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THE SPECIAL STATUS OF SOME RAIONS OF DONBAS WILL LIMIT THE POWERS OF THE PRESIDENT OF UKRAINE

Including the provision on the special order of local government in some raions of Donetsk and Luhansk Oblasts into the Constitution of Ukraine will lead to the fact that the president of Ukraine will not be able to abolish the acts of local governments or dismiss local councils in this area if its decisions threaten territorial integrity and sovereignty of the country.

Article 144 of the Constitution states that the president can suspend acts of the bodies that violate the Constitution, if they adopt decisions that infringe on territorial integrity and independence of Ukraine.

By appealing to the Constitutional Court, he can suspend them and appeal to the Verkhovna Rada to call a new election in this region.

The second part of Article 5 of the law on the special order states that the powers of the bodies elected in these areas shall not be terminated. Thus, the head of the state will not be able to exercise his

right, which will be provided in Article 144 of the Constitution.

In this case, the word “status” should not be manipulated. A status is a legal provision. A special status is a special legal provision. Thus, in case of these amendments, there will be a special status in the Constitution. Including this provision in the Constitution of Ukraine is also due to Paragraph 11 of the Minsk Agreement.

[Full text](#)



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THE PRINCIPLES OF DECENTRALISATION IN THE NEW CONSTITUTION HAVE CAUSED A LOT OF DEBATE IN THE VERKHOVNA RADA

The President of Ukraine Petro Poroshenko is not happy with the refusal of part of the faction of the coalition to vote for his amendments to the Constitution.

A historic vote for amending the Constitution took place in the parliament. 288 deputies from different factions voted for it. The faction Self Reliance, part of the faction of the Radical Party, and some deputies from other factions of the coalition refused to vote. For the voting for the presidential initiative, the Opposition Bloc and people's deputies from other parliamentary groups joined the backbone of the coalition.

In the Parliament, there was a broad consensus regarding the new version of the Constitution but it did not help avoid scandals. In the Rada, there were fierce opponents of this bill. Their key argument was that the law provided a special status to the occupied areas of Donbas. This was a resonant basis for a debate between Poroshenko and the criticising factions. As to Self Reliance, its deputies had complaints concerning the principles of decentralisation provided in the law. The special status of Donbas is only one of the conflicting positions.

In the bill, literally there is no “special status” for Donbas but it is still empowered.

For these oblasts, a special procedure for forming a local government is established. If the bill is adopted, this norm will become part of the Constitution. To abolish it in the future, the Constitution will have to be amended again. I.e., for the occupied area, the constitutionalisation of special rights is taking place. There is another important point — in the Minsk Agreements, there is a paragraph, under which the powers of local deputies that will be elected in the occupied areas cannot be terminated. The president's bill (the part about decentralisation) states that he can terminate the powers of local councils if they adopt decisions that undermine national security. If the law is adopted, this right of the president will not apply to the areas that are currently occupied.

[Full text](#)

*Deputy Director, Director of Political
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Yuriy YAKYMENKO*



IMMUNITY OF PEOPLE'S DEPUTIES WILL BE LIMITED BUT NOT COMPLETELY ABOLISHED

On 14 July, the Verkhovna Rada took another step towards the abolition of parliamentary and judicial immunity. The Parliament adopted the resolution No.1776/P2 On Further Work on the Bill on Amendments to the Constitution of Ukraine on the Immunity of People's Deputies of Ukraine and Judges. 283 people's deputies voted for this decision.

Such publicised adoption of the resolution is only populist behaviour. This topic always resonates very well with the public because people see the level of corruption that starts from the top political institutions and the Verkhovna Rada. They see precedents when deputies are deprived of immunity, when there is permission for prosecution but no permission for an arrest. When the president submitted this bill, the first one among the arguments was that citizens demanded it. This issue has been supported by the public, that is why deputies are behaving like this but

when it comes to adopting the bill, the rhetoric of deputies will change.

Previously, there have been several attempts to deprive deputies of immunity. However, if a similar bill was passed several years ago by the previous government, the former opposition could have been forced out of the Ukrainian political arena. Deputies need some assurance in professional activities.

There were several decisions of the Constitutional Court which stated that parliamentary immunity was not a privilege but a means of implementing constitutional powers and functions. The bill is most likely to be amended. The immunity of deputies will be limited but not completely abolished. In this form, the bill has a chance to be passed.

