



№19 (19 June 2015)

THE RAZUMKOV CENTRE NEWSLETTER

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THE SO-CALLED DPR AND LPR CANNOT ACT AS INDEPENDENT PARTIES TO NEGOTIATIONS

Putin has consistently advocated his position, insisting that Russia is not a party to the conflict in the Donbass and calling it an exclusively internal Ukrainian conflict, to which one party is the Ukrainian government, and the other party are the so-called DPR and LPR. In reality, the situation is different, and Russia is a party to the conflict.

The attempt by Moscow to change the internationally recognised format in which numerous negotiations have already been held is intended to try once again to legitimise the leaders of the separatist “republics” as independent representatives of these territories and as parties to negotiations equal to the Ukrainian side. This has been repeatedly stated by Russian Foreign Minister Lavrov, when he emphasised the lack of dialogue between Kyiv and DPR and LPR.

However, it is obvious that the so-called DPR and LPR are not independent players to act as parties to the negotiations in their own right. They are represented by Russia’s puppets, who may be replaced any time.

Even from a formal and legal point of view, they cannot claim to represent the interests of Donbass residents, if only because many former residents of these

territories today live outside of their limits and simply could not take part in the so-called “elections.”

The status of an independent party to negotiations could only be claimed by persons legally elected in these territories through normal representative elections held within a certain legal framework and in accordance with the standards of the OSCE and other international organisations.

Both Ukraine and international partners see the situation from this standpoint. Russia is being named increasingly as the main actor fuelling the conflict (this has already been recognised by most international organisations). In this way, for Moscow it will be extremely difficult to convince the world that the

leaders of those “republics” represent themselves and their citizens, rather than being Russian puppets. So, I do not believe that Russia will be able to change the format of negotiations. What we can expect from it is the continuation of its current activities: fighting without a major escalation, but with periodic radicalisation, shellings, provocations, and attacks, that is, continued military activities of the separatists against the Ukrainian army. In this way, the situation will remain tense.

At the same time, Ukraine will be constantly accused that the conflict continues only because it does not recognise the so-called DPR and LPR as equal parties to the conflict and does not want to come to the negotiating table with them to resolve the problem.

So, Russia will simply shift its responsibility onto Ukraine, avoiding escalation and additional sanctions, but at the same time continuing to pursue its goals, including the creation of artificial entities within Ukraine, but under Russian control.

[Full text](#)

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



NO FAVORITISM IN POROSHENKO’S APPOINTMENTS OF PUBLIC SERVANTS

Volodymyr Groisman over the last year and a half made a career from the post of mayor of a regional centre to that of Deputy Prime Minister in Arseniy Yatsenyuk’s first government and the Speaker of the Ukrainian Parliament.

There is no doubt that his career is linked to Poroshenko. And the fact that there is no personal conflict between the President and the Speaker of the Verkhovna Rada, which Ukraine historically had over a long period of time, is the result of their mutual understanding on a personal level.

Petro Poroshenko’s Bloc, despite all the tensions and internal conflicts, has been able to reach compromise with other factions, including the People’s

Front, and the coalition in the Parliament is working and ensuring political support for the President.

The “Dear Friends” phenomenon under Yushchenko was a vivid example of favouritism, when the President ensured certain political promotion for businessmen politicians associated with him, using political and administrative means. Today, the situation is different. Poroshenko’s business partners that have received public office from him enjoy no apparent benefits or preferential treatment, but bear responsibility as public servants.

[Full text](#)

*Deputy Director, Director of Political
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DIFFERENCES BETWEEN UKRAINIAN EAST AND WEST ARE GRADUALLY DISAPPEARING

We are at the stage of forming a politically unified Ukrainian nation. While two years ago we talked about a split nation and a split country, today the situation is totally different. The differences between East and West Ukraine are being erased. However, this process is still in the making.

