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FILE TITLE:

RELATIONS

SERIES

UKRAINE

PART

4.

PART BEGINS

5 FEBRUARY 05.

PART ENDS

5 MAY 05

CAB ONE

Labour Administration

PREM 49/4439

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PART

CLOSED

DATE CLOSED	5 MAY 2005
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Series : UKRAINE

File Title : RELATIONS

Part : 4

Date	From	To	Subject	Class	Secret
08/02/2005	fco	FA/APS	Message of Congratulations to new Prime Minister of Ukraine	R	
21/02/2005	FA/APS	PM	Bilateral with viktor Yushchenko 22 February 2005	C	
22/02/2005	FA/APS	fco	PM's Meeting with Voktor Yushchenko	C	
22/02/2005	PM	Ukraine/Pres	Letter to Tymoshenko re Congratulation on appointment as Prime Mi	U	
25/02/2005	US /HMA	fco	EU/Ukraine/Russia	C	
10/03/2005	fco	FA/APS	Ukraine Letter from the PM to President Yushchenko	R	
14/03/2005	PM	ukraine/PM	Relations and good to meetin 22/Feb Orange revolution	U	
01/04/2005	MS/FCO	PM	Ukraine and the UK: Policy for Black Sea Europe	C	

From: Denis MacShane

Date: 1 April 2005

Cc: Foreign Secretary
Nigel Sheinwald
John Sawers
Tim Barrow
HMA Ukraine

AP
✓
LD
JP

Prime Minister

UKRAINE AND THE UK – POLICY FOR BLACK SEA EUROPE

1. Back from my second trip to Ukraine within two months I am writing to urge that after the election you encourage the UK to seek to develop a strong partnership with Ukraine with engagement at a high political level.
2. The strategic goal is as follows:
 - To encourage Ukraine's development as an open European market economy under rule of law, with respect for democratic norms and human rights;
 - To use a Ukraine heading in the above direction as a model for other post-Soviet states in the Black/Caspian Sea region and ultimately as a model and encouragement for Russia.
3. This policy choice will require calm, patient, long-term engagement by the UK. It assumes a stable(ish) Ukrainian government headed by Viktor Yushchenko. It requires seeing UK-Ukraine relations in the round – not just short-term political or business fixes. It meshes with the ambition of the UK helping the US and the EU to work as partners, as both America and Europe want a stable pro-western and moderate Ukraine. While Chirac and Schroeder fight for Putin's ear with little guarantee that the Kremlin chief can deliver what we want – in terms of democratic rule of law, rule-of-law market economies and help at the UN or OSCE – the UK can shape a Ukraine policy that can demonstrate to Russia that win-win politics are possible with Europe and America.
4. Two developments underline this thesis. The first is the nature of the "Orange" revolution. Like Portugal, Greece and Spain in the 1970's, East Europe after 1989 or South Africa after 1990, there has been a fundamental change in *mentalité* in Ukraine. The events of November 2004 – January 2005 were not a power struggle or political manipulation. They constituted not a revolt but a revolution. Its peaceful nature should not blind us to its impact. Nor to the danger that an indifferent Europe, labouring under "enlargement fatigue", may fail to seize the chance to stabilise its southeastern flank and allow a better Russia to emerge.

