



№21 (17 JULY 2015)

THE RAZUMKOV CENTRE NEWSLETTER

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UNLESS KEY TERMS OF THE MINSK AGREEMENTS ARE MET, ELECTIONS IN “THE DPR AND THE LPR” ARE IMPOSSIBLE

The initiative of holding local elections in “the DPR and the LPR” is another imitation by the leaders of these entities, primarily aimed at accusing Ukraine in jeopardising the Minsk Agreements. The Minsk Agreements should be fulfilled starting from the first point, and if the first and the third points are not fulfilled by the militants, any other points are out of the question. All this is in the context of Russia’s conventional concept that the so-called DPR and LPR should become actors of the negotiation process as an independent party, although Russia itself is actually this party.

Furthermore, these entities want to add quasi-legitimacy for themselves through the local election in order to be able to claim the status of fully legitimate representatives of these entities and people living there later.

There is the law of Ukraine on occupied areas; there is the regulation of the Verkhovna Rada which considers the so-called DPR and LPR occupied areas. According to these laws, holding local elections in the occupied areas is impossible.

When neither laws nor the Constitution of Ukraine work there, and the election, in particular according to the Minsk Agreements, should be held under the Ukrainian legislation, it is clear that there is no legal basis to hold the election.

Also, in fact, this is not physically possible since no legal order is provided in these areas; human rights and freedoms also cannot be guaranteed; and the external border is controlled by neither Ukraine nor international organisations, like the OSCE, or peacekeeping units. Under such circumstances, it is not possible to hold elections in this part of Donetsk and Luhansk Oblasts.

That is why all this is only wordplay, aimed primarily at discrediting Ukraine’s positions, the militants taking the blame off themselves for failing to comply with the first points of the Minsk Agreements, and achieving their quasi-legitimacy.

If these elections in the so-called DPR and LPR are still held respectively on 18 October and 1 November, they will have no consequences. Nobody will recognise their results as all the foreign partners, in particular participants of the Minsk process, are talking about the need to fulfil all the points of the Minsk Agreements — certainly, starting from the ceasefire, the withdrawal of heavy weapons, the exchange of prisoners and so on. Then it should create legal and political conditions for holding local elections in these areas.

[Full text](#)

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



THE SELF RELIANCE FACTION WILL NOT YET DARE TO LEAVE THE PARLIAMENTARY COALITION

One of the factions — Self Reliance — has recently started talking about leaving the coalition. The size of this faction is rather small so we can hardly talk about the collapse of the coalition but it will be a strong negative signal for both the society and our Western partners. It will be especially painful because we need support of the West to fight in Eastern Ukraine.

Self Reliance leaving the coalition will rather be a strike than a victory. Most of their voters are Western Ukraine and partly Central Ukraine. To act as a force destroying the coalition for these people is not the best option.



It will be difficult to come up with an excuse for such step. Even if we say that the faction is dissatisfied with the lack of reforms, still this is not a serious reason to undermine the coalition during the war. Thus, in the nearest future, Self Reliance will not dare to leave the majority. To preserve the majority in the parliament, the number of deputies is the most important. The coalition currently has over 300 deputies, and Self Reliance has only 31 deputies. This is not critical given the number of people in the coalition but it will be a serious blow to the image. It is possible to work without Self Reliance but the withdrawal of one faction will show that the majority is unstable.

During the election, everyone demonstrated unity and European values but now demarches have begun. Indeed, the coalition currently has problems not only with Self Reliance. Competition between strong players of the majority continues. Fatherland can also leave the coalition. It seems to me that Self Reliance will remain in the coalition for some time.

[Full text](#)

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

National Security and Defence

ALL THE CONDITIONS FOR RUSSIA'S FULL-SCALE ATTACK HAVE BEEN CREATED IN DONBAS

The concentration of Russian troops at the Ukrainian border as well as other signs indicate that all the conditions for an attack have been prepared. Among the other signs, there is the presence of around



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

8,000 Russian soldiers in Ukraine, establishing a clear management structure in paramilitary groups, removal of commanders who were not controlled by the leadership of Russia, intensive training, and the supply of ammunition and equipment.

