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POROSHENKO'S DRAFT CONSTITUTION: WHAT AMENDMENTS SHOULD BE MADE?

The draft Constitution proposed by Petro Poroshenko, in fact, represents only a part of the amendments needed to be made to the basic law. The amendments provided in this bill clarify the distribution of powers, redistribute them between the president and other authorities in the triangle "President–Parliament–Government", and also change the structure of the self-government and authorities.

The main part of this draft is the one concerning the feasibility of the idea of decentralisation. For the top leadership in the triangle of power, these changes are not so significant. They come down to the changes in forming the Cabinet of Ministers (there will be no so-called presidential ministers – formally they will remain but they will be nominated by the



prime minister and agreed with the president; it concerns the minister of defence and the minister of foreign affairs). Also, appointments of some other officials will be made jointly by the president and the Verkhovna Rada of Ukraine, or the president alone. These changes are not so significant to fundamentally affect the distribution of power.

The novelty of this draft Constitution is that it actually legitimises the current formula of creating a faction in the Verkhovna Rada when it is not about a coalition of deputy factions but about a parliamentary coalition, which can be formed both by factions and individual deputies.



What concerns decentralisation of power, this bill has met the current need. However, questions may arise as to what powers will be assigned to the representatives of the president of Ukraine in the regions, and which powers will be delegated to executive committees of the councils. Therefore, the decentralisation is the basis of the Constitutional

reform. For the top leadership, the issues that are problematic in the current Constitution and were visible during 2007 to 2009 may remain. (they are not taken into account in the new draft).

Not everyone is satisfied with the draft amendments to the Constitution proposed by Poroshenko. Motivations of Batkivshchyna and Svoboda parties differ. Batkivshchyna is not happy about the possible enhancement of the presidential powers, and it would prefer the coalition based on factions. Its election bill exactly matched this criterion. It restores imperative mandate, and the draft amendments to the Constitution proposed by Poroshenko abolish imperative mandate.

As to Svoboda, their caution concerns one issue – the capability of local governments to set a special status for the Russian language and other languages of the national minorities in their areas. In fact, this is a provision of the current law on languages that they tried to abolish but stopped.

It seems that this draft will change but not dramatically while it does not significantly revise the current basic law.

What else should be taken into account? There should be amendments to the part of the Constitution that concerns justice – the judiciary and prosecution.

Full text in original language

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DFART AMENDMENTS TO THE CONSTITUTION OF UKRAINE NEED SIGNIFICANT REVISION

Even considering that the constitutional process is running and can only be taken to its logical conclusion, it should be noted that the actual content of the amendments to the Constitution is rather ambiguous. This draft requires profound revision. Especially the basic set of amendments – the one on decentralisation. Evidently, those preparing the set of amendments for the president, out of old habits, tried to advance themselves and get him at least some enhancement of powers wherever possible. It is not very good because the president has constantly emphasised that unlike his predecessors, he will not try to take over the powers but is willing to share them.

As to the amendments to the provisions on the powers of the Verkhovna Rada, there is a number of posts that are either appointed by the president, or the candidates are agreed with him. Now the president can terminate their powers. It means that these positions will depend more on the president than the VR. Because it is important, not only who appoints them but also who deprives them of powers.

I find it completely unacceptable that the head of the Antimonopoly Committee will be appointed by the president and not by the Verkhovna Rada. It is known that the Antimonopoly Committee should communicate extensively, especially with oligarchs. Now it appears that they will deal with their issues at the Presidential Administration.

I think it is normal that the head of the Foreign Intelligence Service will subordinate to the president. This is within his set of powers as a commander-in-chief.

The fact that the president has the powers to appoint his representatives in the regions concerns decentralisation. In the bill prepared by the Cabinet of Ministers, there were state representatives from the executive power. Now they turned out to be controlled and accountable to the president, and that is another system. Moreover, the powers of a representative of the president provided in this draft are completely unacceptable given the provision on the coordination of cooperation of the local and central government. All of this should be performed by the authority representing the executive – the Cabinet of Ministers. It means that once again arrangements that provide ground for confrontation between the president and the Cabinet of Ministers are appearing.

Paragraph 4, concerning the powers of the representatives of the president (“exercising powers as defined by the Constitution and the laws of Ukraine”), is completely unacceptable. As to the laws of Ukraine, it means that by passing laws, it is possible to enhance the powers of the representatives of the president immensely. As a result, all talks about decentralisation may disappear if the powers are contributed to representatives of the president in future through laws.

