



№12 (20 February 2015)

THE RAZUMKOV CENTRE NEWSLETTER

CONTENTS

DOMESTIC POLICY.....	1
NATIONAL SECURITY AND DEFENCE.....	1
ECONOMY.....	4
SOCIOLOGY.....	5
THE RAZUMKOV CENTRE NEWS.....	6

PROS AND CONS OF THE NEW MINSK AGREEMENT

The documents signed after 16-hour talks in Minsk have both pros and cons.

What is good is that there is a set of measures that are unconditional and contain deadlines. This concerns ceasefire, the withdrawal of weapons, and the release of prisoners and hostages. These are the questions that can be addressed and, obviously, should be implemented as soon as possible. The rest, which concerns the restoration of some kind of legal regime of the areas, local election, constitutional amendments, and status, is closely interrelated and contains a lot of controversial points.

First of all, this process needs regular consultations with the so-called representatives of these regions in the contact group. Clearly, many problems will arise during this process since these representatives actually represent not their own interests but Russia's. Therefore, it will certainly be used for possible influence in the necessary direction, given national interests of other people, and it will significantly complicate the implementation of the process of political and legal agreements. In turn, the issue of restoring the status of the border is connected with these agreements. This is indeed a very problematic knot.

Everything is connected. Amendments to the Constitution are connected with some kind of special regime. Thus, local election is connected with amendments to the Constitution, and control over the border is connected with all of this. This creates really problematic points in the agreements.

The logic of the implementation of these measures should be developed. Since this process concerns settlement in the raions of Donetsk and Luhansk Oblasts, where a significant part of people do not live now, i.e. refugees who left, their voices should be heard. This should be the matter of all residents — not only those who are there, and not only those who elected the self-proclaimed structures.

Then, people who are there can be involved in the process of drafting amendments to the Constitution since this concerns the issue of the decentralisation of power. Clearly, we should bear in mind that we are not talking about federalisation or autonomy. We are talking

about decentralisation. These powers of regions cannot be further used to block or dictate terms to the central-government.

All these cautionary aspects should be addressed in the relevant documents. The same applies to the law on the temporary order of local government in these oblasts. It should be harmonised with the legal provisions of relevant laws. As to the election, it is possible only if there is a very clear list of terms for it. It is demilitarisation, decriminalisation, restoring normal life, granting the right to vote to the citizens who do not live there now but whose accommodation is there. This is serious work, and these are only some aspects of the possible action plan which the government should develop.

Given two key starting points — amendments to the Constitution and holding a local election — and the constitutional process, amendments can be introduced in autumn. September or October at the earliest, if draft amendments at the first reading are adopted at this session of the Verkhovna Rada, and it will be followed by the autumn session. Then, there is time to hold the local election. Theoretically, there is enough time. However, it is clear that this is not a matter of theory or constitutional process but the political will of our neighbouring aggressor country.

Full [text](#)



*Deputy Director, Director of Political
and Legal Programmes of the
Razumkov Centre Yuriy YAKYMENKO*



National Security and Defence

SETTLEMENT PLANS FOR THE RUSSIAN-UKRAINIAN CONFLICT: HOW TO TELL PRO-UKRAINIAN SUGGESTIONS FROM PRO-RUSSIAN ONES?

Given that various options of the "settlement plans" for the Russian-Ukrainian conflict appear in the political and expert community from time to time, both national and international, we consider it necessary to offer clear basic criteria that allow to distinguish between the approaches aimed at the cessation of hostilities and political settlement of the Ukrainian-Russian conflict from those aimed at escalating the conflict with its further conservation and "freezing".

The first column contains the approaches demonstrated by the state leadership of Ukraine, the active part of the Ukrainian civil society, the leaders of the most influential countries and international organisations, and the expert community. They are based on international law and national legislation of Ukraine, meet Ukraine's national interests, and are aimed at strengthening European and international security.