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5. The second development is Yushchenko himself. This man is a real political leader. I have been watching – sometimes close-up – political leaders in different countries for 25 years. Yushchenko has it. That quality of cutting through blah-blah and going straight to the political point. In contrast to some of his ministers who are eager-beaver in pushing for the road to EU membership, Yushchenko told me: “Ukraine should not speak all the time saying Ukraine should be a member of the EU. We understand the EU has difficulties. We can wait until you solve your problems. We will not put you in a difficult position.”
6. He says he wants a “small road map” for 2005 to bring Ukraine closer to fulfilling his ambition of Ukraine becoming a “European country”. While his ministers offered a list of 20 areas they wanted agreement between Brussels and Kiev, Yushchenko waved all that away. “Let us achieve four or five agreements. Let us give the people in Independence Square some reward for their desire to see Ukraine becoming European even if we know EU membership or associate membership is a long, long way off”.
7. I urged him to lift one-sided visa controls so that all EU citizens, especially young people, could come to Ukraine as tourists, weekend holidaymakers and students, to see Kiev or the Crimea. I said I would like to see Kiev and Crimean airports full of Easyjet, Ryanair or Jet2.com planes and other low cost planes from Europe. Developing Ukraine’s tourist industry would bring in western know-how in the world’s fourth biggest industry as well as create jobs for low skilled workers.
8. There is a proposal to lift visa requirements in connection with the 2005 Eurovision Song Contest. “Bring me the decree,” said Yushchenko, “I will sign it straight away!” A dramatic gesture for effect. But the startled eyes of his ministers, who are hoping to obtain a softening of EU visa requirements for Ukrainians going to Europe, showed that their President was well ahead of his bureaucracy.
9. The UK is the third biggest investor in Ukraine after the US and Cyprus (re-cycled Russian and Ukrainian money). The UK is seen as the most effective champion of enlargement including the new enlargement of Black Sea Europe – Bulgaria, Romania and Turkey. We will lose nothing and gain much by quietly forging a special relationship with Ukraine, especially as pipelines from the Caspian energy sector head towards the Black Sea.
10. Ukraine is looking for a strategic ally in addition to its natural relationship with Poland and Georgia. By stepping up links, connections, by taking unilateral UK decision on visas, or by making an effort to hold the EU-Ukraine summit during the UK presidency in Kiev, rather than Brussels, we would make Britain a key player-partner in the new politics of Black Sea Europe. For not much investment, there would be a big return – above all showing to Russia that an alternative model to its present political course is possible.

Denis MacShane

Denis MacShane

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10 DOWNING STREET
LONDON SW1A 2AA

14 March 2005

THE PRIME MINISTER

SUBJECT
MASTER
Filed:

Dear Viktor,

I was very pleased to meet you on 22 February and to hear at first hand your ambitious and impressive reform plans to build upon the "Orange Revolution" and take Ukraine forward to EU accession and North Atlantic integration. I would like to repeat my support for these aspirations and confirm that the UK stands ready to help.

During our meeting you outlined three immediate priorities: securing Market Economy Status, WTO membership and a visa facilitation agreement with the EU. These are all areas that the EU has likewise identified as priorities for the relationship. We will look to take them forward in close cooperation with Ukraine before and during our EU Presidency. I hope we will be able to announce significant progress by the time of the EU-Ukraine Summit in the autumn.

On Market Economy Status, you will be well aware from discussions with the European Commission of the need for Ukraine to demonstrate progress on two outstanding issues (removal of residual price controls and full implementation of the new bankruptcy law). I offer you the UK's full support in addressing these issues domestically, including technical assistance if needed. As

soon as Ukraine makes the necessary progress, the UK will urge the European Commission to grant MES to Ukraine as quickly as possible.

We are also willing to give political support, both bilaterally and via the EU, for rapid conclusion of WTO negotiations. With the conclusion in March 2003 of bilateral negotiations with the EU on goods and services Ukraine took a substantial step towards being ready to join the WTO. I look forward to hearing that Ukraine has concluded the outstanding bilateral negotiations with the US and others and resolved the other issues to allow for early accession. I will stress with the US and the UK's other international partners the importance of making rapid progress on this front.

Both WTO accession and achievement of MES will be important indicators of progress towards the economic reforms you are seeking to imbed in Ukraine. Bold actions are necessary to ensure the spirit of the "Orange Revolution" is properly reflected in domestic reform and you have the UK's support in your efforts to achieve this. The UK's Department for International Development is already providing some technical assistance to the Ministry of Economy on WTO accession; we stand ready to offer further technical support if it is needed.