These major changes are explained by the transition of society from a post-Soviet mentality to a Ukrainian one. At first, the scope and the momentum of change came as a surprise. The proponents of the post-Soviet mentality were many, and this naturally affected the pace of change. However, there was also a catalyst: the compression of the social spring by Yanukovich, when the screws were tightened and freedoms limited more and more, both formally and informally. So, when the spring straightened, all processes accelerated. And Russian aggression played a huge role here.

People still expect from the authorities more or less the same things they wanted after the Maidan revolution. First of all, to fight corruption. People have grown tired of the word «reform» over the last year. It is becoming increasingly less popular. However, Ukrainians are still waiting for systemic change in the country.

More importantly, however, Ukrainians themselves have changed. More and more people are willing to take responsibility and act independently, irrespective of the state's activities. The most striking example of this trend is the support for the army provided by

volunteer fighters and civilian volunteers. In many areas, people rely less on the authorities and try to do things on their own. I would not say that this is distancing. It's just that at this stage, society's level of progress is ahead of that of the state apparatus. Most probably, society will force the government to meet its considerably increased and acknowledged needs.

Three problems of the most significance to Ukrainians are the conflict in the East, economic situation and corruption. Progress in solving any of these problems would increase the level of support for the government. However, victory in the conflict with Russia is hardly possible from a military point of view. The improvement of the economic situation objectively cannot be achieved fast. All that is left to do is to fight against corruption. And people want to see real progress in this area.

We are short-term pessimists and long-term optimists. To our question whether Ukraine will be able to overcome the current problems and difficulties, 42.7% of the respondents answered that it will, but in the longer term.

[Full text](#)

*Director of the Sociological Service of
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Andriy BYCHENKO*



THE LAW ON THE RIGHT OF RELIGIOUS ORGANISATIONS TO ESTABLISH EDUCATIONAL INSTITUTIONS

On 2 June 2015, Parliament adopted the Law of Ukraine "On Amendments to Certain Laws of Ukraine Regulating the Rights of Religious Organisations to Establish Schools". This law gives religious organisations legally registered in Ukraine the right to establish schools: primary, secondary, non-formal, vocational, and higher education institutions. This refers to the so-called denominational schools, where education is provided to the relevant state standards (i.e., secular education), but at the same time the educational process provides for forming a certain religious outlook and teaching religious practices of a respective denomination.

Thus, Ukraine has made one of the necessary steps towards fully realising the right to freedom of conscience guaranteed by the Constitution and implementing the European model of church-state relations, defined as "partnership". We welcome the decision of Parliament and hope that this bill, giving equal rights to citizens, ensuring their freedom of choice and advancing our society on the European path, will soon be signed by the President into law.



It should be noted that this decision is in line with one of the key provisions of the draft Concept of State-Confessional Relations in Ukraine, developed back in 2004 within the framework of the permanent Round-table "Religion and the Authorities in Ukraine: Problems of Relations", organised by the Razumkov Centre. The project was supported by the All-Ukrainian Council of Churches, which has since repeatedly turned to state authorities and senior officials with a proposal to support the Concept by adopting a law as a document defining the state policy in this very sensitive area of public relations.

Thus, the draft Concept provides for "the legislative regulation of the rights of the Church (religious organisations) to establish denominational schools" and, among other things, holds the state responsible for "licensing and accrediting denominational educational institutions of all levels" and "exploring funding opportunities for state standard disciplines taught at denominational educational institutions from state budget".

We hope that Parliament will continue to move ahead towards the implementation in Ukraine of European principles of relations between the state and the Church, and that the Concept of State-Confessional Relations will be adopted and implemented in full.

*Leading Expert of Political and Legal
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Viktor ZAMYATIN*



National Security and Defence

PROSPECTS OF CRISIS MANAGEMENT IN UKRAINE

Crisis management is a tool ensuring the efficiency and flexibility of national (regional, global) security in preventing and responding to crisis situations in variable and complex areas of real and potential threats in conditions of high uncertainty.

This is achieved by responding to the full scope of threats and crisis situations with a whole range of security capabilities, the adequacy of quantitative and qualitative parameters of the safety system and the efficient management of forces and resources at all stages of threat escalation, including the stages of development of a crisis situation and its transformation into a conflict.