Position aimed at seeking real settlement	Position aimed at weakening Ukraine and creating a permanent threat to the international security
1. Assessment of the conflict	
The war between Russia and Ukraine (hybrid warfare, military conflict)	Civil conflict in Ukraine between the government and the people of certain regions of the country
2. Assessment of the position of Russia in the conflict	
Russia — the aggressor country, a party to the conflict	Denying that Russia is a party to the conflict and directly and indirectly participates in it
3. Assessment of the so-called DPR and LPR	
Terrorist organisations that have no right to represent the people of these areas and cannot be a party to the negotiations	Representatives of the people of these areas should be considered as subjects of the negotiations with Kyiv
4. The status of the areas controlled by the so-called DPR and LPR	
Terrorist organisations that have no right to represent the people of these areas and cannot be a party to the negotiations	Representatives of the people of these areas should be considered as subjects of the negotiations with Kyiv
5. Proposal for federalisation as a means of conflict resolution	
Inappropriate since it is a means of implementation of Russia's interests in Ukraine, open interference in its internal affairs, and is not supported by most people in Ukraine. Instead, the state policy of decentralisation is proposed (granting more powers and means to local government)	The requirement of federalisation or autonomy of the self-proclaimed entities as the only solution to the conflict

The other column contains approaches that can be often heard from the state leadership of Russia as well as the media and politicians that are influenced by the Kremlin. These approaches are aimed at transforming the Ukrainian–Russian conflict into a



Co-director of Foreign Relations and International Security Programmes of the Razumkov Centre
Oleksiy MELNYK

permanent threat to the regional and international security and stability as well as at weakening Ukraine as a state and as a subject of the international law as much as possible, which directly meets the interests of the present state leadership of Russia.



Leading Expert of Political and Legal Programmes of the Razumkov Centre
Viktor ZAMIATIN

ON FOREIGN POLICY MEASURES TO FORCE RUSSIA TO MAKE PEACE

This refers to increasing the role of the UN Security Council in this process, which is now limited to Russia's right of veto against any draft resolution of the SC aimed against it. It is proposed not to initiate any reform of the UN (it is a long and controversial process) but to use existing opportunities stipulated in the UN Charter.

Article 27 of the Charter states,

*3. Decisions of the Security Council on all other matters (except procedural that are referred to in paragraph 2, Article 27 — ed.) shall be made by an affirmative vote of **nine** members including the concurring votes of the permanent members; provided that ... **a party to a dispute shall abstain from voting...***¹

So the main problem is recognising Russia a party to the conflict. Basically, this requires Ukraine's appeal to the UNSC asking to recognise the fact of aggression of Russia. However, using the right of veto, Russia is constantly blocking the process of considering the Russian–Ukrainian conflict and any decisions of the UNSC containing even hints to the charges of aggression. However, Ukraine can appeal not to the UNSC but to the UN General Assembly. This time, Russia can also try to hinder the reformatting of the discussion of this conflict (into the UNGA instead of the SC), referring to Article 12 of the UN Charter,

*While the Security Council is exercising in respect of any dispute or situation the functions assigned to it in the present Charter, **the General Assembly shall not make any recommendation with regard to that dispute or situation unless the Security Council so requests.***¹

However, for this case, there is a procedure (and precedents, in particular concerning the Palestinian–Israeli conflict when the U.S. used the right of veto) for the UN General Assembly adopting vetoed

draft resolutions of the SC. This procedure is defined by Resolution 377 (V) of the UN General Assembly Uniting for Peace of 3 November 1950,²

*...if the Security Council, because of lack of unanimity of the permanent members, fails to exercise its primary responsibility for the maintenance of international peace and security in any case where there appears to be a threat to the peace, breach of the peace, or act of aggression, the General Assembly shall consider the matter immediately with a view to making appropriate recommendations to Members for collective measures, including in the case of a breach of the peace or act of aggression the use of armed force when necessary, to maintain or restore international peace and security. If not in session at the time, the General Assembly may meet in emergency special session within twenty-four hours of the **request therefor. Such emergency special session shall be called if requested by the Security Council on the vote of any seven members, or by a majority of the Members of the United Nations.***