Of course, all this does not mean that the attack will happen. However, when all the preparations for the attack have been made, this cannot be ignored because the consequences can be very serious. Ukraine should be ready to such a scenario.

[Full text](#)

RUSSIAN SOCIETY IS NOT READY TO A FULL-SCALE WAR WITH UKRAINE

The threat of escalation in Donbas currently exists although we cannot say for sure when it will happen, and whether it will happen at all.

However, based on the overall analysis of the situation around the conflict, it can be noted that militarisation of the Russian society continues, aggressive patriotism is growing, and there is demand to continue fighting in Russia.

However, the idea of a large-scale war does not have the support as it used to have. Even those rare cases when Russian society got to know about captivity or death of Russian soldiers played their role. The most recent case is particularly worth noting — when special forces of the Main Intelligence Directorate were captured. It has somewhat broken the barrier of the official Russian censorship.

In other words, the situation is ambiguous — on one hand, in society, there is a demand to continue the war, and expectations of new victories; on the other

hand, reluctance to move to full-scale hostilities as it is clear that it will entail significant casualties among Russian soldiers, which reduces the likelihood that the conflict in Donbas will turn into a full-scale war between Russia and Ukraine.

Another factor that affects Russia's readiness to the war is the process of demobilisation and conscription, which is taking place in Russia now. For some time, the possibility of involving substantial forces in the conflict in Donbas will be limited by this very factor.

Finally, we should bear in mind a huge number of unexpected trainings conducted by Russia. This is also one of the classic signs that Russian armed forces are in the high state of combat readiness, and can be used at any moment.

[Full text](#)

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

A CHANGE OF POWER IN MOSCOW DOES NOT GUARANTEE THE RETURN OF CRIMEA TO UKRAINE

Putin's departure from power or his death does not guarantee that Crimea will immediately become Ukrainian the next day. To review the Kremlin's position on the identification of Crimea, Russia should undergo not just a change of state leadership but opponents of the current regime coming to power. It is almost impossible to predict when this happens.

There is a number of complaints about the Ukrainian policy towards Crimea. One of the prime examples of this is the fact that Ukraine still continues to feed

the occupants. Hundreds of trucks permitted to the peninsula everyday postpone the moment when Crimea returns to Ukraine. The Ukrainian government should start thinking about reviewing current relations with Russia when the country trades with the aggressor country. This is absolute nonsense.

[Full text](#)

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

PUTIN WANTS TO CONTINUE THE TACTICS OF BULLYING UKRAINE AND THE WEST

For Russia, the priority is to maintain the conflict at least at the current level, enabling it to keep Ukraine and the West in constant fear and tension, demonstrate its willingness to maintain this conflict, and escalate it at any moment suitable for the Kremlin. This is Russia's main goal.

Then, the options may differ — from an unlikely but still possible decision to break through a land corridor to Crimea, which has already been discussed repeatedly, up to creating a new hot spot near Transnistria. These are the options the likelihood of which is extremely low but given the risks, they cannot be ignored.

However, Putin definitely wants to continue his so far very successful tactics of intimidation, and thus, influence the course of negotiations, or raise the stakes in case of reaching new agreements.

Meanwhile, Moscow will try to succeed using militants — without large-scale participation of the Russian troops. Those whose deaths do not matter for Russia should be on the front line. They will count primarily on locals and "volunteers" that officially are not military personnel of the Russian armed forces. Then, in case of casualties, even serious ones, Russian authorities will not be held responsible for them.

Also, as experience of the recent operations showed, the second line and commanders (or advisors, as they are called in Donbas) should be Russian military.

The response of the Russian society is not the only factor that limits Putin's freedom of action. Now he also has to consider the response of the West since in spring, the likelihood of escalation was so high that both Canada and the U.S. decided to tighten sanctions, and the EU extended the period of its sanctions.