A vivid example of the shortcomings of the current approaches to crisis management is the attitude of some Western states to the Russian-Ukrainian conflict, in particular, to granting lethal weapons to Ukraine. They are ignoring the very fact that the war in itself is a defeat of diplomacy, which should result in a review of the whole "portfolio" of anti-crisis measures with respect to their priority ranking. Forcing the aggressor to surrender arms by exclusively peaceful means can only be achieved when dealing with an enemy having equal or weaker potential, but not with an aggressor state whose economic and military potential is much higher than the victim of the aggression. This means that the military potentials of Russia and Ukraine in the area of conflict should be aligned, and then insist on the priority of peaceful means of conflict resolution. Moreover, increasing Ukrainian defense potential makes it possible to increase the time available to take peaceful actions, since the offensive

party, in order to succeed, needs not just an advantage, but a significant advantage over the defence forces, which cannot be achieved quickly (especially under sanctions).

Overall, on the side of Ukraine and the stakeholders interested in resolving the Russian-Ukrainian hybrid conflict, the adequate response should be a balanced set of interrelated measures of a political (negotiations, political pressure on the aggressor), economic (sanctions against the aggressor state, help to the victim state), military (active defence, alignment of military potentials), informational (cyber defence, counter-propaganda, inoculating the "virus of truth" or "immunity from lies", etc.) nature. An important factor in resolution of the conflict should be confidence in the Ukrainian authorities on the part of both citizens and international partners, which should be ensured by the transparency of the authorities and the productivity of their declared transformations and measures to stabilise the situation (ensuring defence capacity, fighting corruption, improving the human resource potential of the governance system and launching real reforms).

[Full text](#)

*Director of Military Programmes of
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Mykola SUNHUROVSKYI*



KREMLIN WANTS UKRAINE TO FEED THE DONBASS WITHOUT CONTROLLING IT

Recently, leaders of the self-proclaimed republics declared that they didn't mind considering these territories as a part of Ukraine, albeit, with some special

status. They personally are more comfortable with the current situation, since they understand perfectly well that if the Minsk agreements are implemented, they will be taken to court.

What do their initiatives of remaining a part of Ukraine mean then? Their primary importance is explained by Moscow: "Ukraine should feed its uncontrollable territories, while we will set our own rules of the game there."

[Full text](#)



*Co-director of Foreign Relations and
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the Razumkov Centre
Oleksiy MELNYK*

UKRAINE OFFICIALLY RECOGNISES THAT RUSSIA IS RESPONSIBLE FOR HUMAN RIGHTS ABUSES IN THE DONBASS

By notifying the Council of Europe on the suspension of implementation of certain obligations under the European Convention on Human Rights in the area of the ATO, Ukraine finally acknowledged its failure to ensure its international obligations in the territories not controlled by the Ukrainian authorities. Before that, any violations of human rights and journalists' rights in these territories, registered by international intergovernmental and non-governmental organisations, were added to the Ukrainian statistics. In this way, crimes committed within Ukraine by the enemies of Ukraine stained the image of Ukraine.

But this is not the main thing. Most importantly, Ukraine gave a clear indication (this time, at an international level) of who should be held responsible for those crimes. From now on, all claims shall be addressed to Russia.

[Full text](#) [текст](#)

*Co-director of Foreign Relations and
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Oleksiy MELNYK*

Economy

WHY THE NATIONAL BANK OF UKRAINE FAILS TO RELEASE U.S. DOLLAR EXCHANGE RATE

The National Bank of Ukraine has started to lift some restrictions in the money and credit markets of Ukraine that were introduced earlier to stabilise the economic situation. However, more decisive measures to reduce the regulatory burden were expected of the NBU.

What does not allow for full liberalisation of the foreign exchange market?

First of all, the factors that adversely affect stability of the foreign exchange market have yet to be eliminated.

Their influence remains. Especially military aggression. Unfortunately, there is still the risk of a renewal of intense hostilities. Under such circumstances, it is dangerous to carry out liberalisation of any markets. We have already seen that in February, the intensification of aggressive actions by pro-Russian forces led to panic not only in the foreign exchange market but also in consumer markets.