Full [text](#)

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

AMENDMENTS TO THE CONSTITUTION OF UKRAINE ARE APPROPRIATE AND POTENTIALLY DANGEROUS AT THE SAME TIME

We should understand that members of illegal paramilitary and other groups do not advocate separation from Ukraine any more. They want to be a kind of an enclave within Ukraine but in this enclave, human rights, the laws, and the Constitution of Ukraine should not be in force.

Their discontent with the draft amendments to the Constitution can be explained by the fact that there is no direct reference that these temporarily occupied areas of Donetsk and Luhansk Oblasts will have complete freedom of the Ukrainian legislation.

In general, the rhetoric of the leaders of illegal paramilitary groups have significantly changed recently. Last year they declared that they were fighting for the right to separate from Ukraine and join the Russian Federation. Then they declared that they were fighting for autonomy against the Mafia. Now they claim that they are fighting for the special status. They say what they are told in Moscow.

However, amendments to the Constitution in the part on decentralisation apply not only to these temporarily occupied areas of Donbas. These amendments, and declarations of the president and members of the faction of the Petro Poroshenko Bloc indicate that a certain transitional period is planned. I.e., during this transitional period, heads of administrations will perform their functions. After that, administrations will no longer exist. There will be a new institution for Ukraine — the institution of prefects. In fact, a prefect is still an institution of executive agencies, which, however,

is appointed with a high degree of the president's influence.

These changes, one way or another, create another new stage in the country's development. Whether it will be of negative or positive nature, we will see already after it is clear whether these changes are finally adopted and how they work.

We can definitely say that the entire system of local government requires immediate reform, immediate rethinking, and, above all, reviewing the functions and responsibilities. To some extent, the amendments to the Constitution proposed by the president meet this demand. However, the draft law that was voted for in the Verkhovna Rada and submitted to the Constitutional Court is far from perfect and somewhat dangerous. For it does refer to the special order of local government, which distinguishes these regions among all the other regions of Ukraine. We should understand that this bill is a compromise, and is forced.

Ukraine is still an extremely weak country, which does not allow it to be an equal international actor.

Full [text](#)

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



YAROSH DOES NOT HAVE FULL CONTROL OVER ALL THE LOCAL BRANCHES OF THE RIGHT SECTOR

The events in Mukachevo on 11 July, when soldiers of the 1st battalion of the Ukrainian Voluntary Corps started a gunfight with the police and fatally wounded a man, and then hid in the woods, have caused the Right Sector's critical statements towards the government and a demonstration in the centre of Kyiv.

The leader of the Right Sector Dmytro Yarosh has found himself in a very difficult situation. It seems that he does not have full control over the branches of this organisation in all the oblasts. During the Maidan and the events after it, the Right Sector was growing phenomenally fast, which prevented them from developing a strict hierarchy. Yarosh should understand that the actions of his soldiers in Mukachevo are difficult to justify. However, he cannot give them up because it poses a risk to his personal authority and can destroy the structure of the Right Sector.

The issue of the volunteer battalions should be solved through negotiation. They should come under the command of the Armed Forces of Ukraine or other authorities because only the state should have the right to use force. Otherwise, this situation poses a risk of continuing local conflicts and the country's integrity.

Full [text](#)

Expert of Political and Legal Programmes of the Razumkov Centre Arsen STETSKIV



THE NEW POLICE HAS ONLY SEVERAL MONTHS TO USE THE TRUST OF UKRAINIANS

Most citizens of Ukraine have a positive attitude towards the new police because everyone expects changes for the better.

The citizens are aware of Georgia's successful experience in reforming the police. That is why positive attitude means major trust. Last year people had the same attitude towards the Ukrainian authorities but the Government did not use their chance. As a result, the current rating of the party People's Front, headed by Prime Minister Arseniy Yatseniuk, according to the

recent studies, is getting less than 3% of votes. The police have only three or four months to show real achievements.

[Full text](#)

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National Security and Defence

IN THE REAR OF UKRAINE, RUSSIAN AGENTS COORDINATE THEIR ACTIONS WITH THE SITUATION ON THE FRONT

The actions of Novorosiya supporters and Russian agents in the rear of Ukraine are coordinated with the situation on the front.

Among their goals, there is increasing the general tension, dispersal of Ukrainian forces, and creating conditions to seek concessions from the Ukrainian side within the negotiation process Minsk-2.