On visa facilitation, the UK is outside the Schengen Agreement and immigration is a difficult political issue. I understand that you may be willing to look at the rapid conclusion of the Community re-admission agreement, which would go a long way in helping to provide reassurance and provide a basis for real progress. We will look at what we can do to move the matter forward during our Presidency of the EU. Bilaterally I hope that we will be able to work together to stop abuse by those who seek to circumvent our immigration system, in order

to create the necessary framework within which the visa regime could be removed. Our immigration experts should meet to identify the problems and develop ideas to tackle them.

I know how important the goal of EU accession is, both for you personally and for reform in Ukraine. As you know, the United Kingdom will hold the EU Presidency in the second half of this year, when an EU-Ukraine Summit will take place. Our approach, as Presidency, will be an ambitious one, and will be guided by the principle that Ukraine's European aspirations should be considered on their own merits, seeking to reflect as positively as possible the progress you have made in bringing Ukraine closer to the EU.

But this is not a decision for the UK alone. The amount of progress we are able to make then will depend on a range of factors, including the implementation of the EU-Ukraine Action Plan, and the way thinking develops in other EU Member States. To discuss this further, I would like to send a team of experts to Kiev. It will be headed by Kim Darroch, my European Affairs adviser. We should also re-establish our regular bilateral consultative mechanism. We would be delighted to welcome your diplomatic adviser, Olexandr Motsyk, to the UK.

I believe you should pursue a similar approach to NATO. We are keen to see Ukraine develop its relationship with NATO, building on existing arrangements through a pragmatic step-by-step approach, tailored to Ukraine's needs. Continued reassurance of Ukraine's commitment to a reform agenda to meet NATO standards is also important. That would help NATO Foreign Ministers to agree, when they meet in Vilnius this April to set in motion a process with a clear perspective of NATO membership. By then, Allies will wa

to see clear evidence of implementation of your reform objectives. Your continued efforts to maintain good relations with Russia will help to reassure Allies.

Finally, you kindly invited me to visit Ukraine. Given our Presidency of both the EU and G8 this year, my diary is very full. But I certainly hope I will get a chance to visit one day. In the meantime, I know that Dr MacShane, the Minister for Europe, plans to meet Deputy Prime Minister Rybachuk soon and that he will lead a delegation of ministers and businessmen to Ukraine in the near future.

Yours ever,
Tony

His Excellency President Viktor Yushchenko



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Prime Minister

I attach a letter to President Yushchenko of Ukraine ^{regarding} to the five points he put to you in Brussels. It attempts to be positive about his EU and NATO aspirations while being realistic about what he needs to do to get there (and what we can do to help).

Please sign if content

AJL

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10 March 2005



Foreign &
Commonwealth
Office

London SW1A 2AH

Dear Antony,

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to me
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Ukraine: Letter from the Prime Minister to President Yushchenko

The Prime Minister asked for a positive reply to President Yushchenko on the five requests that were made during their meeting in Brussels on 22 February. The request included help with securing Market Economy Status (MES) and WTO accession, agreement on visa facilitation, and support for EU accession. Yushchenko also hoped that the Prime Minister would visit Ukraine.

MES, WTO accession and a more liberal visa regime between the Ukraine and Schengen are all among the extra measures that the 21 February GAERC agreed to strengthen EU-Ukraine engagement over and above the European Neighbourhood Policy Action Plan. We are aiming to ensure as much progress as possible on these issues before an EU-Ukraine Summit in October. Yushchenko hopes to achieve MES by June. This is largely dependent on progress by Ukraine on two outstanding issues (full implementation of the new bankruptcy law and removal of residual price controls). We should offer technical support and advice if necessary. The EU has concluded negotiations with Ukraine on WTO and membership now depends upon concluding negotiations with the US and other major WTO members, and completing multilateral negotiations. UK and EU support should therefore focus on technical support (DFID already has a project advising the Ministry of Economy) and lobbying others to conclude negotiations. Liberalising the visa regime is a Schengen lead, so we play little role. There have been some indications that Ukraine may be willing to agree to a readmission agreement. Change to our own visa regime is also problematic. Ukrainian nationals continue to pose a significant problem for the UK, as does irregular migration through the Ukraine. It would be premature to hold out the prospect of removing the visa regime but right to offer to work with the Ukrainians to help identify the problems and develop solutions.