Thus, the algorithm of Ukraine's actions as a victim party lies in it legally recognising Russia as a party to the conflict (what many other countries are also willing to do). The Verkhovna Rada did it on 27 February 2015 by adopting a respective appeal encouraging the international community "to acknowledge a fact of an aggression against Ukraine, of occupation of its territory and strengthen the demands to reverse to the internationally recognised borders of Ukraine, preventing the creation of a dangerous precedent in the

¹ The UN Charter is cited here. – The UN official website, <http://www.un.org/ru...> In bold – ed.

² The UN General Assembly website. – <http://daccess-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/062/19/IMG/NR006219.pdf?OpenElement>.

form of an arrogant violation of the world order and security system shaped out in the aftermath of the World War II”.

This is a necessary step but not sufficient. We need to appeal directly to the UN Security Council and the General Assembly demanding to convene an emergency special session, whose agenda should include the issues of **recognition of the conflict as internationalised internal, inspired by Russia, and such that continues with its participation** (of course, providing conclusive evidence of

Russia being guilty). After the adoption of a positive decision — the president, the Ministry of Foreign Affairs, and other government and public institutions should work hard for that — the UNGA and SC will have every reason to take adequate (up to military, according to Chapter VII of the UN Charter) measures against Russia, from which it is withdrawing.

For more details see: National Security and Defence, 2014, №5-6

INTRODUCTION OF THE MARTIAL LAW WILL NOT HARM COOPERATION OF UKRAINE WITH THE IMF

The decision on introducing the martial law needs to be discussed. However, it is already nine months late — martial law should have been introduced with the start of aggression in Crimea, according to the Ukrainian legislation. When arguments about the expediency or inexpediency of this decision are heard from our officials, I have big doubts on their sincerity. Postponing this step was understandable when there was the need for presidential and parliamentary elections. Now, the argument about the alleged complications of cooperation with the IMF due to the introduction of the martial law is absolute deception because this is not the main problem. The main problem for obtaining the IMF loans is the lack of real reforms, not the introduction of martial law.

The other argument is as follows — introducing the martial law will lead to significant restrictions on civil rights, the withdrawal of equipment from enterprises etc. This is also not entirely correct, and this is also threatening. During the regime of the CTO, which continues, restrictions on civil rights that are no less significant are being introduced. At the same time, according to Article 64 of the Constitution, there is a list

of rights on which restrictions are not imposed in any of the cases. Therefore, a threat to civil rights and freedoms is also a groundless argument. The introduction of martial law will at least define our situation — this is not a counter terrorist operation but a war — which will greatly facilitate Ukraine's position in terms of accusations that, for example, pension is not paid to the residents of the occupied Donetsk and Luhansk Oblast. For when there is a war, and the areas are occupied, responsibility for providing for the people in those areas lies with an invader.

It should be noted that martial law can be introduced both in the entire country and in its parts, i.e. partially. Now it is about the need to introduce martial law in the area that has already been occupied as well as in the adjacent areas to the conflict zone.

Moreover, the introduction of martial law is not a declaration of war against Russia. This is a declaration that there is military aggression against Ukraine.

[Full text](#)

Co-director of Foreign Relations and International Security Programmes of the Razumkov Centre Oleksiy MELNYK

EUROPE HAS ALREADY REALISED THAT THE ACTIONS OF RUSSIA IN DONBAS THREATEN CONTINENTAL SECURITY

Recently, the rhetoric of European leaders in discussing the crisis has changed significantly. Firstly, this crisis is no longer called “Ukrainian” — this is a Ukrainian–Russian crisis. Secondly, at the joint press conference in Washington on 9 February, Merkel clearly emphasised several times that we are fighting not only for Ukraine — we are fighting for our own security so it is our own interest. I would like to emphasise that it has happened recently because just a month or two ago everyone was mostly talking about helping Ukraine. Now the emphasis has clearly changed to the need to help

oneself because it affects the interests of national and global security.