Therefore, in the future, the number of hot spots in the "peaceful part" of Ukraine may increase. Such trend

coming from Russia is obvious. However, now the situation largely depends on the activities of Ukrainian intelligence agencies.

[Full text](#)

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THE FINAL DECISION ON THE CASE OF THE MH17 CRASH SHOULD BE MADE BY AN INTERNATIONAL TRIBUNAL

Official results of the international investigation of the passenger Boeing-777 crash in Donbas are going to be published in autumn. However, the world is already discussing the need to create an international tribunal to prosecute those responsible for the plane crash.

The initiative on creating an international tribunal should be supported because to establish the truth, decision of no national court will be enough — it should be the most respected international institution whose decision would be recognised by most countries.

Creating a tribunal still remains problematic because there is very stiff resistance from Russia in this matter.

It is necessary to seek mechanisms to influence Russia. In particular, Russia can either be persuaded



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to give up the right of veto in the UN Security Council, or this right of veto can be avoided by adopting a decision at the UN General Assembly which gathers all the states.

Also, one of the ways to prevent Moscow from using the right of veto is the way the question is presented in public — if you do not admit that you are guilty and responsible for this tragedy, it is not logical to block the creation of a tribunal, if Russia is interested in establishing the truth.

Adoption of the decision by the tribunal may take years, and recognising Russia a state sponsor of terrorism is one of the possible consequences of the results of the MH17 disaster international investigation.

Furthermore, the form of punishment, including not only for certain culprits but also for the state, will depend on the position held by the Kremlin. If Russia takes such an obstructionist position as it does now, one of the consequences of this may be quite a strong response of the international community to punish it by other means. In particular, by strengthening or extending economic sanctions. For such behaviour of one of the largest countries in the world is unacceptable.

[Full text](#)

NOT ALL THE SHOOTINGS AND EXPLOSIONS IN UKRAINE ARE NECESSARILY CONNECTED WITH RUSSIA'S SUBVERSIVE ACTIONS

Not all of these events — explosions and shootings — have to be connected with Russia's subversive activities. This may be both trivial incidents of banditry and business issues. However, obviously, when there is a series of coordinated actions — hacking attacks, explosions in Lviv (as, for example, a series of explosions in Odesa) — most likely, this is coordinated from a single centre.

In this situation, the authorities, first of all, should minimise the threat of something like what happened in Mukachevo repeating. Firstly, the existence of the Right Sector and volunteer battalions should be brought to a legal dimension.

Secondly, it is necessary to intensify the actions to prevent the spread of weapons and ammunition from the

area of the counter terrorist operation to Ukraine. For this is just outrageous that people with such amount of weapons feel free to walk the streets, apparently without fear of any threat. As it can be seen from the video from Mukachevo, having been armed, they did not even try to hide. They had a sense of being right, and of impunity.

Finally, I would like to note a positive thing. Our security forces are doing their job, although not fully. Reports on neutralising either a group or some caches of ammunition appear almost daily. This is a proof that they do try to control the situation and prevent such terrorist attacks.

[Full text](#)

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Economy

ANALYTICAL REPORT PROSPECTS FOR UKRAINE ENTERING THE MARKETS OF UPSTREAM COUNTRIES

Global economic dynamics is characterized by ambiguous symptoms caused by the need to ensure sustainable growth in the conditions of conflicting global trends. Indeed, in addition to the "traditional"

objectives of growth and development, today governments and international financial institutions more and more often face problems due to significant changes in the global economic structure, and the

change of main actors of the formation of modern global economic relations.

These objectives are even more difficult for Ukraine, which in the conditions of external aggression should not only stabilise the economic and sociopolitical environment but also introduce a policy of long-term sustainable development. The situation is complicated by the fact that during the years of independence, Ukraine got lost in the bilateral integration vector — Russia vs the EU, and thus, instead of potential benefits, got constant loss and damage. Today, when the Russian vector has not only run its course but is also rather limiting, Ukraine is facing the task of finding new niches in the global division of labour, and actively entering global competitive markets and environments.

It is clear that attractive markets of developed countries are hard to reach for an unreformed economy. However, Ukraine continues to hold certain absolute and relative preferences in the economic development, the quality of human resources, production etc, especially compared to the large group of developing countries. So we should understand that Ukraine actually has no alternative other than rapidly entering new (relatively young) upstream markets.