The question of support for Ukraine's EU aspirations is the most difficult. Our objective must be to consolidate the gains from the Orange Revolution. We need to entrench Ukraine's strategic direction quickly. There will be many in and out of Ukraine who will want to reverse democratic progress. And we have seen in Serbia how fragile reform can be. The Prime Minister recognised in his meeting with Yushchenko the scale of the challenges remaining, and the need for an EU and NATO perspective as an incentive to

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motivate people down what would be a difficult path. Yushchenko will have noted this, and will hope for it to be echoed in a letter from the Prime Minister.

However the EU is divided on the issue, with some member states (France, Spain, Belgium) set against offering a membership perspective. So tactically we will need to take an incremental approach towards a more forward EU position. Our approach should be to encourage Yushchenko to demonstrate results on reform, and to engage with EU leaders, but to avoid asking for a membership perspective until he can be confident of the right answer. We should tell him we will work with him to get the best result possible from the EU-Ukraine summit. Since the summit is being planned for after 3 October, this approach should also help ensure the water is not muddied on a Turkey decision, and pushes the issue of Ukrainian membership well beyond the French referendum on the EU Constitution. As a signal of our seriousness, we should offer a visit by Kim Darroch, with experts, to discuss this further and to revive the bilateral consultative mechanism between Number 10 and the President's Secretariat.

Although not one of the five requests from Yushchenko, NATO membership is another of his major foreign policy goals. The message here is the same as for the EU: concentrate on reform and make small incremental steps as the best way of securing membership. In particular, Ukraine should be looking to a firm road map to a Membership Action Plan with a target date at the NATO Foreign Ministers' meeting in Vilnius in April rather than MAP itself.

Finally, Yushchenko invited the Prime Minister to Kiev. The Prime Minister will see Yushchenko at the EU-Ukraine Summit in the autumn, which it is Ukraine's turn to host. Given recent events and the need to give a more visible sign to the Ukrainian people of EU support for direction that Yushchenko's government is taking Ukraine, there is a strong case for giving Kiev their turn. But I appreciate that diaries will be tight due to other EU and G8 Presidency commitments. We can also point to other ministerial contact. Dr MacShane will see the Deputy Prime Minister for European Integration, Rybachuk, on 15 March and has agreed to lead a delegation of ministers and businessmen to Kiev later in the year.

...

I enclose a draft letter which has been cleared around Whitehall.

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I am copying this letter to Chris Baker (MOD) Matthew Hilton
(DTI), James Bowler (HMT), and Margaret Aldred and William Ehrman
(Cabinet Office).

Yours ever,

Geoffrey Adams

(Geoffrey Adams)
Principal Private Secretary

Antony Phillipson
10 Downing Street

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OF THE PUBLIC RECORDS ACT

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PREM 409/4439

LETTER DATED 10/03/2005

**DRAFT LETTER FROM THE PRIME MINISTER TO PRESIDENT
VIKTOR YUSHCHENKO**

I was very pleased to meet you on 22 February and to hear at first hand your ambitious and impressive reform plans to build upon the "Orange Revolution" and take Ukraine forward to EU accession and North Atlantic integration. I would like to repeat my support for these aspirations and confirm that the UK stands ready to help.

During our meeting you outlined three immediate priorities: securing Market Economy Status, WTO membership and a visa facilitation agreement with the EU. These are all areas that the EU has likewise identified as priorities for the relationship. We will look to take them forward in close cooperation with Ukraine before and during our EU Presidency. I hope we will be able to announce significant progress by the time of the EU-Ukraine Summit in the autumn.

