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THE RAZUMKOV CENTRE NEWSLETTER

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PROBLEMS MAY ARISE DURING LOCAL ELECTIONS

The parliament has started the process of adopting a new Law On Local Election. If this process is delayed, local elections can become a problem for Ukraine.

Based on the information available, we can say that this may be a very progressive document. Not only changing the voting system and open lists are now planned but also a ban on advertising parties on TV.

If the law does not provide for global change in the voting system, and it is decided to hold them on 25 October, as it should be, the issue of election commissions arises. These commissions need to have time to learn how to operate a new system, and count votes using a much more complex system than it was before. Although it is already summer, the agreed law has not been drafted yet.

In the long term, major political parties should have local structures to claim victory at the next election to the Rada. Most new parties that are now in the parliament either have no such structures at all, or they are at the stage of transformation. At the moment, it is difficult to say whether the next parliamentary election will be regular, i.e. in 4 years, which would be good for political stability in Ukraine, or it will be held earlier. In any case, the parties should rely on local structures. There will be no such blitzkriegs as last year any more, when

the campaign was conducted on billboards and TV, and there was almost no direct communication with the voters.

Full [text](#)

*Deputy Director,
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THERE WAS POLITICAL WILL IN THE PARLIAMENT TO DEPRIVE KLIUIEV OF IMMUNITY

In the Verkhovna Rada, there were issues with the abolition of immunity of people's deputy, former member of the Party of Regions Serhiy Kliuiev.

The decision on lifting the immunity was made not behind the scenes in the Rada but in the relevant bodies — the VR committees. According to the Law On the Rules of Procedure of the Parliament, the procedure on consideration of the submission of the Office of the Prosecutor General of Ukraine was fully complied at all stages, as required by the law. There is no reason to say that there was any attempt to block the decision.



The procedural committee of the VR adopted the decision on this matter in accordance with the Ukrainian legislation. The committee members had to evaluate the submission of the prosecutor general from the point of justification and importance of evidence of the prosecution. At this point, there is a question to the prosecution — whether it provided the Parliament with the reasons that would have convinced MPs of the need for criminal prosecution of Kliuiev. Although, in my opinion, the credibility of evidence should be evaluated by the court, not the legislature. However, such powers of the committee are provided in the rules of procedure of the Parliament.

The committee's positive decisions has resulted into voting in the session hall. The fact that 287 deputies supported lifting Kliuiev's immunity means that there was political will for this. Then, a legal process begins, during which the defendant can prove in court that he is not guilty. Or the prosecution will prove that he is guilty, and he will be held criminally liable. With this matter, the parliament had no political or behind-the-scenes problems.

Full [text](#)

*Deputy Director
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National Security and Defence

RUSSIA LOST LAND TRANSPORT CONNECTION WITH TRANSNISTRIA



Ukraine's decision on the termination of the agreement on transportation of Russian military personnel and military cargo to Transnistria is logical but belated. When being de facto at war, it was absurd to maintain agreements on transportation of the Russian military personnel and military cargo through Ukraine.

This decision has really had quite a strong effect in Russian expert and official circles. Today, there are



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

many threats that this may provoke Russia to break through a land corridor under the slogan "we do not leave our own behind".

Speaking of Russia's possible steps, in case of new aggression, I do not think that it should be linked to the denunciation of this agreement. One of the key mistakes of our government, both before and now, has been trying not to provoke Russia but appease it. The position should be more rigid, and we should not stop at these decisions. A lot could have been achieved by adopting similar decisions in the matter of trade with Crimea,

The stay of Russian troops in Transnistria becomes much more difficult as the land corridor is being closed now (road and rail connections). The only way that remains — air transport, which will certainly require substantial additional costs from Russia.

As to Moldova's decision, there is nothing new here, the only thing is that it was used differentially — there are mutual agreements on peacekeeping forces, and here Moldova simply demanded from Russia to comply with those agreements and requirements for submitting applications for soldiers that are subject to rotation.