This analytical report of the Razumkov Centre is devoted to studying new international economic and integration opportunities for Ukraine.

The first section discusses the features of the dynamics of modern economic environment, and determines the growth of importance and influence of the upstream countries on the development of the global economy. Among the upstream countries, the largest four are identified, which in the early 2000s created the economic group BRIC, and to a large extent form the economic potential of upstream economies in general. Therefore, the second section is focused on covering the main components that describe the

economic state, changes, and contradictions of these countries. The third section elaborates on the features of the economic environment of two Asian giants — China and India — because these countries, according to experts, can become the new global leaders in the coming decades. Conclusions of the first three sections summarise the main areas and prospects of global development in the medium term.

The fourth section is devoted to the analysis of factors and components to boost the integration policy of Ukraine in terms of strengthening positions in the markets and projects of the upstream countries, primarily initiated by China as the most dynamic economy of today. Finally, suggestions regarding institutional, investment, and structural changes in the Ukrainian economy are presented, which would promote speeding up economic recovery of Ukraine and its entry into the global integration processes.

Expert articles are an integral part of the study and highlight the expert opinion on competitive opportunities and strategic economic areas for Ukraine to enter the markets of certain countries and regions of the world.

In the end, the findings of the survey of Ukrainian experts and entrepreneurs by the Sociological Service of the Razumkov Centre regarding opportunities for Ukraine to enter the markets of the upstream countries as well as its involvement in the global integration processes.

[Read the entire analytical report](#)
[Prospects for Ukraine Entering](#)
[the Markets of Upstream Countries](#)

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TO OVERCOME SMUGGLING, UKRAINE NEEDS HELP OF THE EU

Recently, Ukraine has become Europe's biggest supplier of smuggled cigarettes. Here are the data of the Ministry of Finance of Poland of two years. According to them, the Polish agencies found 680 million smuggled cigarettes within the country and at the borders, 40% of which (i.e. 270 million) were from Ukraine. At the same time, in one year, on the Ukrainian side at all the borders with the EU, the customs service seized only 37.5 million cigarettes worth 1.2 million euros. Smuggling cigarettes brings huge profit. In Romania, Ukraine also ranks first, even ahead of Moldova, as a supplier of smuggled tobacco products, supplying 27% of their amount.

The western border and especially the customs in Odesa traditionally are major centres of smuggling. For example, in Odesa, there are entire clans specialising in smuggling. The local feature is that containers with smuggled goods are legally taken through the customs

but registered not in the group which the goods really represent but in the group that is not subject to a higher duty.

To overcome smuggling, we need help of the EU because the economy of our neighbours also suffers from it. To counter smuggling, appropriate integrated info-systems that track the turnover of all goods are needed. Secondly, customs statistics and customs clearance should be brought into compliance with the EU standards.

Full [text](#)

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THE ESCALATION OF THE CONFLICT IN DONBAS WILL INCREASE THE LIKELIHOOD OF DEFAULT

Back in April, the ranking agency Standard & Poor's lowered the long-term sovereign rating of Ukraine in foreign currency to the pre-default level CC with a negative outlook.

It is favourable to no one if what can be classified as technical default happens. Neither to Ukraine, nor to private creditors or the IMF. Interest payments in the amount of 120 million dollars is not a critical amount for the Ukrainian budget or Ukrainian finance. Currently, the reserve of the National Bank exceeds 10 billion dollars.

However, technical default cannot be ruled out completely. The war is the main risk; it is very difficult to predict a scenario on the front. If there is escalation again, technical default is possible.

Full [text](#)

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ALL MINIMUM SOCIAL STANDARDS SHOULD NOT BE TAXABLE

All minimum social standards should not be taxable. In this context, a minimum wage is what really provides for the actual minimum standard of living. In this case, one understands that if he has a minimum wage, he can physically survive but has no money for anything else.

There should be a clear calculation of those goods and services that will be included into the market basket. It is necessary to know and understand exactly what amount of goods and services should be in this basket, and what price level — the average — is laid in a particular good in this basket.

If the government know how to increase the labour cost, and hence increase wages, we can move to other indicators. If we base wages on one kind of reasons, the market basket on another, and the living wage on a different one, we will hardly get adequate results.