On Market Economy Status, you will be well aware from discussions with the European Commission of the need for Ukraine to demonstrate progress on two outstanding issues (removal of residual price controls and full implementation of the new bankruptcy law). I offer you the UK's full support in addressing these issues domestically, including technical assistance if needed. As soon as Ukraine makes the necessary progress, the UK will urge the European Commission to grant MES to Ukraine as quickly as possible.

We are also willing to give political support, both bilaterally and via the EU, for rapid conclusion of WTO negotiations. With the conclusion in March 2003 of bilateral negotiations with the EU on goods and services Ukraine took a substantial step towards being ready to join the WTO. I look forward to hearing that Ukraine has concluded the outstanding bilateral negotiations with the US and others and resolved the other issues to allow for early accession. I will stress with the US and the UK's other international partners the importance of making rapid progress on this front.

Both WTO accession and achievement of MES will be important indicators of progress towards the economic reforms you are seeking to imbed in Ukraine. Bold actions are necessary to ensure the spirit of the "Orange Revolution" is properly reflected in domestic reform and you have the UK's support in your efforts to achieve this. The UK's Department for International Development is already providing some technical assistance to the Ministry of Economy on WTO accession; we stand ready to offer further technical support if it is needed.

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will

[Jeremy Pilmore-Bedford, EU-X]

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Foreign &
Commonwealth
Office

10 March 2005

London SW1A 2AH

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Yours ever,

Geoffrey Adams

(Geoffrey Adams)
Principal Private Secretary

Antony Phillipson
10 Downing Street

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PREM 179/4439

LETTER DATE 10/03/2005

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[Jeremy Pilmore-Bedford, EU-X]

FEB-25-2005 13:49

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From the Ambassador
Sir David Manning KCMG

British Embassy
Washington

3100 Massachusetts Avenue, N.W.
Washington, D.C. 20008-3600

Telephone: (202) 588-6511
Scheduling: (202) 588-6512
Facsimile: (202) 588-7860

www.BritainUSA.com

25 February 2005

Dr Nicola Brewer
Director General, Europe
FCO

Dear Nicola,

(f)

Ns

✓ cc AP
GC
JP

EU/UKRAINE/RUSSIA

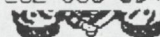
1. I have seen Tony Brenton's letter to you of 24 February, and strongly agree with it. I have no doubt that we should do all we can bilaterally, and through the EU, to underpin Yushchenko's efforts to move a reforming Ukraine towards Europe. We should not downplay our commitment or acquiesce in the French, German and Spanish approach. To do so would be a betrayal of Ukrainian democrats who have shown enormous courage; would undermine Russian democrats who, as Tony intimates, may well need to demonstrate a similar courage in the years ahead; and would send signals that we are willing to collude in the wholly unacceptable Russian claim that there is something called "former Soviet space" where our principles do not apply, particularly if they upset Putin.

2. Needless to say, there is a US dimension. Bush has come out strongly in the last few days (and very helpfully from our point of view) in favour of European construction. He has done so on the basis that the EU has led to an expansion of democracy through the incorporation of new members who have signed up to transatlantic values. This is our vision too. He has also warned Putin to respect those same values, not least within Russia. This, too, is our position. Nothing could be better calculated to undermine Bush's positive commitment to the US/EU relationship, and indeed the wider transatlantic relationship, than apparent willingness by the EU to ignore Ukraine's European vocation, or sell it short in the face of Kremlin pressure.

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G8
GLENEAGLES



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3. It is not my immediate business but there is surely an enormous strategic interest for the EU and the transatlantic community in trying to exploit this opportunity of ensuring that Ukraine does not revert to being a satrapy of a Russia at risk of creeping authoritarianism.