Administrative division. Article 132 states that “the administrative division of Ukraine shall be based on

the principles of unity and integrity of the state territory, and centralisation”. Now the draft says, “...based on the principles of unity and integrity of the state territory, the combination of centralisation and decentralisation”. The president has always stressed that Ukraine is a unitary state and will remain so. The element of centralisation had to be present – if to take it away, it will mean that the element of federalisation may have been created.

The system of administrative division consists of regions, districts, and communities. Regions are oblasts, and also the cities of Kyiv and Sevastopol. How do current oblasts differ from regions? What are the changes in their status? Community has been defined as an administrative division which covers one or several settlements, a village or a city. However, a region is not defined. So now it is not clear why oblasts are renamed into regions.

In the Constitution, a community is regarded as a local community, as human substrate i.e. residents. Now, a community has exclusively become an administrative division, with human substrate removed. Residents are entitled to resources located in the area where they live. This needs serious revision. Otherwise, it turns out that the key element of the community – the residents – has disappeared, and the rights are granted to local authorities.



We have heard that all of this is a part of Poroshenko's peace plan. However, it should be not only a proposal but a demonstration of willingness to implement these ideas. Then, in September or October, these regions would have had the rights. However, this law comes into force upon publication, except from the amendments above – they come into force upon entry into office of the village and city heads, elected at the next election. The next election is next year. Then what for this race now? So far, only amendments on decentralisation could have been made, leaving out powers of the Verkhovna Rada and the president. Then it could have been done quickly, this law could be coherent and acceptable, without creating conditions for destroying local communities. Otherwise, this draft Constitution will not cause any delight among people who want to develop local government.

Full text in original language

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THANKS TO ITS OWN RESOURCES, UKRAINE CAN COMPLETELY CUT GAS DEPENDENCE ON RUSSIA

When analysing the effect of global energy routes on the European market, one should consider not only the possible sources of diversifying supplies but also the dynamics of the demand for hydrocarbons. It is known that previous forecasts on significant increase in gas consumption in Europe not only failed but on the contrary, an inverse trend was observed – in 2009–2013, gas consumption in the EU dropped by 10%, to the level of 2000. This significantly compensated negative effects of the drop in domestic production. In case of gas price reduction compared to other fuels and economic recovery, the forecast is that before 2020, demand recovery will reach the level of 2008 – around 500 billion m³ per year. The dependence of the EU on import will amount to 75% of total consumption. At the same time, it is forecasted that up to 30% of gas will be supplied from new sources, and that import from the Caspian region via pipeline will increase significantly, as well as of LNG from the countries of the Persian Gulf and North and West Africa.

The policy of diversification of energy resources supply, along with the increased level of integration of the energy infrastructure within the EU will contribute to strengthening cooperation with its Southern and Eastern partners, and will ensure compliance with the Treaty establishing the Energy Community. Ensuring synchronisation of the GPS of Ukraine with the EU network (ENSO-G) is an essential element of the integration of gas markets and energy security of Europe.

The role of Russia for global energy development is primarily based on huge hydrocarbon reserves. It is the leader in proved gas reserves, which amount to 33 trillion m³, and is ranked eighth in proved oil reserves, which amount to 12 billion tones. Among the priorities of the international energy strategy of Russia, there is diversification of the export routes of energy supplies and the expansion of markets as well as using fuel as a tool of economic pressure, primarily on countries of the Central and Eastern Europe, which are the most dependent on Russian supply.

Implementation of new projects in Sakhalin and recent conclusion of the contract between Russia and China for gas supply to China shows that in the new global energy industry, Russia will play the role of one of the leading suppliers of hydrocarbons in the Asia-Pacific region. In its turn, the European gas market will remain major for Russia because of its much greater commercial benefits for Gazprom, compared to the market in Southeast Asia.