Moreover, the Ukrainian economy has not shown any signs of stability yet. Of course, we can refer to an ongoing war but experts insist that we cannot justify everything that way. On the contrary, if changes occurred faster, the economy would respond to the intensification of hostilities much easier. In turn, this would contribute to the improvement of overall economic welfare and peace in Ukraine.

Another important factor is that we have neither institutions nor rules of the game working. This applies not only to the foreign exchange market but also to other sectors of the economy. Under such circumstances, it is difficult to expect foreign currency to strengthen. The question is not in the actions of the National Bank: it only responds to the current situation.

[Full text](#)

*Director of Economic Programmes
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Vasyl YURCHYSHYN*



SUPPORT OF US AND IMF INCREASES UKRAINE'S CHANCES FOR DEBT RESTRUCTURING

Ukraine may expect that its external debt redemption schedule will be changed. Ukraine has always fully met its obligations. Over the past 15 years, Ukraine never failed to pay. This, I believe, should serve as a persuasive argument for the government to negotiate with lenders.

Lenders may well opt for restructuring, given the economic and political situation in Ukraine. However, it is not about the remission or liquidation of debt. This only means that the term for redeeming the debt will be shifted by several years, while interest rates will be slightly reduced. Ukraine, in return, will try to find a way to pay its debts on time.

The debt rescheduling or moratorium will be exceptional and clearly agreed, with the IMF in particular. I believe the negotiations will continue, the more so that the IMF and the US have expressed their support for Ukraine, stating that they would continue cooperation despite the fact that the negotiations on restructuring are still underway. This is a positive signal for Ukraine.

[Full text](#)

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

Energy

TO ATTRACT INVESTMENTS INTO THE ENERGY SECTOR UKRAINE SHOULD AMEND ITS LEGAL FRAMEWORK

It was reported recently that the company Anglo-Dutch Shell closed down its projects for the extraction of shale gas in Kharkiv and Donetsk regions. The decision taken by the company's management was influenced by the war in the Donbass and the prospect of insignificant profits from the project. Earlier, Chevron gave up its plans for shale gas extraction in Western Ukraine.

So far, it is difficult to estimate the economic costs of losing these projects, since no real exploration has taken place yet. Nevertheless, this will result in serious reputational damage.

First of all, it should be noted that the withdrawal of those companies was caused by the war. Secondly, Ukraine today has an unfavorable investment climate, due to the increase in rent payments and the lack of legal framework. If these issues are not addressed, investors will not come even after the war has ended.

According to estimates, unconventional gas resources in Ukraine may include deposits of up to 20 trillion cubic

metres. These are extremely large volumes, which could provide for virtually all Ukraine's needs with its own energy resources. At the same time, we must understand that these resources are quite expensive, and therefore Ukraine needs to develop traditional gas primarily, in which it is also rich. It is traditional gas deposits that would allow for significant extraction volumes, while unconventional hydrocarbons could be extracted as a supplement, since economic factors play a considerable role here.

[Full text](#)

*Director of Energy Programmes of
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Volodymyr OMELCHENKO*



DECREASE IN UKRAINIAN GAS EXTRACTION IS DUE TO VERY LOW LEVELS OF INVESTMENT IN THE SECTOR

To increase Ukrainian gas extraction volumes, investment in the gas producing industry is required. They will only come if the law on the national regulator is adopted and the rent for gas production is reduced.

In general, I share the opinion that we need to replace imports with Ukrainian gas. But so far, unfortunately, the volumes of gas production in Ukraine are decreasing.

The current drop in gas production is explained by the very low level of investment in the sector, which is caused by an increase in rent payments and the lack of a legal framework. The law on the gas market, to come into force in the autumn of 2015, will help to improve the investment climate to some extent. The law provides for the development of a competitive market and the reform

of Naftogaz, including the division of its distribution and supply functions, separation of the system of gas operators and many other rational changes.