The other key point is that no differences between Europe, in particular Germany, and the U.S. can undermine the Euro-Atlantic solidarity. They can argue about tactical issues but Europe and the U.S. are united in terms of principles and values.

[Full text](#)

Co-director of Foreign Relations and International Security Programmes of the Razumkov Centre Oleksiy MELNYK

WHAT THREATS RUSSIAN PEACEKEEPERS POSE TO UKRAINE

The first thing to remember when discussing the topic of peacekeepers — the opportunity to deploy international peacekeeping forces arises only when both parties give their consent.

Accordingly, before peacekeepers appear in Ukraine, firstly, it is necessary to negotiate with the militants of the so-called DPR and LPR on bilateral ceasefire as well as agree on the demarcation line. Only compliance with such agreements can become the first condition to discuss the opportunity of the deployment of peacekeeping forces in Donbas.

However, this is only the first step. Then, the objective of the peacekeeping mission should be determined — for example, de-militarisation of the CTO area, and further stabilisation and restoration of the region.

Speaking of the possibility of the emergence of peacekeepers in Ukraine, the biggest threat to us in this case are Russian forces. For a ceasefire that will come afterwards will be only an illusion, and the situation in

Donbas will turn not just into a frozen conflict. We will get a real delayed war.

A vivid example of the activities of Russian peacekeepers is Transnistria. A more vivid one is South Ossetia, where the presence of Russian peacekeepers was used for provocations, and the region has become a base for aggression against Georgia.

There is a risk that pressure will be put on Ukraine to persuade it to agree to the deployment of Russian peacekeepers. However, we cannot compromise here. The idea of the deployment of peacekeeping forces poses no threat but it cannot be Russian troops. What we can agree to at most is the presence of military observers from Russia. Russian forces are out of the question.

[Full text](#)

Co-director of Foreign Relations and International Security Programmes of the Razumkov Centre Oleksiy MELNYK

OBTAINING FINANCIAL ASSISTANCE FROM THE IMF WILL REDUCE DEFAULT RISK IN UKRAINE

In 2015, approximately \$10–11 billion are needed for the external debt, and another \$4–5 billion to cover current account deficit. Another \$1–2 billion are needed to support the balance of payments. That is, we are getting to the minimum level of \$15–17 billion.

Obtaining additional financial assistance from the IMF and other international creditors will mean minimising default risk. This year should be about preventing default and ensuring at least minimum macro-economic stabilisation. However, this is only possible

if aggression does not grow significantly and the situation in Eastern Ukraine is relatively stable.

[Full text](#)

*Director of Economic Programmes
of the Razumkov Centre
Vasyl YURCHYSHYN*



DISCONNECTING FROM THE SWIFT SYSTEM WILL REDUCE THE INVESTMENT ATTRACTIVENESS OF RUSSIA

Disconnecting Russia from the SWIFT system should be considered in the package of sanctions against Russia. For Russia, it will cause a lot of inconvenience so foreign investors will not be willing to invest into Russian enterprises.

Disconnecting will cause any payment to take much longer. It will also complicate working with securities, where payments must be carried out in real time. Furthermore, any payment received will go through an additional detailed inspection. This will certainly complicate the system and will cause a loss of time, and in today's world, the duration of money transfer is a significant economic factor.

Also, oil getting cheaper, which is taking place simultaneously with the sanctions, significantly affects the Russian economy. This complexity actually indicated that the fall of the Russian economy will be rather significant, and it will be not so easy to get out of it. For economy that finds itself in the recessive state gets out of it very reluctantly.