Gas wars provoked by Russia in 2006 and 2009 became a good lesson for European countries. Over the last 5 years, the integration of gas networks of the Visegrad Group countries into the gas pipeline system of the EU has significantly increased due to construction of a number of interconnectors. Also, Poland and Lithuania are planning to commission two LNG terminals at the Baltic coast in the near future. Continued consistent policy of diversification of the EU supply sources, along with increasing investment into the integration of the energy infrastructure, provides significantly lower dependence of the countries of Central Europe on Russian gas. Getting rid of political components in gas pricing because of refusing the “formula” approach is also an important component of the increased level of energy security in Europe. Despite the forecasted replacement of significant volumes of Russian gas with fuel from other sources, in the long run Russian gas will take a significant share in the energy balance of the Central European countries but its political influence in this region after 2018 will considerably weaken.

Over the last months, the new Ukrainian government have taken important steps to ensure energy security of Ukraine, which is an integral part of the European security system – reverse gas supply through Poland and Hungary have been promptly restored; the agreement on gas transit in the “reverse” mode was signed with Slovakia; Ukraine joined the system of the EU gas pipeline operators of gas metering in underground gas storages; the reform of energy markets according to the provisions of the Treaty establishing the Energy Community is in progress. These measures significantly reduce transit risks of Russian gas supply to European countries. Ukraine owns sufficient resources of both conventional and unconventional gas to increase production from 21 billion m³ in 2013 to 35–40 billion m³ in 2025, and a huge potential in the area of energy conservation and efficiency, thereby able to completely get rid of gas problems with Russia.

Full text in original language

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THE UKRAINIAN GPS IS SUPERIOR TO GAS PIPELINE CAPACITIES OF THE SOUTH STREAM

In general, the contract between Russia and Austria on South Stream that was signed during the visit of the president of Russia to Vienna does not change the situation around this project. Because the key country here is not Austria but Bulgaria. That is where the exit point of the gas pipeline from the Black Sea, and Bulgaria has stopped the construction of the gas pipeline at the request of the European Commission. Currently, there are more questions than answers here.

As to the position of Ukraine, it keeps insisting that its gas pipeline system will remain the most reliable and the cheapest route of Russian gas supply to Europe,

moreover, it is provided with a unique system of gas storages, which neither South nor Nord Streams has.

South Stream is currently loss-making; the capacity of gas pipelines from Russia exceeds the capacity of supply and demand for natural gas. Ukraine must respond by signing the contract between Russia and Austria by increasing reverse gas supply and gradual refusal from Russian gas. Now the Ukrainian gas market is most likely to be closed for Gazprom.

Full text in original language

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IF THE CONFLICT IN DONBAS CALMS DOWN, INFLATION WILL NOT EXCEED 10% IN 2015

Next year, the level of inflation will be greatly affected by indicators of the current year as major inflation risks so far fall to 2014.

This is rapid devaluation, which has already manifested itself in inflation. The next shock concerns increasing public utility rates. The rates have been changed recently, and it will show up around August or September. The situation may be somewhat improved by good harvest being expected this year so no increase in food prices is expected in the nearest future. Another shock is the start of the heating season. Inflation increases around October and November. These are the three shocks which are likely to lead to inflation at 16–17% by the end of the year.

If the military conflict does not expand, stabilisation programmes will start to work and major risks for 2015 will be significantly reduced. Therefore, in 2015, the inflation may appear lower than 10%, and if a positive trend begins to emerge in the economy, it will increase workforce productivity and the supply of goods so prices will not have significant upward trend.

In practice, if the inflation rate is less than 1% per month, the economy quickly adapts to it. Although all the experts, including the IMF, assume that in the conditions of transition inflation should be under 10%.

Inflation above 12% is a problem. I think when the IMF experts leave, an assessment below 10% for 2015 will be in their results but there will be no hard fixations not to interfere with stimulating the real sector using monetary and financial measures.

The difference between the forecast of the Ministry of Finance (5.4%) and the NBU (up to 10%) can be explained by the fact that the main indicators of the budgetary policy for 2015 have been developed in the circumstances when the scale of the conflict in Donbas was not completely clear as well as particularities of functioning of these institutions. The Ministry of Finance relies more upon the fiscal policy and its affect on economic development. The NBU is introducing some amendments, related to the fact that Ukraine is going to give up pegging to the foreign exchange rate, and will move to inflation targeting i.e. setting an approximate inflation rate and achieving this indicator with monetary tools. Therefore, there can be various assumptions here.

Full text in original language

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UNFRIENDLY POLICY OF RUSSIA MAKES THE ECONOMY OF UKRAINE SEEK NEW COMPETITIVE MARKETS

The signing of the economic provisions of the EU Association Agreement will positively affect the Ukrainian economy. Ukraine gets a good chance not because of some exceptions or good deeds on behalf of the European Union to reduce import duties, but within the full agreement it will enter various markets of the EU, and thus global markets in general.