These are the two factors influencing the Kremlin's willingness to move to a full-scale attack. Ukraine's willingness also influences possible decisions.

Recent events in Maryinka, which many experts consider a reconnaissance by fire, showed Putin that no easy victory should be expected, as it was last year. Despite all its faults, the Ukrainian army is able to fight back, and the ratio of casualties, even if the data is hardly accurate, now is not in favour of Russia.

[Full text](#)

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

THE THREAT FROM RUSSIA HAS INCREASED NATO'S ROLE IN EUROPE AND NORTHERN AMERICA

In Article 5 of the Washington Treaty, there is no detail on how aggression should be showed for obligations of collective security to come into force. Today's debate among NATO members is about what should be considered an aggression or an attack.

For example, in addition to the war of aggression, it can be a cyber attack or any other attack, in particular at the energy sector. It does not have to be a classic armed attack when a lot of tanks or aircrafts start attacking the area. Also, there is no clear requirement that the support from NATO member states should be providing aircrafts, tanks, and soldiers to defend the ally.

As a result, one country may provide military assistance to the ally, and the other — economic or military and technical assistance. This issue is more complex than it was during World War II, when an ally had to join combat operations.

Furthermore, the decision to use Article 5 of the Washington Treaty should be made not through a

referendum or based on a public opinion poll but at the level of the heads of NATO member states.

The matter of existence of NATO, which was critical after the end of the Cold War or even 3–5 years ago, when there was no obvious threat, is now out of the question. There is a threat, and it encourages to make changes within NATO but I do not even allow for a possibility that someone among the member states could raise the issue of the need for the existence of NATO.

Currently, there is no alternative to NATO to ensure security for both Europe and Northern America. Attempts to create some kind of a defence alliance in the EU can be called successful only partly and conditionally.

Full [text](#)

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

Economy

UKRAINE HAS LOST A LOT OF TIME FOR CONDUCTING REFORMS

A year after the signing of the EU Association Agreement, we have seen some recovery in the pace of reforms. Although they in no way compensate for the loss of time that has happened. These reforms are not conducted in such favourable conditions because the level of confidence in the government is not the same that was after the Maidan. Also, it should be noted that some aspects of these reforms cause confusion. The government are putting too much pressure on people, and trying to put the entire price of reforms on ordinary citizens.

We have delayed the issue related to reforming the machinery of government too much. We demand reforms from the unreformed machinery of government, and then wonder why they are hampered. The fight

against corruption remains very soft and vague — there are much more declarations and creation of new structures that have not yet proved themselves as powerful mechanisms to solve problems. I would say that problems related to decentralisation are not being solved — we are still only on the verge of this reform.

Full [text](#)

*Economic Research Consultant
of the Razumkov Centre
Volodymyr SIDENKO*



TO AVOID DEFAULT, GREECE EVENTUALLY AGREED TO AUSTERITY REGIME

The main achievement of the recent negotiation between the EU leaders and Greece is to limit the ability of Athens to increase budget deficit and debt.

The problem was that Greece did not agree to the austerity regime, and now, apparently, it has been achieved.

If we look at the dynamics of European countries that are not members of the euro area, these countries got through the 2009 crisis much easier. They had such powerful management tool as foreign currency

component. This always gives a wide range of opportunities to any country.

Full [text](#)

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



ECONOMIC CRISIS IN CHINA WILL STRENGTHEN THE U.S. DOLLAR

Trouble in the Chinese stock market may lead to increased risks in the global financial market, and this will undermine confidence in the yuan and strengthen the dollar. No matter how we criticise the U.S. currency, it remains a safe haven, in particular for investors.

Therefore, although slightly, the dollar will still go up in Ukraine as well.

Full [text](#)

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

FOR UKRAINE, DEFAULT POSES A RISK OF LOSING POTENTIAL INVESTMENT AND JOBS

In Ukraine, the so-called soft debt restructuring is most likely to happen. There is both the political factor and support of international financial institutions and governments of the most influential countries. All this plays into our hands. Therefore, as a main scenario,

I would consider the situation when Ukraine manages to reach an agreement with creditors.