[Full text](#)

*Director of Economic Programmes of the Razumkov Centre
Vasyl YURCHYSHYN*

THE LACK OF ECONOMIC FREEDOM IN UKRAINE IS CAUSED BY THE WAR AND THE LACK OF REFORM

Ukraine is losing ground in the Index of Economic Freedom (Ukraine ranked 161st among 177 countries in the Index of Economic Freedom, published by Heritage Foundation) due to the war and the lack of reform. Of course, due to Russian aggression, the opportunities for economic development have significantly worsened. We should also bear in mind that this year, businesses have not been freed. Furthermore, a number of conditions for business practices have significantly worsened — weak administrative reform, rapid devaluation of the hryvnia, and increased fiscal burden.

For investors, it is important how ownership rights are secured in the country, and whether the judiciary is fully working. These things are not linked to the war. On the contrary, the war should encourage those areas that are generally systemic for the country to change actively.

Thus, the index itself does not significantly affect the decisions of international financial institutions and private investors on entering or not entering the country.

Since the rankings reflect the situation in the country, this certainly should once again alert the leadership of our country and push it to change so that investors could perceive the country in a positive way.

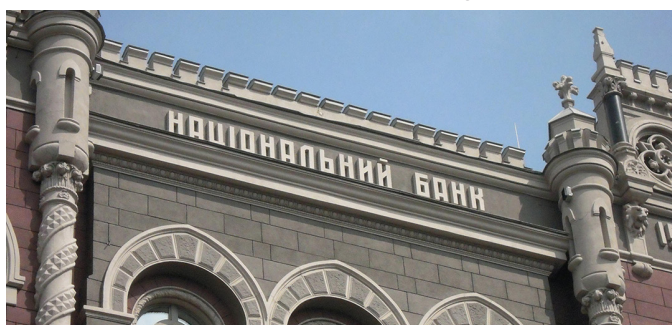
[Full text](#)

*Director of Economic Programmes of the Razumkov Centre
Vasyl YURCHYSHYN*



TRANSPARENCY IN THE NBU ACTIVITIES AND THE BANKING SYSTEM CAN HELP STABILISE THE HRYVNIA

So far, there is no real basis for the stabilisation of the hryvnia so the exchange rate may continue to fall. The situation could be improved with transparency of the policy of the National Bank and direct control over the funds allocated for refinancing banks.



Today, the dollar remains unaffordable for Ukrainians. Cancellation of the indicative exchange rate also did not lead to stabilisation because the main factors and the main risks associated with the destabilisation of the dollar remained. In particular, it is the uncertainty of the foreign exchange policy and weak control of the central bank over activities of the banking system. These factors are not eliminated, and that is why the dollar has no basis for stabilisation.

The first and most important thing to do is to ensure transparency of the NBU activities, transparency of the banking system, transparency of decision-making, and control over these decisions.

[Full text](#)

*Director of Economic Programmes of the Razumkov Centre
Vasyl YURCHYSHYN*

Sociology

This issue of the newsletter presents some findings of the research carried out by the Sociological Service of the Razumkov Centre jointly with the Ilko Kucheriv Democratic Initiative Foundation in all the regions of Ukraine on 20–24 December 2013 and all the regions of Ukraine except Crimea on 19–24 December 2014. 2,010

and 2,008 respondents aged over 18 were interviewed, respectively. The sampling error of each sample — 2.3%.

More information on the findings of the public opinion polls conducted by the Razumkov Centre is available on the Razumkov Centre website <http://www.razumkov.org.ua>.

Today Ukraine faces multiple challenges. Which of the following issues, in your opinion, should be addressed first?*

