is an important economic partner for Ukraine, and we're developing our relations with Belarus on the basis of trade and economic benefits. Our relations are getting better. As regards politics and policy of Belarus toward Ukraine, it is stable, it is friendly, and good, neighborly. Of course, we are concerned with the issue of democracy in Belarus. And during my meetings with my colleague, the head of the government, Mr. Sidorskiy, we discussed that issue last week at the summit of the heads of government in Minsk. The Belarussians themselves feel that they need democratic changes. And I think that they will take place in an evolutionary manner there. We wish the society can overcome their problems that they have. The country -- the Belarussian society -- is a healthy one. My roots they come from Belarus, and I know that the nation is strong there. They will overcome the problems that they are facing now.

Q: Laura Holgate from the Nuclear Threat Initiative. Ukraine made a courageous decision 15 years ago to safeguard its national security by renouncing any claim to nuclear weapons. How will Ukraine build on that record to promote nonproliferation and nuclear security both within Ukraine and globally?

PRIME MIN. YANUKOVYCH: Unfortunately, we have old questions. We've adopted decisions, but we have become hostages. For example, Ukraine has ecological problems in the aftermath, for example, of solid fuel which needs to be destroyed. But we don't have the technology to do that. And the factory, in accordance with an agreement with the United States in those far away '93-'94 time frame -- this factory which should have been in Ukraine ended up in Russia. And it's now being used in Russia, and Ukraine needs it. So, that's that question. Now, we have this problem. We have talks now, and American diplomats are assisting us. They are supporting our desires. And during this trip, I will broach this subject.

With regard to nonproliferation of nuclear weapons, Ukraine is part of all international agreements and is a stable partner in nonproliferation activity. And we are always tied to countries that have such an initiative.

Q: (Inaudible) -- U.S.-Ukraine fund.

Mr. Prime Minister, please explain the basis for laying off Lutsenko, the Interior Ministry, and how the laying off of Foreign Minister Tarasyuk will impact U.S. and Russian relations.

PRIME MIN. YANUKOVYCH: Ukraine is a democratic country which is undergoing democratic reforms. And in spring of this year, there were democratic elections. Today, we're building a new system of authority. We have a coalition government. And when the ministers are part of the government that oppose the government, then they cannot realize the policies of the government. And as courageous people, they should adopt a decision on their own where they should be. Should they be in the opposition or should they be working within the framework of the government and realize its policies? This is my principal position and always remains such.

With regard my thoughts about Foreign Minister Tarasyuk, he is an expert of a higher category. And there were not any questions about him as a minister; there were political questions. Either you're part of the coalition or you're in the opposition.

With regard to Mr. Lutsenko, the interior minister, he was more playing politics than fighting crime. He made many superfluous statements in recent years. All of his statements were political, and he named names of people. He called them traitors, criminals who were not under indictment. There was not investigation even, et cetera. So, my position was principal. And when we began to work with Mr. Lutsenko, I warned him that he should make order in the country, that he should fight crime, that he should not insult people, that he should keep to democratic principles, etc. Unfortunately, he did not stop. This is first. And further, a parliamentary commission, composed of experts which had the possibility to learn to study his work as the head of this ministry, they gave him a negative grade. So, the decision of the parliament was open, and it was a decision of the parliament, which I supported.

AMBASSADOR STEVEN PIFER: Prime Minister, first of all, let me thank you for joining us today. I think, as you can see by the turnout on an early Monday morning and also by the questions, there's a lot of interest here in Ukraine. And I think it's indicative of the interest that you're going to discover in your conversations today, tomorrow in Washington and in New York on Wednesday. So, let me wish you good luck in those conversations and also luck in fulfilling the vision that you describe today.

Can I ask everyone to remain seated while we get the prime minister's party out and on to the next meeting?

But please join me in thanking once again Prime Minister Yanukovich for joining us today.

(Applause.)

(END)