In case of a waiver of debt, Ukraine will lose certain rankings and the image of a reliable payer. Thus, the investment may fall, and as a result — the loss of income

and the loss of jobs. However, let me emphasise these are potential losses.

We can hardly compare Greece and Ukraine. First of all, because Greece is a member of the European Union. A few years ago, it was already given assistance — over 30 billion euros. Now it is also about 15–20 billion euros of assistance. The scale is completely different. Furthermore, Ukraine has to defend itself from substantial external aggression. Meanwhile, Greece is in relatively comfortable conditions.

The events in Greece should be regarded as a demonstration that when a country starts living beyond the resources, it no longer takes care of public finance. For such a country, it is very easy to slip into a crisis, in which Greece has found itself now.

[Full text](#)

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

RESTRUCTURING OF FOREIGN CURRENCY LOANS WILL SEVERELY LIMIT THE RESOURCES OF SOCIAL PROGRAMMES

The law on the restructuring of foreign currency loans of the citizens of Ukraine, which was adopted by the Verkhovna Rada on 2 June 2015, has significant drawbacks.

The entire population of Ukraine should not pay for mistakes, or deliberate or partly deliberate actions of certain groups of citizens — both borrowers and banks. For there was a lot of talk that foreign currency loans in the country whose citizens receive income in hryvnias are associated with extremely high risks.

In this case, social justice will also be violated as all citizens who did not take out loans, who did but paid them properly, or restructured them, will have to pay the price for those who do not want to do that for some reason.

If this law is not vetoed, we should understand that at best, these funds will be taken from budget items that can be considered social one way or another. Then we should forget about wage growth, order in the pension system, and that social obligations of the state will be somehow fulfilled. Also, savings accounts remaining in the banking system will be significantly affected by panic.

It is necessary to negotiate with banks, and banks should be ready to take some steps towards borrowers — there should be a mutual agreement between a bank and a borrower.

[Full text](#)

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

Energy

IN THE NEXT FEW YEARS, UKRAINE WILL NOT BE ABLE TO GIVE UP RUSSIAN GAS COMPLETELY

Speaking of gas supply to the EU, here Russia has clear contractual obligations it should fulfil. However, the Ukrainian–Russian gas relations are not regulated because Moscow considers Kyiv a weak player to whom ultimatums can always be given, which is exactly what is happening.

Ukraine wanted to get a discount of 100 USD per cubic metre, Russia only agreed to 40 USD. The Kremlin insists that we pay 247 USD per cubic metre but this does not meet market conditions — since spring, all the countries of Eastern Europe have contracts with smaller amounts, only we are being forced to accept unfavourable conditions.

There is also alternative gas supply, which is pumping Russian gas from Europe, in particular from Slovakia. However, natural gas that we can get in the reverse mode is still not enough to fully meet our needs. Therefore, there is not alternative to Russian gas in the next few years.

[Full text](#)

*Director of Energy Programmes of
the Razumkov Centre
Volodymyr OMELCHENKO*



DUE TO POSSIBLE GAS DEFICIT, UKRAINE WILL HAVE TO REDUCE ITS CONSUMPTION

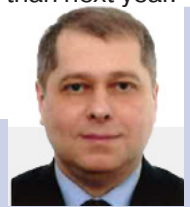
Currently Ukraine receives 40 billion cubic metres of transit gas daily from Slovakia. As of July, approximately 12 billion cubic metres have been pumped into storage. However, to survive winter safely, we need at least 5 more. Summer is known to be the season to pump gas into underground storage, which our country is doing now. Not only foreign fuel goes there but also from our own fields.

We should negotiate with the Russians but not at any cost. We can hold the current position approximately until September, insisting on maintaining status quo. If the Russians will not make concessions, we will have to change the tactics. Due to possible gas deficit, we will have to further cut its consumption.