Also, Moldova disagrees with "a limited contingent of Russian troops." The last case, when the commander of this contingent got to Transnistria by deception, posing as a peacekeeper, I think, it was the last straw that provoked this decision.

[Full text](#)

UKRAINE'S DEFENCE INDUSTRY GOT A CHANCE TO ENTER WESTERN MARKETS

Denunciation of the agreements on military and technical cooperation was a formality since de facto this cooperation was terminated last spring.

Obviously, any termination of cooperation is favourable to neither party. However, for Ukraine, this decision was forced. On the other hand, it is about time for Ukrainian companies to start working on the diversification of profit by establishing cooperation with other partners. First of all, we should focus on Western markets that are willing to buy military products.

Thanks to such companies as Motor Sich, Ukraine is among the ten countries that can not only produce

competitive engines but also design them. If we use the loss of the Russian market as an opportunity, we can reach a new level of work in terms of quality. Since it is no secret that cooperation with Russia had developed not on the basis of formal agreements but personal relations. Directors of the companies that worked for the Russian market often fall into the category which is called red directors.

[Full text](#)

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

THE KREMLIN HAS NOT COMPLETELY GIVEN UP THE NOVOROSIYA PROJECT

One should not think that the Novorosiya project will be closed. It is for a fact that it failed as a blitzkrieg. They counted on quick seizure i.e. the separation of these six oblasts from Ukraine and the creation of Novorosiya. However, as always, many factors were not considered, or their own capabilities to implement such project were overrated.

For Ukraine it does not mean that Mr Putin has abandoned his goals — he keeps them at hand, and this project will be smouldering/ Now both in Kharkiv and Odesa oblasts, there is terrorism, raiding forces, and informational provocations, i.e. attempts to destabilise

the situation in these regions continue. If the Novorosiya project was cancelled, the intensity of such actions would have been significantly reduced.

[Full text](#)

Director of Military Programmes of the Razumkov Centre
Mykola SUNHUROVSKYI



PUTIN'S APPETITE IS NOT LIMITED TO DONBAS

Many are shocked by the situation that during the current ceasefire, people continue to die, and hostilities continue in Donbas. Petro Poroshenko announced that 83 Ukrainian soldiers died in Eastern Ukraine during the ceasefire. However, it should be noted that history knows many such situations.

Indeed, any conflict contains basic contradictions, due to which it arises. If, due to the negotiation, some contradictions are resolved, the rest remain frozen, in limbo. However, sooner or later, the unresolved contradictions explode anyway.

The same thing is happening in our situation — there are attempts to influence Ukraine through peaceful negotiation, up to its internal system. Of course, this does not suit us. Freezing the conflict in Donbas poses



a risk that destabilisation will continue, through which Russia will get the leverage for both domestic and foreign policy of Ukraine. Not only of Ukraine but also of the European Union.

Putin's appetite is not limited to Donbas. Current irregular battles in the CTO area can be either reconnaissance by fire, or increasing the tension and destabilising the Ukrainian military and internal situation in the country.

Then why the leader of the Kremlin does not start a full-scale attack? Firstly, if he starts a full-scale attack, he will bring new sanctions upon himself. Secondly, he does not need a full-scale attack — he needs success. However, military success, as it is known, can be achieved only if an advantage in force is secured.

It should be noted that providing weapons to Ukraine could have raised the threshold of the balance of power between the Ukrainian forces and pro-Russian militants in Eastern Ukraine. In that case, Putin would have to build up his military capability in Donbas even more, and his resources are not unlimited. By raising the threshold of our military capability, we are playing for time of the negotiation. Thus, we increase the leeway to use peaceful means of conflict resolution — diplomacy and economic sanctions.

[Full text](#)

*Director of Military Programmes of the Razumkov Centre
Mykola SUNHUROVSKYI*

UKRAINE SHOULD BEWARE OF AN ATTACK OF RUSSIAN TROOPS FROM TRANSNISTRIA AND BELARUS

There are two potentially dangerous spots near Ukraine. They do not pose any threat to us yet but later can be used by Putin to destabilise Ukraine. The first one is Transnistria. So far, there are 25,000 of the reserve and at least 7,000 Russian soldiers "to ensure a peaceful situation".