However, of course, not all our companies and Ukrainian businesses are ready for competitive markets. It is likely that at first we will not feel any special changes, for better or worse.

One should understand that eastern markets are basically closed for Ukraine, and not because of Ukraine but, unfortunately, because of a totally unfriendly policy which Russia has been recently conducting towards Ukraine. Whether we like it or not, there should be a shift to other markets. Otherwise, it is hard to imagine how our economy will survive.

Therefore, in the short term, it may be painful for those companies that are totally focused on eastern markets – now they need considerable changes. For those companies that have already worked with Europe or implemented structural changes (which should have improved competitiveness), the signing of the EU Association Agreement will be an added incentive to try entering foreign markets more actively. Here, the Ministry of Economy and Trade as well as

the Government in general can play the key role – first, in terms of information, support of the export-oriented companies, legal support, increased efforts to include Ukrainian businesses in international flows through information support; and empowerment of the Ukrainian companies (to be included into the chains of multinational corporations).

It is a known fact that a number of Ukrainian mechanical engineering companies are unlikely to compete with European manufacturers. However, having rather skilled labour, it is likely that resubordination to European companies, investment promotion, and inclusion into production chains of foreign companies will help our companies to adapt quickly to new reality.

Therefore, in the short term, after the signing of the economic provisions of the EU Association Agreement, there will be tension and understanding of the hopelessness of the situation (in a good sense), and in the long term – only positive consequences. During this transitional period, active government policy is very important, aimed not at protecting producers but at stimulating production, and, of course, active information and financial support of the actions.

Full text in original language

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– Which sanctions have been imposed against Russia, starting from March?

– Sanctions have been introduced both at the managerial and administrative levels and at the state level. In early March 2014, the EU and the U.S. completely curtailed negotiation on visa-free regime with Russia. The development of investment activities and international cooperation, and provision of international technical assistance was suspended. In late April and May 2014, all research and development projects were suspended.

Administrative sanctions were imposed against 17 companies, whose activities are associated with individuals close to V. Putin – A. Rotenberg, Y. Kovalchuk, and H. Tymchenko. Sectoral sanctions were imposed on these companies – a ban on export, including armament and fertilisers. Now the Government of Russia together with “Rostekhnolohiyi” and “Rosoboroneksport” are trying to find a way to sell its products on other markets.

The sanctions have also affected banking, the “Rosiya” Bank in particular. Absolutely all of the assets and transactions of the bank and all its subsidiaries were frozen, which was about half a million Visa and Mastercard holders.

Of course, it would have been more efficient if the sanctions had also affected other banks close to Putin. For now, he personally has not felt the efficiency of the sanctions but bank cardholders who are not to blame, have.

– How effective are the sanctions already imposed?

– Of course, they are very effective. Now they have caused a range of economic consequences. First of all, it is capital flight from Russia. According to Rosstat, now it amounts to approximately \$51 billion. If to anticipate that such tendency continues until the end of the year, in early 2015 Russia will lose at least \$100 billion. This poses a threat of the emergence of “holes” that can be patched only with gold and foreign-exchange reserves of Russia.

In early 2014, gold and foreign-exchange reserves of Russia were over \$500 billion, and as of 20 June, it dropped to \$471,1 billion. The difference is aimed at addressing the effects of the sanctions as well as supporting ruble exchange rate, which has been steadily falling during the last few months.

Foreign capital flight leads to increased unemployment. Capitalisation of big Russian companies is going down, and the price of their shares was falling inexorably.

– Why is Europe holding back although the talks are constantly in progress?

– One of the reasons is that for the EU, Russia is still a huge market where goes essential part of its export.

Russia is very interested in it because it depends primarily on natural resources extraction, and it is not doing so well in the production of consumer goods. If to compare foreign trade turnover of Russia with the EU and the U.S., in the first case, import amounted to about 50%, and in the second – no more than 10–15%. That is why the U.S. can now afford to push more than Europe.

The pressure on behalf of Europe can bring the results different from the ones expected. For example, in Germany, with which Russia currently has the highest foreign trade turnover among all the EU countries, economic growth will slow down by 0.5% per year if they introduce a ban on the export of consumer goods. If it is about a ban on oil and gas import from Russia, the economic slowdown of Germany will be even more significant. Similar things can be said about almost every country of the EU.