Obviously, natural gas will not be supplied to the occupied areas of Donbas. In the case of Ukraine's claim to Stockholm Arbitration, the collection of materials continues, and positions of the parties are being examined. The hearing on the merits — the first court hearings — should be expected not earlier than next year.

[Full text](#)

*Leading Expert of
Energy Programmes of
the Razumkov Centre Viktor LOHATSKYI*



INSTEAD OF CREATING ANOTHER STATE OIL COMPANY, NAFTOHAZ SHOULD BE REFORMED

Speaking of the initiative of Prime Minister Yatseniuk to create a single state oil company by merging Ukrnafta, Ukrtransnafta, and Ukratnafta, currently creating such joint oil company is irrelevant since the oil sector is already controlled by the state through the National Joint-Stock Company Naftohas Ukrayiny. Currently, the assets of these companies are actually already merged, and fully or partly managed by Naftohas Ukrayiny NJSC. If they are withdrawn of Naftohaz, and then merged

into a single company, this will hardly change anything. Reforming the company Naftohaz Ukrayiny and the gas sector according to the adopted law on the natural gas market is currently more important.

[Full text](#)

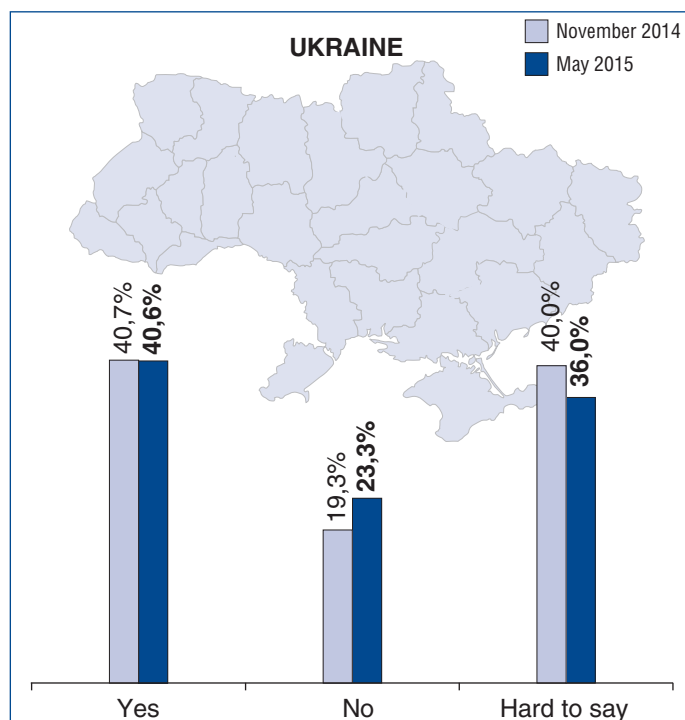
*Director of Energy Programmes of
the Razumkov Centre
Volodymyr OMELCHENKO*

The studies were conducted by the Sociological Service of the Razumkov Centre on 21–26 November 2014 and 22–27 May 2015. For both studies, the sample consisted of 2,009 respondents aged 18 and over in all the regions of Ukraine, except Crimea and the occupied areas, representing adult population by key social and

demographic indicators. Sampling error (without design effect) is less than 2.3% with a probability of 0.95.