However, Ukraine made the right decision to ban the transit of Russian soldiers through our country, which has complicated the process of supporting Transnistria.

So far, Transnistria's potential is low, and this region is not capable of independent action. However, if necessary, it can be activated by the Kremlin. Ukraine should understand this, and already start developing a defence strategy.

Odesa may be the first under attack from Transnistria. Particular attention should be paid to this region.

The second base against Ukraine may be Belarus.

We may get an unexpected problem in the north. There has not been any problems yet but potential for conflict still exists. In November, there will be an election in Belarus. Putin may very well intervene there. It is too early to say anything because the relations between Minsk and Moscow are now shrouded in mystery. However, if Russia does intervene, Ukraine may get another source of tension.

[Full text](#)

*Director of Military Programmes of the Razumkov Centre
Mykola SUNHUROVSKYI*

Economy

WITHOUT FOREIGN INVESTMENT, THE IMF PROGRAMME WILL LEAD TO STAGNATION OF THE UKRAINIAN ECONOMY

Despite the fact that in Ukraine, tax reform is constantly being discussed, we have not come close to optimal taxation. It means that we are trying to solve the task that has no solution in this format of wording of the problem. We are not talking about the main causes of the disease but trying to treat the symptoms of the disease. We have some profound disease, which is outwardly expressed in exchange rate instability, and public finance instability. Our economic structure is hopelessly outdated. It is losing ground in world markets. Even in metallurgy, where we have always been a leader, developing countries has started pushing us out.

Potentially, the Ukrainian market is big enough. Moreover, there is skilled labour in Ukraine. It is competitive in terms of value for money. There are many talented people among Ukrainians. We should do everything gradually. For example, to be in cooperation with strong partners who will include us in their systems. Let it be only simple operations now but, gradually, we will be able to build up capacity within this cooperation.

Our advantage now is energy and the agro-food sector. If energy is linked to some methods of increasing energy efficiency, this will be a very important and promising area. If agriculture is linked to the production of organic food,

we will have great prospects. Moreover, we have a rocket and space system, and an aircraft system.

Now they are also trying to solve the contradictions that have accumulated in the banking system. However, the process, in my opinion, is quite difficult. I would not say that major obstacles are over for us.

Restructuring Ukraine's external debt is a big problem. There was a precedent with Poland when the debt was mostly written off. However, this write-off occurred against the backdrop of significant progress in reforming the country. This progress showed that the losses related to the write-off would be compensated with new opportunities. Also, there was confidence that thanks to the debt write-off, reforms will get a new push.

There is no such confidence in Ukraine yet. Frankly, we have lost almost a year. Intensification of the reform process that we have seen over the last months is not enough to compensate for the lag which happened

after a slow build-up in this matter. We have times of problems and crisis that prevail over a small glimmer of stabilisation.

The attitude of private investors towards what is happening today in Ukraine is key. Moreover, this is a defining moment in the question of what way of development the Ukrainian economy will take in the future. If the attitude of investors towards Ukraine does not change, the implementation of the IMF programme will lead to long-term stagnation — economic stagnation.

Full [text](#)

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Volodymyr SIDENKO*



FORGIVE DEBT. THE EXPERIENCE OF POLAND WILL COME IN USEFUL TO UKRAINE

The Ukrainian government has intensified the process of restructuring the country's external debt. This is not an easy task, and quick results should not be expected but I still predict some progress in this matter.

It should be noted that the best argument for Ukraine's foreign creditors is the implementation of reforms and restructuring of the national economy. Indeed, for Poland, part of the external debt was written off due to active reforming of the country. International investors realised that it was better to take some of the pressure off the national economy to win their investment back later due to economic activities in a favourable environment.