However, this law, no matter how right it may be, is not a panacea. The law on the national regulator, complying with the Third Energy Package, is also needed. But the stumbling block on the path to investment in the sector is the rent, which today is at 50-70%, depending on the depth of mining. It has to be optimised, and at the first stage it should not exceed 35%.

[Full text](#)

*Director of Energy Programmes of
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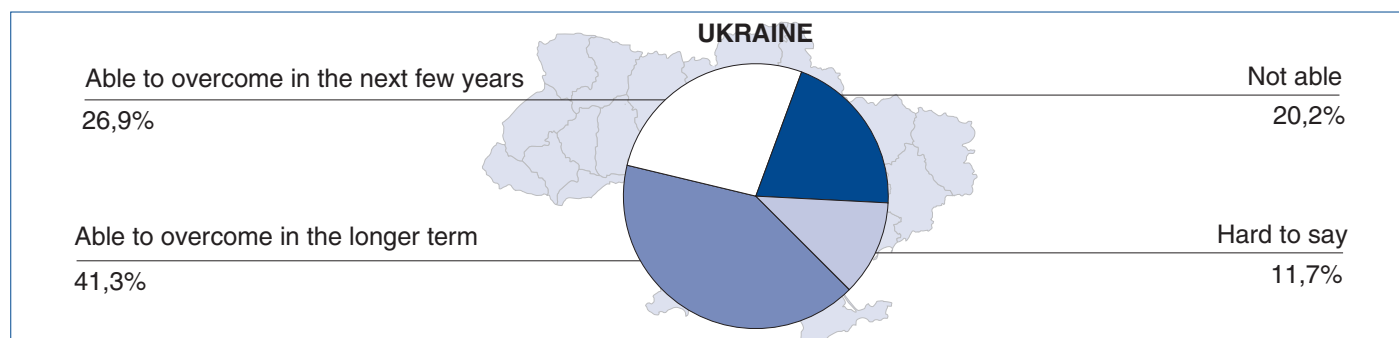
Sociology

A survey was carried out by the Razumkov Centre on 22-27 May 2015. 2007 respondents aged 18 and older were interviewed in all regions of Ukraine except Crimea and the occupied areas of Donetsk and Luhansk regions. The survey is representative of the adult population by key social and demographic indicators. Theoretical sampling error (excluding design effect) is less than 2.3% with a probability of 0.95.

The survey was conducted within the framework of monitoring public perception of the reforms in Ukraine. The survey was conducted with the support of the Swedish Government. More information on findings of the public opinion polls conducted by the Razumkov Centre is available on the Razumkov Centre website at <http://www.razumkov.org.ua>.

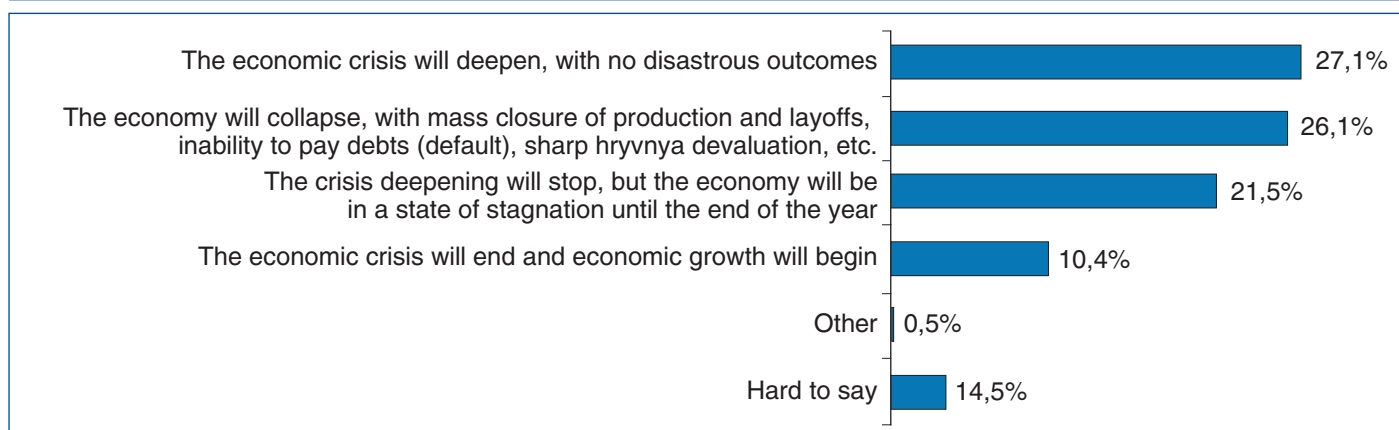
Do you believe that Ukraine is able to overcome current problems and difficulties?