Yours truly,
David

David Manning

cc: Private Secretary

PS/Mr Rammell

PS/Mr McShane

PS/PUS

Dickie Stagg

Dominick Chilcott

Edward Oakden

Heads: EU-X Northern & Eastern Europe, Eastern, Press Office, PRDD, HRPD, IOD

HMAs: Kiev, Paris, Berlin, Warsaw

John Grant, UKRep Brussels

Peter Ricketts, UKDel NATO

Colin Munro, UKDel Vienna

Duncan Allan, ERG

Special Advisors

Sir Nigel Sheinwald, No 10

Antony Phillipson, No 10

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TOTAL P.03



10 DOWNING STREET
LONDON SW1A 2AA

File
cc: F60
HMA
**SUBJECT
MASTER
Filed:**

22 February 2005

THE PRIME MINISTER

Dear Prime Minister,

Congratulations on your appointment as Prime Minister of Ukraine. I wish you every success as you take forward your government's new programme to reform Ukraine's economy and bring it closer to the European Union. The British Government stands ready to assist you and your colleagues in taking forward this agenda at this key moment in Ukraine's history. I look forward to working with you, particularly as Britain takes on the Presidency of the European Union in the second half of this year.

Yours sincerely,

Tony Blair

Her Excellency Yulia Tymoshenko

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10 DOWNING STREET
LONDON SW1A 2AA

Filed: /

(Revised version)

file

From the Private Secretary

22 February 2005

Dear Caroline,

**PRIME MINISTER'S MEETING WITH VIKTOR YUSHCHENKO,
22 FEBRUARY**

The Prime Minister met President Yushchenko of Ukraine in Brussels this afternoon. Yushchenko was accompanied by his Foreign Minister, Tarasyuk, and his Vice President for EU Integration, Rybachuk. The Foreign Secretary, Nigel Sheinwald, Kim Darroch, John Sawers and I were present on our side.

The Prime Minister paid tribute to Yushchenko's election. The Ukraine elections had been a remarkable event. There was clearly still a lot to do, but he wished him all the best.

Yushchenko said he had told President Bush that Ukraine had been pursuing its independence for 800 years. Fifteen years ago it had achieved independence, but not freedom. That had changed at Christmas. Many people had paid a high price to defend democracy in Ukraine. Yushchenko himself had paid a personal price, but he would recover.

Yushchenko said he had two strategic goals: EU accession and North Atlantic integration. The Prime Minister said that the real challenge would be the scale of the changes that were still necessary. But we should set out an EU and NATO perspective to provide a real incentive. People needed something to aim for if you wanted them to follow a difficult path. If they couldn't see the objective then they would only see the obstacles and lose heart.

The Prime Minister stressed that the UK would give all the help it could. We wanted to establish realistic timelines for Ukraine's objectives. He noted that all of the great changes in Europe had been incentivised by the prospect of EU membership. That said, there were clearly lots of institutional problems to address in Ukraine. He urged Yushchenko to use all the expertise that he would be offered by the UK and others in the coming months and years.

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The Prime Minister noted that Russia was clearly an important partner for Ukraine. This was a fact. What we needed to do, and Bush would do with Putin this week, was make clear that our support for democracy in Ukraine was not a hostile act against Russia but a friendly act for Ukraine. We needed to manage this carefully. Russia was pursuing difficult changes itself. We needed a comprehensive dialogue with them.

Yushchenko said that Russia was clearly digesting its recent changes. Ukraine's goal was not hostility. He had made clear to Putin when he had met him in Moscow that Ukraine's opposition to the single economic space was not an act of aggression, but Kiev didn't know what it really involved. He wanted to formalise Ukraine's relationship with Russia in many areas – fiscal, budgetary, financial – but Russia had to accept that Ukraine would not do anything that blocked its relationship with the EU and a possible path to accession. Ukraine was in a unique position. It had a key strategic partner to the East and to the West. It would want to pursue harmonisation with both and not close the door on either.

Yushchenko said he had been encouraged by Putin's answer which was that there was no sense in arguing about this. Ukraine was a European country. Putin understood its European aspirations. Yushchenko noted that Putin would make a return visit to Ukraine in a few weeks.