Those who are familiar with the processes of external debt restructuring understand that this means very difficult and lengthy negotiations. At this stage, the forecast of Ukraine's debt restructuring is warily positive. In particular, we should not expect part of the debt to

be written off but the postponement of repayment and partial cost reduction of its service are very real.

A rational position should help Ukraine in negotiations with creditors. Our country has never declared a default although it was under very difficult economic circumstances. This indicates that Ukraine was, is, and will be seeking all possible ways to avoid declaring a default. Furthermore, international investors should take account of the extraordinary conditions in which the country has found itself — this is both external aggression and the need for accelerated European integration.

Full [text](#)

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Vasyl YURCHYSHYN*



Foreign Policy

WE SHOULD NOT HAVE PINNED OUR HOPES ON THE EASTERN PARTNERSHIP SUMMIT IN RIGA



We should not have pinned our hopes on the Riga summit. Definite progress is the very fact that the summit was held, Ukraine's clear position was clearly defined, and we received certain signals, the confirmation of solidarity with Ukraine and movement towards European integration.

It is not fair to say that Ukraine not getting visa-free regime is a failure because we are talking about the process that will obviously end next year. We can expect

to complete the second stage of implementation of the plan on liberalisation of the visa regime next year. Therefore, we have grounds to hope for a visa-free regime.

The European Union certainly has some concerns related to the section of the border with Russia which is not controlled by Ukraine but this is not an obstacle on the way to abolition of the visa regime. There are universal requirements and rules for countries applying for a visa-free regime, and Ukraine is meeting them quite successfully. Of course, there are problems, especially fighting corruption, but there is progress, and it is encouraging. Therefore, the Riga summit should not be considered a failure because it is a milestone in this progress.

Full [text](#)

*Co-director of Foreign Relations and
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Mykhailo PASHKOV*



This issue of the newsletter presents some findings of the research carried out by the Sociological Service of the Razumkov Centre in 2005–2015. The survey was conducted in all the regions of Ukraine; since 2015 — except Crimea and the occupied areas of Donetsk and Luhansk Oblasts.

All the studies are representative of the adult population by key social and demographic indicators.

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

Do you perceive Ukraine as your Motherland? % of respondents



Do you consider yourself a patriot of Ukraine? % of respondents



* The total of answers "yes" and "probably yes".

** The total of answers "no" and "probably no".

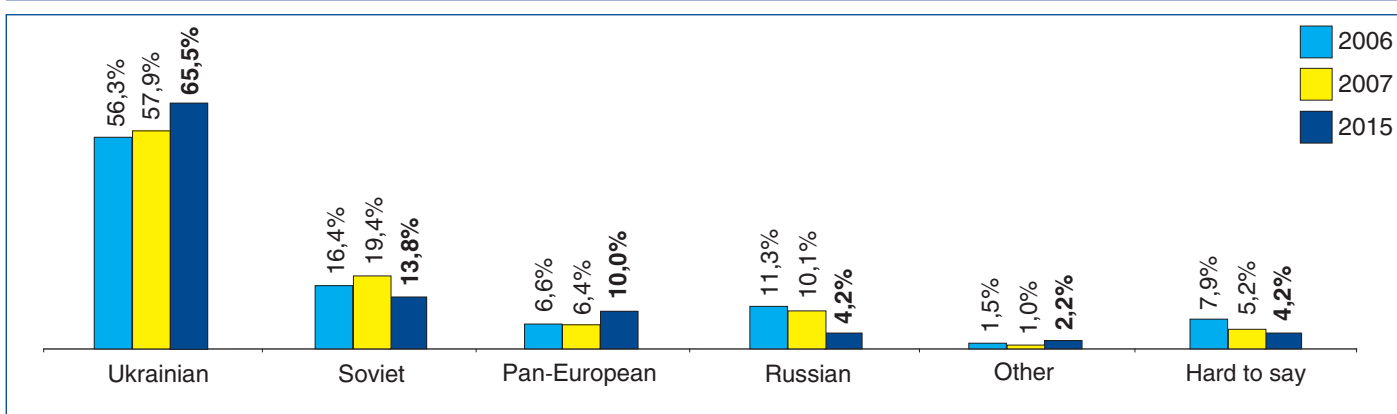
How proud are you of being a Ukrainian citizen? % of respondents



* The total of answers "very proud" and "rather proud".