% of respondents



How do you assess the prospects of Ukraine's economy in 2015?

% of respondents

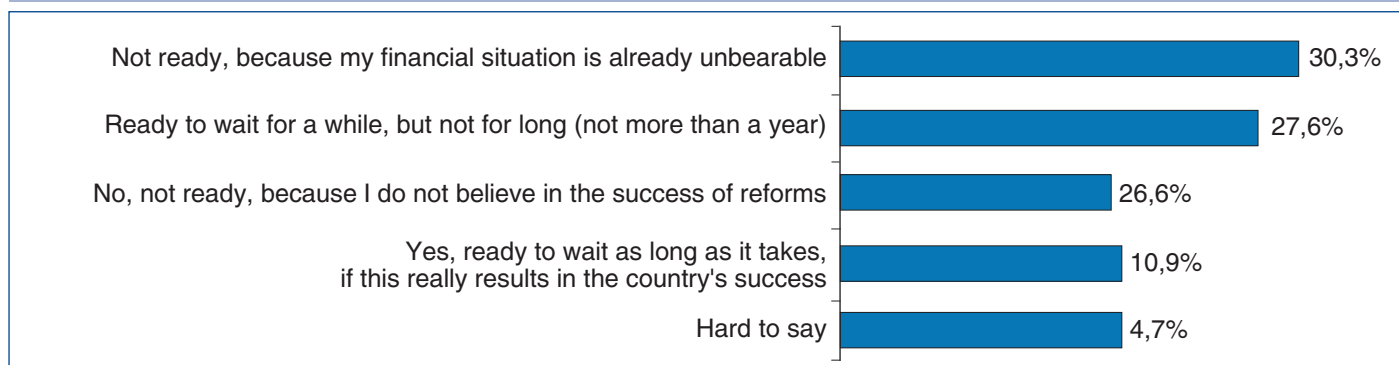


Please assess the course of reforms in Ukraine and the authorities' activities in different areas according to a ten-point scale where "1" means that there are few or no reforms, and "10" means that reforms are being implemented successfully, mean score

Government upgrade and lustration	2,69	Tax reform	2,31
Judicial reform	2,20	Energy independence program and energy reform	2,44
Decentralisation and local government reform	2,46	Promotion of Ukraine in the world	3,86
Public administration reform	2,43	Agriculture sector reform	2,14
Deregulation and promotion of entrepreneurship	2,26	Education reform	2,43
Reform of the law enforcement	2,53	Reform of public property administration	2,22
Reform of the national security and defense	2,94	Financial sector reform	2,17
Healthcare reform	2,17		

Implementation of reforms is likely to cause a temporary decline in living standards. Are you ready to suffer financial difficulties?

% of respondents



The Razumkov Centre News

PARTICIPATION IN THE MEETING OF THE CABINET OF MINISTERS OF UKRAINE

On 9 June 2015, the Director of Energy Programmes of the Razumkov Centre Volodymyr Omelchenko attended a meeting of the Cabinet of Ministers of Ukraine chaired by Deputy Prime Minister of Ukraine V. Voshchevskyi, dedicated to the draft Law of Ukraine "On the National Committee Performing State Regulation in the Area of Energy and Utilities" (Committee).

The adoption of this law by the Verkhovna Rada of Ukraine is very important to achieve a balance of interests between consumers and business entities operating in energy and utilities markets. The implementation of this law will contribute to guaranteeing energy security and integration of the Ukrainian energy sector into the single legal and technological space with the EU.