Yushchenko then set out five requests.

- Market economy status. He said he had discussed this with Commissioner Mandelson. This was now a political decision and he hoped the Prime Minister would back it.
- WTO membership. All the necessary protocols would be completed later this year. Again this required a political push.
- Visa regime. This was a big problem. He hoped it could be lifted for students at first, and then diplomats.
- EU accession. The three year European Neighbourhood Action Plan had now been formalised. Yushchenko hoped that when it was finished they could start accession negotiations. He asked for the Prime Minister's support. Ukraine was currently being pulled in

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- 3 -

two directions. They needed to move quickly on accession. He suggested that they would submit a formal application during our Presidency.

- He hoped the Prime Minister would visit Ukraine.

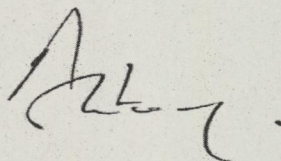
The Prime Minister said he would respond in writing to all these points to Yushchenko. He hoped they could keep in touch.

Comment

Please could I have a draft reply for the Prime Minister to send Yushchenko on these points. We will want to be as positive as we can, but we also need to manage Ukrainian expectations. The question of a formal submission of a Ukrainian application for membership in our Presidency needs particularly careful consideration as this could complicate other dossiers, not least agreeing the mandate for Turkish accession negotiations.

I am copying this letter to Margaret Aldred and William Ehrman (Cabinet Office), Chris Baker (MOD), , Matthew Hilton (DTI), James Bowler (HMT), Robert Brinkley (Kiev), Tony Brenton (Moscow), Sir David Manning (Washington), Sir Peter Ricketts (UKDel NATO), Sir John Holmes (Paris), Sir Peter Torry (Berlin), Charles Crawford (Warsaw) and Sir John Grant (UKRep Brussels).

Yours,



ANTONY PHILLIPSON

Caroline Wilson
FCO

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OF THE PUBLIC RECORDS ACT

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PREM 49/4439

LETTER DATED 22/02/2005

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FAXED *to out file*

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 February 2005

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**SUBJECT
MASTER
Filed:**

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- 3 -

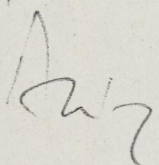
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yours,



ANTONY PHILLIPSON

Caroline Wilson
FCO

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OF THE PUBLIC RECORDS ACT

PREM 49/4439

LETTER DATED 22/02/2005

160
2.6.6

From: Antony Phillipson
Date: 21 February 2005

PRIME MINISTER

cc: Jonathan Powell
Nigel Sheinwald
Kim Darroch
David Hill
Grace Cassy
Ian Gleeson

BILATERAL WITH VIKTOR YUSHCHENKO: 1435-1505 22 FEBRUARY

You are meeting President Viktor Yushchenko of Ukraine at his hotel in Brussels 1445-1515 tomorrow. He will be accompanied by his Foreign Minister Tarasyuk, among others. Jack Straw, Jonathan, Nigel, Kim and I will be present on our side.

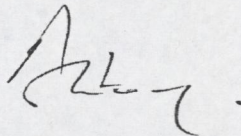
Since his victory in the Boxing Day re-run of Ukraine's presidential election, Viktor Yushchenko has appointed his new government; unveiled an ambitious reform programme; and made key visits across Europe, including Moscow, the World Economic Forum and the Council of Europe. His agenda focuses on tackling corruption; crime and security; and a new social policy agenda to reduce poverty. On the foreign policy side, EU integration is the dominant theme, although new PM Tymoshenko also stressed that Russia is Ukraine's "first and foremost partner".

We and the EU are in the process of reviewing policy towards Ukraine. The General Affairs Council today will set out ways to strengthen relations beyond the offer already set out in Ukraine's European Neighbourhood Policy Action Plan, which was negotiated before the orange revolution. Measures include granting Ukraine market economy status as soon as outstanding limited issues have been resolved, further support for early Ukrainian accession to the WTO and exploring the scope for reducing barriers to trade, especially steel.