** The total of answers "not proud at all" and "rather not proud".

With which cultural tradition do you primarily identify yourself? % of respondents



The Razumkov Centre News

A MEETING WITH THE DELEGATION OF THE KENNAN INSTITUTE (U.S.)



On 22 May 2015, the delegation of the Kennan Institute in Washington, headed by Director of the Institute M. Rozhanskyi, visited the Razumkov Centre. The Razumkov Centre was represented by Director General of the Centre A. Rachok, Deputy Director Y. Yakymenko, and Co-directors of Foreign Relations and International Security Programmes M. Pashkov and O. Melnyk.

During the meeting, experience in research and development was shared, and current problems and prospects of the Ukrainian–American relations, and the current situation in Ukraine were discussed. The development of cooperation between the two institutions was emphasised, in particular the possibility of cooperation within joint research projects on international security, Ukrainian–American relations etc.

A MEETING WITH THE REPRESENTATIVE OF THE MINISTRY OF FOREIGN AFFAIRS OF ITALY

Leading Expert of Political and Legal Programmes of the Razumkov Centre Viktor Zamiatin attended a meeting of Deputy State Secretary of the MFA of Italy B. Della Vedova with Ukrainian analysts during his visit to Kyiv. The discussion concerned the issues of possible escalation of the situation in Donbas as well as the humanitarian situation and the policy of EU Eastern Partnership.

ATTENDING THE II INTERNATIONAL SCIENTIFIC SYMPOSIUM STATES AND MARKETS UNDER GLOBAL TRANSFORMATIONS.

On 29 May 2015, experts of the Razumkov Centre attended the II International Scientific Symposium *STATES AND MARKETS UNDER GLOBAL TRANSFORMATIONS*. The aim of the Symposium was to draw the attention of national and international scholars, politicians, and managers to the current political and economic rethinking of the patterns of development of the countries under global transformations.

Research Consultant Volodymyr Sidenko presented the report *Political Economy of European Integration: Prices or Values*, and Director of Economic Programmes Vasyl Yurchyshyn — *Challenges of New Areas and Components of the Global Economic Growth*. Both reports were praised by the participants.

ATTENDING A SEMINAR ON CONFLICTS AND DEVELOPMENT (GEORGIA)

On 18–23 May, the expert of the Razumkov Centre Valeriya Klymenko attended the University on Conflicts and Development in Batumi.

The Institute of World Policy and the Caucasian House (Tbilisi) organised a Seminar on Conflicts and Development

within the project *Ukraine: Out of the Crisis Through Dialogue*, which is being implemented with the support of the British Embassy in Kyiv.

In total, 32 participants from Ukraine, Russia, Moldova, EU member states, and Georgia participated in the 6-day day lecture course.

The aim of the joint project of the IWP and the Caucasian House *Ukraine: Out of the Crisis Through Dialogue* is to facilitate the settlement of the conflict between Ukraine and Russia through establishing dialogue between Russian and Ukrainian experts.



A MEETING WITH AMBASSADOR OF BRAZIL

On 3 June 2015, the Razumkov Centre hosted a meeting with Ambassador Extraordinary and Plenipotentiary of the Federative Republic of Brazil Antonio Fernando Cruz de Mello and Consular of the Embassy of Brazil Lucas Shalella das Neves.

At the meeting, the Razumkov Centre was represented by Co-director of Foreign Relations and International Security Programmes M. Pashkov, Director of Military Programmes M. Sunhurovskyi, and Leading Expert of Political and Legal Programmes V. Zamiatin.

During the meeting, current problems and prospects of the Ukrainian–Brazilian relations, the issues of international security, and the current situation in Ukraine, in particular the progress of reforms in various areas, were discussed.



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