The meeting participants provided their comments on the bill, particularly, on the procedure for appointing the Chairman and members of the Committee, the mechanism of its financing, and the procedure for forming tariffs. The result of the meeting was a decision to urgently revise the bill on the basis of the consensus among all factions of the government coalition and to pass it for a first reading in the session hall of the Verkhovna Rada of Ukraine before the end of the current session.

MEETING WITH REPRESENTATIVES OF THE PARIS CENTRE FOR INTERNATIONAL STUDIES

On 8 June 2015, a meeting with Anne de Tinguy, researcher at the Centre for Educational Research and Innovation (CERI), Paris, was held at the Razumkov Centre. The Razumkov Centre was represented by Co-director of Foreign Relations and International Security Programmes M. Pashkov. The participants discussed the problems and prospects of Ukrainian-French cooperation, the situation in Eastern Ukraine and the international dimension of the Russian-Ukrainian conflict.

PARTICIPATION IN ACTIVITIES OF THE FRIEDRICH NAUMANN FOUNDATION IN BRUSSELS AND BERLIN



On 3-5 June 2015, Co-director of Foreign Relations and International Security Programmes of the Razumkov Centre Oleksiy MELNYK took part in several events organised by the Friedrich Naumann Foundation in Brussels and Berlin.

Ukrainian experts met with a group of Members of the European Parliament, representatives of the Foreign Relations Service of the European Commission and took part in public discussions attended by European experts, journalists and representatives of government and international organisations.

The main topics of discussion were related to the progress of the Russian-Ukrainian conflict, the prospects for implementation of the Minsk agreements, and the possibilities of Ukraine's cooperation with European partners aimed at addressing common challenges and threats.

A short video of the event by Radio Liberty is available at <http://www.radiosvoboda.org/media/video/27053930.html>

PARTICIPATION IN UKRAINE-NATO INTERPARLIAMENTARY COUNCIL

The Leading Expert of Political and Legal Programmes of the Razumkov Center V. Zamyatin made a short speech dedicated to the state of democracy in Ukraine to the members of the Sub-Committee on Transition and Development of the Ukraine-NATO Interparliamentary Council. The discussion also touched on the situation in the Donbass, problems of countering Russian propaganda and mutual expectations of Ukraine and NATO on further development of relations.

PARTICIPATION IN THE COMMITTEE HEARINGS ON "PROSPECTS FOR INCREASING EXTRACTION OF DOMESTIC OIL AND GAS FOR IMPROVING ENERGY SECURITY OF UKRAINE"

On 9 June 2015, the Leading Expert of Energy Programmes of the Razumkov Centre Viktor Lohatskyi took part in a hearing at the Parliamentary Committee on the Fuel and Energy Complex, Nuclear Policy and Nuclear Safety, dedicated to the prospects and ways of increasing production of domestic oil and gas to enhance the energy security of Ukraine. The main categories of the hearing participants were MPs, representatives of ministries, heads of major domestic companies, industry scientists and experts and media representatives.

The main topics of discussions included:

- Analysis of the main reasons for the decline of hydrocarbon production
- Identification of the main areas of stabilisation and increase in hydrocarbon production
- Organisational and legislative proposals to stimulate hydrocarbon production.

RESULTS OF A SURVEY ON "PUBLIC PERCEPTION OF THE SITUATION IN UKRAINE AND THE STATE OF REFORMS"

The survey was carried out by the Razumkov Centre on 22-27 May 2015. 2007 respondents aged 18 and older were interviewed in all regions of Ukraine except Crimea and the occupied areas of Donetsk and Luhansk regions. The survey is representative of the adult population by key social and demographic indicators. The survey sampling was constructed as multistage and random, with quota sampling of respondents at the last stage. Theoretical sampling error (excluding design effect) is less than 2.3% with a probability of 0.95.

The survey was conducted within the framework of monitoring public perception of the reforms in Ukraine. The survey was conducted with the support of the Swedish Government.

[See all results of the survey](#)

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