On EU accession, Tarasyuk talked recently of Ukraine applying for EU membership in 2007. We certainly do not want to close the door to accession (the French do) but we need to urge the Ukrainians to focus on achieving the necessary reforms – we can help. At the same time, we need to take care not to be too cool on EU in case that pushes Ukraine down the more (Russia-)sensitive NATO route. You will be meeting after the NATO Ukraine Council at which Yushchenko may seek a membership action plan.

For tomorrow the key points to make are:

- Congratulate Yushchenko on democratic gains of Ukraine's orange revolution. We want to see these consolidated and economic reforms succeed. This is not a small task. The UK is ready to help in any way it can.
- Recognise Ukraine's aspirations for an EU membership perspective. Ukraine is clearly a European country and the criteria for membership are clear.
- For now, believe Ukraine should focus on implementing EU-Action Plan and reform programme. This will help Ukraine's bid for Market Economy status and WTO membership as well.
- Looking forward to an EU/Ukraine Summit during UK Presidency. If raised - venue/dates unconfirmed (Yushchenko may urge you to agree to holding this in Kiev. Our current plan is to do it in Brussels).
- NATO values its relationship with Ukraine. NATO and Ukraine now need to consider carefully how this should develop. We are supportive of a closer relationship. But a premature formal request to start a membership process risks misfiring. A cautious approach will also help with Russia handling.
- You might ask Yushchenko for his perspective on Ukraine/Russia and EU/Russia in general.
- Ukraine has just under 1600 troops in MND-CS. Yushchenko is committed to withdrawing them, but has promised consultation first. You should stress the importance of the MNF remaining in Iraq if that's what the new Iraqi Government wants, and that any Ukrainian withdrawal should if possible be only partial, and gradual, to avoid giving the wrong signal after the elections.



ANTONY PHILLIPSON

RESTRICTED



Foreign &
Commonwealth
Office

8 February 2005

London SW1A 2AH

~~CC: NS~~

Dear Antony,

Message of Congratulations to new Prime Minister of Ukraine

The Ukrainian Parliament (Rada) approved President Yushchenko's close ally, Yulia Tymoshenko, as Prime Minister on 4 February. Often described as a firebrand or radical, Tymoshenko is a controversial choice as Prime Minister. But Yushchenko's choice of her signals both his strength and his desire to achieve radical reforms. The Rada's vote of approval of her by a large margin of 373 votes out of 450 is a significant victory for Yushchenko and an endorsement of his new Government's programme that was presented on the same day.

... The Embassy in Kiev recommends that the Prime Minister sends a congratulatory message to Yulia Tymoshenko (see enclosed telegram). I enclose a draft. The Secretary of State will be sending messages of congratulation to the new Ukrainian Foreign Minister and the Deputy Prime Minister for European Integration who were appointed along with the rest of Tymoshenko's government on 4 February. Geoff Hoon is writing to the new Defence Minister, Anatoliy Hrytsenko, and has raised the importance of maintaining Ukraine's contingent in Iraq.

Yours ever,

(Caroline Wilson)
Private Secretary

Antony Phillipson Esq
10 Downing Street

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DRAFT MESSAGE FROM THE PRIME MINISTER TO THE PRIME
MINISTER OF UKRAINE, YULIA TYMOSHENKO

Congratulations on your appointment as Prime Minister of Ukraine. I wish you every success as you take forward your government's new programme to reform Ukraine's economy and bring it closer to the European Union. The British Government stands ready to assist you and your colleagues in taking forward this agenda at this key moment in Ukraine's history. I look forward to working with you, particularly as Britain takes on the Presidency of the European Union in the second half of this year, and hope we will have an occasion to meet soon.

[Jeremy Pilmore-Bedford, EU-X, 7008 2434]

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