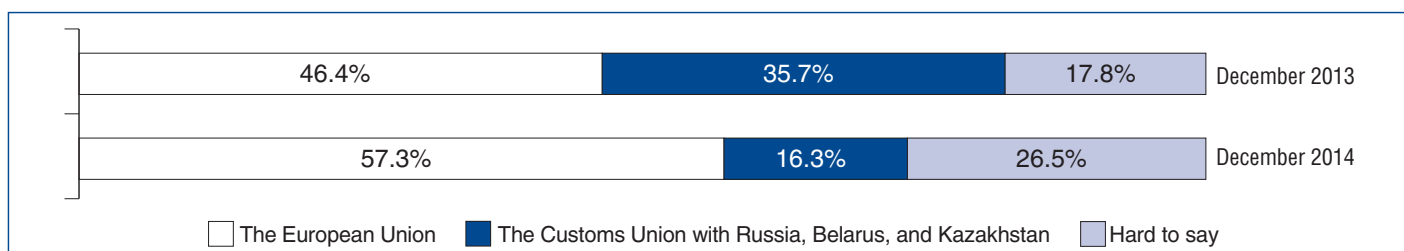
% of respondents

Normalisation of the situation in the Donbass region of Ukraine, peace	79.4
Improvement of people's finances – increasing salaries, pensions	47.9
Economic growth	43.4
Fight against corruption	33.8
Strengthening the <i>hryvnia</i> , fight against inflation, curbing price rises	29.8
Creation of jobs, reduction of unemployment	26.6
Social reforms ensuring people's protection – medical, pension, etc.	25.7
Ensuring Ukraine's energy security	23.6
Handling relations with the Russian Federation	21.8
Lustration of public agencies, removal of unworthy politicians from power	21.2
Implementation of the EU-Ukraine Association Agreement, European integration	20.5
Reform of the Armed Forces of Ukraine, ensuring national defence capability	18.3
Reform of law enforcement agencies and courts	13.2
Constitutional reform	12.5
New quality of people-controlled government	12.3
Development of rural areas and agriculture	9.6
Decentralization and development of local self-government	5.5
Business-friendly environment	4.2
Civil society development, citizen education	3.8
Public utilities sector reform	2.6
Solving environmental problems	2.2
Educational reform	2.1
Electoral reform	1.8
Humanities: development of national consciousness (language, art)	1.6
Independent media development, public television launch	1.3
Other	0.3
Hard to say	0.8

* Respondents were asked to give up to five acceptable answers.

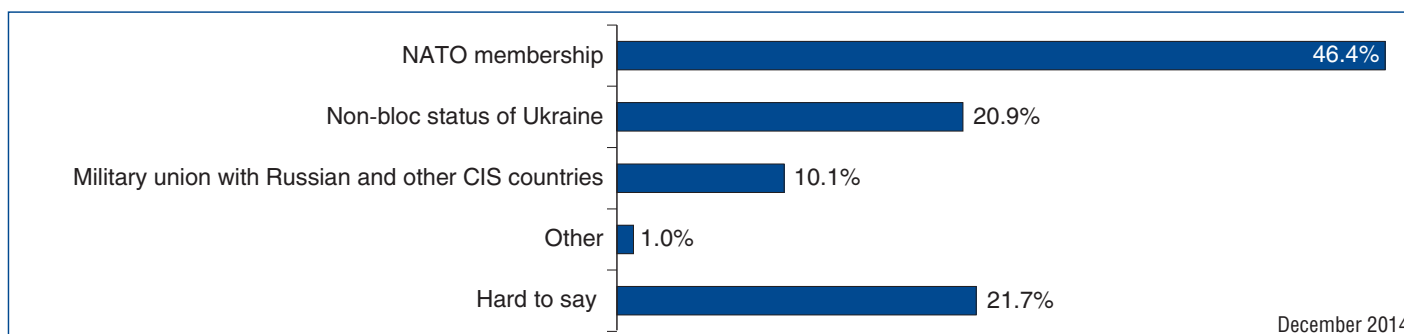
What should be Ukraine's integration priority?

% of respondents



What is the best option for ensuring Ukraine's national security?

% of respondents



December 2014

The Razumkov Centre News

PARTICIPATION IN THE EUROPE–UKRAINE FORUM

The delegation of the Razumkov Centre, which included Deputy Director Y. Yakymenko, Co-directors of Foreign Relations and International Security Programmes M. Pashkov and O. Melnyk, Director of Energy Programmes V. Omelchenko, and Leading Expert of Political and Legal Programmes V. Zamiatin, took part in the VII Europe–Ukraine Forum, held in Lodz (Poland) on 15–17 February.