Full [text](#)

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Sociology

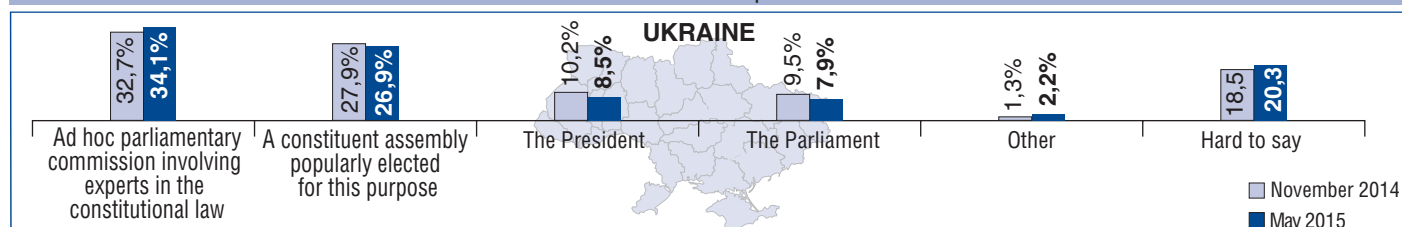
The studies were conducted by the Sociological Service of the Razumkov Centre on 21–26 November 2014 and 22–27 May 2015. For both studies, the sample consisted of 2,009 respondents aged 18 and over in all the regions of Ukraine, except Crimea and the occupied areas, representing adult population by key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

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

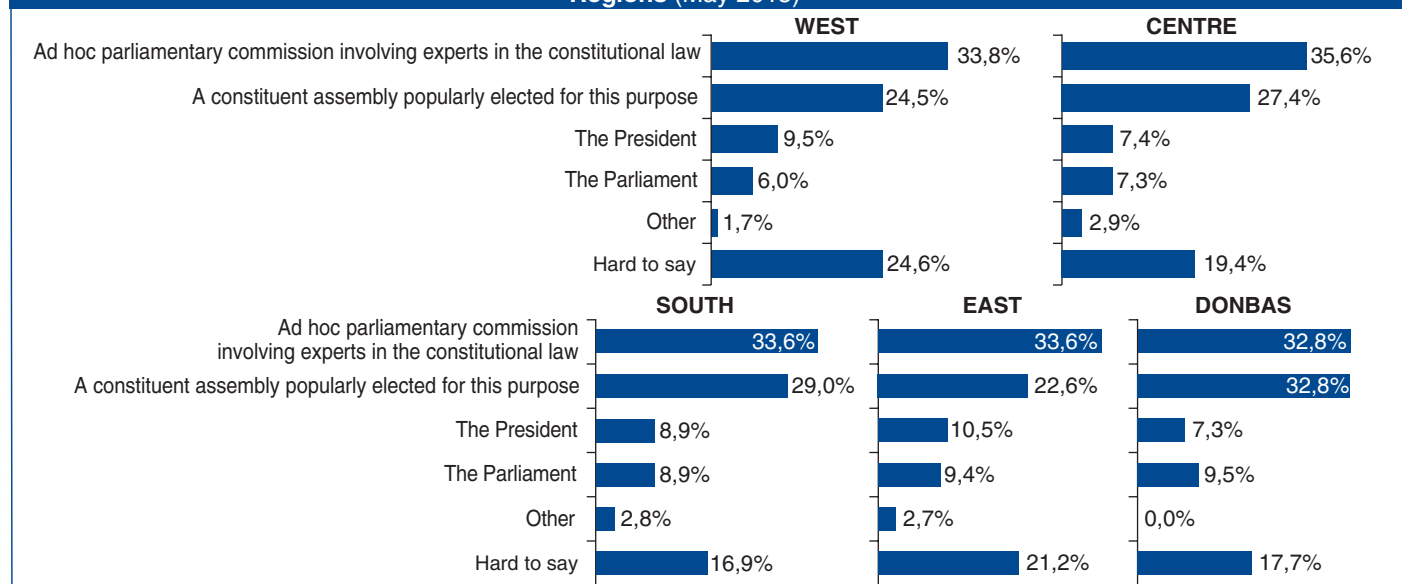
More information on findings of the public opinion polls conducted by the Razumkov Centre is available on the Razumkov Centre website <http://www.razumkov.org.ua>.

Whose draft amendments to the Constitution will you trust the most?

% citizens polled



Regions (May 2015)



Who should adopt the Law on Amendments to the Constitution?

% citizens polled