– Shall we expect the third round of sanctions, and what will they be like?

– If the third round of sanctions is imposed – sanctions against specific sectors – Russia’s turnover with all the countries will decline. It will collapse, for it will not be able to sell its main export product – natural resources. However, once again, one should not rely too much on the European sanctions – most likely, the third round will come from the U.S. The States do not depend on Russian gas, and for a long time they have been a political opponent of Russia.

It makes sense to impose sectoral sanctions, they will block the functioning of certain sectors – financial, energy, and mining. It is enough for the U.S. to introduce a ban on transactions of the Russian companies in American banks (all major transactions in the world are carried out by either German or American banks), and Russia will not be able to carry out a single transaction.

Full text in original language



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UKRAINE MAY BECOME AN ALTERNATIVE TO WESTERN EUROPE FOR INVESTORS

According to the research carried out by the EY “Back in the Game: Investment Attractiveness of the European Countries”, the number of projects created by foreign direct investment in Europe reached the absolute maximum in Europe. Thanks to foreign direct investment, 3,955 projects were funded in 2013, which is 4% more than in 2012.

Competition for investors has increased in Eastern Europe. When in 1990s and early 2000s this region was perceived by investors as homogeneous, now investors pay more attention to domestic economic situation in these countries. That is why there is a gap – countries which successfully conducted

economic reforms, such as Poland, claim a much bigger share of investment than others.

If the signed EU Association Agreement is supported with real economic reforms and political stability, it can become the basis for investment. Not all companies are willing to reinvest in Western Europe. Many of them are interested in the countries with cheaper labour. That is why, in the long run, Ukraine has a good chance to become an interesting alternative for investment.

Full text in original language

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National Security and Defence

OVERCOMING THE CRISIS REQUIRES A COMPREHENSIVE APPROACH

The success of actions of the state and the society in ensuring security of the country largely depends on the diagnosis of the problem situation, properly set goals to overcome it, and organising systematic work to implement them. Currently, during the formation of the anti-crisis action plan, more or less correct assessments of certain aspects of the situation are observed, together with spectacular (but not efficient), isolated, poorly linked initiatives for its stabilisation. However, even during implementation of these initiatives (even not mentioning strategies of programmes), officials prefer to avoid the hassle hiding behind imperfect legislation. Most of them have not realised yet that there is a real war in Ukraine.

Diagnosis

Somehow it is believed that by defining the Russia-Ukraine conflict as “hybrid warfare”, we get the answer how we have to fight. In fact, hybrid warfare is the continuation of policy of using a wide range of forces, the arsenal of new technologies, available to the sides of the conflict, in a wide range of spatial and temporal parameters. Therefore, any warfare which involves a combination of various means of violent conflict resolution (“hard” and “soft”), diplomacy, propaganda, economic pressure, military force, regular troops and paramilitary groups etc., is hybrid. So we can talk rather about the extend of its “hybridity”.

In the Russia-Ukraine conflict, instead of traditional clashes of armed forces, we see the following :

- The actions of armed local “Colorados” (of separatist, criminal, and terrorist nature), explicitly or implicitly led and coordinated by specially trained Russians and Russian raiding forces.

- These groups and their leaders are given an indulgence by the president of Russia “to act honourably” behind the backs of the local people brainwashed by Russian propaganda.
- When the separatist euphoria of the local “activists” in the south-eastern regions started to die down and the militants felt the lack of people and resources, the intensity of the groups of militants and mercenaries and weapons coming from Russia has increased.
- In order to immobilise Ukrainian capable troops and prevent using them inside the country, Russia resorts to massive manoeuvres of troops in the border areas.

In other words, the Kremlin is using the set of forces, means, methods, and scenarios which it believes to be sufficient to achieve its goals in the confrontation with the previously and deliberately destroyed security sector of Ukraine. Commonly, this type of conflict is defined as proxy war. Probably the main features of the Russia-Ukraine conflict is the skillful use of a powerful Goebbels style information and propaganda machine by the aggressor, playing on the previously “constructed” soft spots of the victim state, and massive involvement of civilians into the conflict on both sides of the barricades. The question how to call such a conflict is a minor matter.