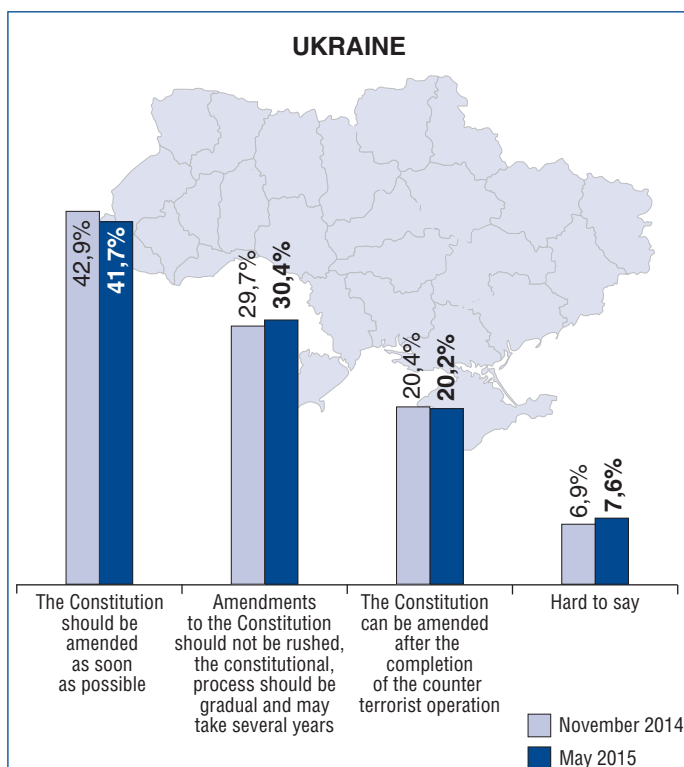
More information on findings of the public opinion polls conducted by the Razumkov Centre is available on the Razumkov Centre website <http://www.razumkov.org.ua>.

Should the current Constitution of Ukraine be amended? % of citizens polled

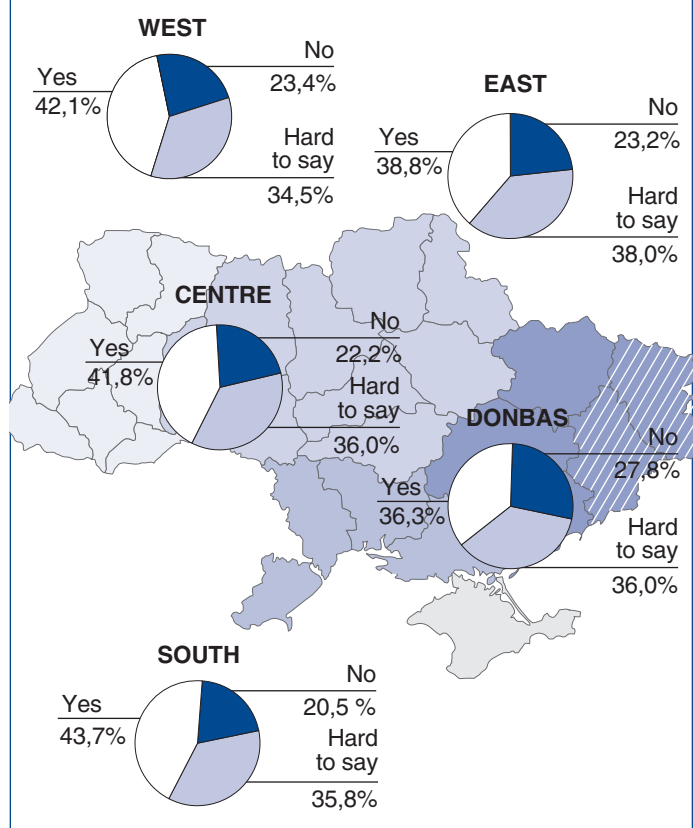


Which of the approaches should be used?

% of those who believe that the current Constitution of Ukraine should be amended