The Forum gathered over 500 participants, including government representatives, members of parliaments, diplomats, well-known government and independent experts, and representatives of local governments and business communities from Ukraine, the EU countries, U.S., Moldova, Georgia and other countries. At the opening of the Forum, Deputy Director of the Centre Y. Yakymenko presented the keynote of the Forum — [Analytical Report of the Razumkov Centre Ukraine 2014–2015: Overcoming Challenges](#).



The experts of the Centre actively participated in thematic panels of the Forum on foreign policy, security, energy, and sociopolitical issues.

The representative forum was held by the Polish Institute for Eastern Studies — the Razumkov Centre's partner organisation.

ROUND TABLE PROSPECTS FOR UKRAINE–RUSSIA RELATIONS: CONCEPTUAL APPROACHES AND PRACTICAL STEPS

On 5 February 2015, the Razumkov Centre jointly with the representative office of the Konrad Adenauer Foundation in Ukraine held the round table Prospects for Ukraine–Russia Relations: Conceptual Approaches and Practical Steps.

It was attended by people's deputies of Ukraine, representatives of the Cabinet of Ministers of Ukraine, ministries and agencies, governmental and non-governmental think-tanks, representatives of the embassies of foreign countries in Ukraine, international organisations, international experts, journalists etc.

At the Round table, a special issue of the journal National Security and Defence (№5–6, 2014) was presented, which contains analytical materials of the

Razumkov Centre, sociological research findings, and interviews with international experts and diplomats.



PARTICIPATION IN THE VISIT OF THE UKRAINIAN DELEGATION TO GERMANY

On 26–30 January 2015, Leading Expert of Political and Legal Programmes of the Razumkov Centre V. Zamiatin participated in the visit of the delegation of Ukrainian politicians (which included people's deputies from the factions of Blok Petra Poroshenko, Narodnyi Front, and Batkivshchyna of the Verkhovna Rada of Ukraine) to the Federative Republic of Germany.

During the visit, the Ukrainian delegation attended meetings at the Office of the Federal Chancellor of Germany, the German Bundestag, the Landtag of Saxony, the Christian Democratic Union Headquarters, and the Konrad Adenauer Academy — with leading German politicians (from the fraction of the Christian Democratic Union/Christian Social Union), the members of the German–Ukrainian Parliamentary Group as well as experts in the fields of public policy, foreign relations, and party building (in particular, N. Lange and O. Niedermayer).

At the meetings, the issues of bilateral relations between Ukraine and Germany, reforms in Ukraine, the situation in certain regions of Donetsk and Luhansk Oblasts, and the features of the political party system of Germany were discussed. V. Zamiatin presented the opinion of experts of the Razumkov Centre on these issues. The visit was organised by the representative office of the Konrad Adenauer Foundation in Ukraine.

PARTICIPATION IN THE MEETING OF THE STRATEGIC DISCUSSION CLUB

On 11 February 2015, in Mykolayiv, a meeting of the Strategic Discussion Club was held within the project of the Institute of World Policy Strategic Discussion Club in the Regions of Ukraine, which is implemented with support of the Government of Norway.

The aim of the project is to conduct public discussions of the tools for ensuring security and strengthening the Ukrainian state in the eastern and south-eastern oblasts. The objective is to involve regional elites that have long remained in intellectual isolation to participate in the debate on strategic development of the country.

Along with Ukrainian and international military experts and diplomats of the EU member states, Director of Military Programmes of the Razumkov Centre Mykola Sunhurovskyi attended the meeting.

At the meeting, key risks and threats to the national security of Ukraine were discussed.

Ukrainian Centre for Economic and Political Studies named after
Oleksandr Razumkov

Address: 01015, Ukraine, Kyiv, Ukraine
Telephone (044) 201 11 98, fax (044) 201 11 99
Email: newsletter@razumkov.org.ua