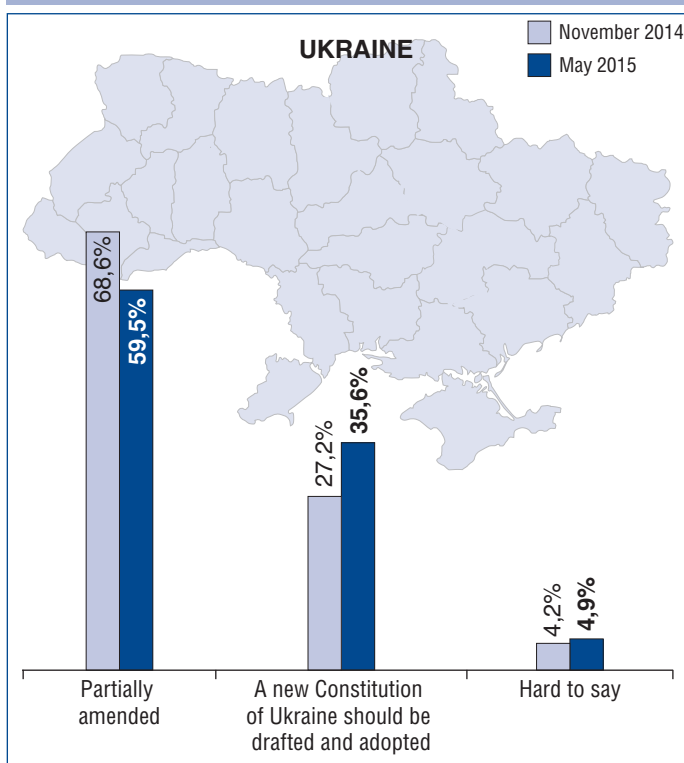


Regions (May 2015)



To what extent should the Constitution of Ukraine be amended?

% of those who believe that the current Constitution of Ukraine should be amended



ROUNDTABLE CONSTITUTIONAL PROCESS IN UKRAINE: RESPONDING TO NEW CHALLENGES OR REPEATING OLD MISTAKES?

On 9 July 2015, the Razumkov Centre, with the support of the programme RADA (Responsible Accountable Democratic Assembly) and the German Foundation for International Legal Cooperation, hosted the round table *Constitutional Process in Ukraine: Responding to New Challenges or Repeating Old Mistakes?*

Representatives of legislative and executive authorities, scholars, government and independent Ukrainian experts as well as representatives of foreign embassies and international organisations were invited to participate in the discussion.

During the round table, the findings of the study [Constitutional Process in Ukraine: New Realities, New Challenges, New Approaches](#) were presented and the following issues were discussed —

- Decentralisation: the path to universal and capable local government or increasing the central government control over it?
- What urgent problems of the judiciary cannot be resolved without amending the Constitution of Ukraine?
- What amendments to Section II of the Constitution of Ukraine *Human and Citizens' Rights, Freedoms and Duties* can strengthen guarantees of their protection?



[Press release to the round table “Constitutional Process in Ukraine: Responding to New Challenges or Repeating Old Mistakes?”.](#)

THE RAZUMKOV CENTRE ATTENDED A ROUNDTABLE TO DISCUSS THE PROJECTS OF THE MILITARY DOCTRINE OF UKRAINE AND THE DEVELOPMENT CONCEPT FOR SECURITY AND DEFENCE SECTOR OF UKRAINE

The round table was held on 9 July 2015 at the Simulation Centre of the National Defence University of Ukraine. Director of Military Programmes of the Razumkov Centre Mykola Sunhurovskyi evaluated the documents presented for discussion in his speech.



Key conclusions of the evaluation —

- The documents do not meet the stated objectives, and cannot be considered as the basis for further planning: the documents do not define the causes or nature of the current and potential future conflicts, the list of threats, capabilities that can be used by a potential enemy, or the necessary capacity of the security and defence sector of Ukraine.
- Definitions should be improved and aligned, especially concerning the security and defence sector.
- The above suggestions on improving the structure of the security and defence sector are neither justified nor systemic.

Based on a lot of criticism, at the round table it was proposed to entrust the Office of the National Security and Defence Council to revise these documents involving non-governmental organisations and independent experts.



UKRAINIAN CENTRE FOR ECONOMIC AND POLITICAL STUDIES
NAMED AFTER OLEKSANDR RAZUMKOV
Address: 01015, Kyiv, Lavrska, 16, Ukraine
Telephone (044) 201 11 98, fax (044) 201 11 99
Email: newsletter@razumkov.org.ua