Full text in original language

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UNTIL RUSSIA SUPPORTS MILITANTS, THE CONFLICT IN EASTERN UKRAINE WILL NOT END

– **During the temporary ceasefire Ukraine suffered casualties. Was there any sense to announce it?**

– There are facts that Russia used temporary ceasefire to smuggle military officers, resources, weapons, and ammunition across the border to support the groups of militants operating in Ukraine. Of course, this is bad. During the temporary ceasefire, Ukrainian military officers revised approaches, reassessed the situation, and have understood what they are trying to achieve and what the result must be.

– **So was Petro Poroshenko’s decision to resume combat operations forced?**

– This step was completely logical because after extra three days of the ceasefire, it became clear that ceasefire was unilateral. I will not mention foreign policy factors, which have also played their role both in the announcement of ceasefire and in its continuation. It was obvious that ceasefire was a dead end road.

Therefore, the next decision was right – allow to attack given the pressure from the society and the security forces, who, so to speak, made the president

give his permission to defend themselves (if he had any doubts about this). Until the last moment, foreign partners were persuading him to take a different decision but it happened the way it did. As a result, all but Russia agreed that the decision was logical and necessary.

– **What can you say about the fact that ukrainian soldiers are sent to fight without the basic equipment? They will become cannon fodder.**

– Of course it is terrible. Whatever officials say, in this case there is no excuse for these actions because they are criminal. In particular, for those officials who are looking for explanations for the fact that people are sent to the combat zone without proper protection. The officials should be clearly and strictly liable for this.

– **What do you think about the dismissal of the Acting Minister of Defence Koval and the appointment of Heletei as the Minister of Defence?**

– This may be not the best staffing solution of Poroshenko. There were no concerns about the new appointment of the chief of the General Staff. As to the Minister of Defence, there are two important points. Firstly, this is a political position, and to engage in politics is

the main function of the Defence Minister even in these circumstances. He does not have to be a general officer. The main function of the ministry is providing for the Armed Forces, administrative management, staffing etc.

Secondly, the dismissal of Koval will also have negative consequences. The fact that a person from a completely different security force comes into the Ministry of Defence will cause resistance; the corporate aspect of rejection can occur. Many may not understand it. Rejection of the fact that a police general officer will manage the Ministry is possible among military officers.

This can seem trivial but it can also cause serious problems – the minister's unprofessional decisions and quiet sabotage of these decisions by military officers. This will not do any good so I hope this appointment is temporary. This appointment was forced and partial.

– According to research of the Razumkov Centre, more Ukrainians want to join NATO now. What financial obligations does a country assume if it is a member of the North Atlantic Treaty Organisation?

– The financial aspect is important but not major. Despite the economic situation in Ukraine, the support of Ukraine joining NATO has doubled, and almost tripled among the population of Ukraine. However, the possibility of this decision is problematic. I can assure you that in the mid term, it is impossible for Ukraine to become a member of NATO.

As to the financial burden, a country bears after joining the collective security system. It is hard to do the accounting because by investing into the collective security system, on average the country gets 29 times more. Small countries, such as Estonia, get a hundred times more than the amount they invested. It is hard

to project it onto the financial sector. Requirements to all members of NATO are the same – military budget should be at least 2% of the GDP.

This requirement of NATO is consistent with Ukrainian legislation. The problem is that a lot of member states do not comply with this requirement that is why this is one of the controversial issues in the relations between the member states.

– Recently, in Ukraine there has been more and more talks about border protection. It was even proposed to build a fence...

– Personally I support the suggestion of I. Kolomoiskyi. I do not think it was kind of PR. I assume it may be business interests but the main motive was border protection. Obviously, the border with Russia is necessary. This will not only be practical – it will protect us from illegal immigrants and smuggling.

There is a saying that good fences make good neighbours. Moreover, the border will be symbolic. It will show that we have finally made our mind and will demonstrate the failure of Putin's policy when by making the decision, the results of which we now see in Ukraine, he aimed at expansion of "the Russian world" but actually achieved a fence between two nations. Therefore, the borders will be both practical and symbolic.

Full text in original language

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HOW TO END THE COUNTER TERRORIST OPERATION

The first example of ceasefire has already shown that peace talks with militants are no good. Therefore, now there should be neither restoring ceasefire nor negotiation.

Yes, for the final resolution of the conflict, negotiation is essential. However, currently, there is nobody to talk to in the East. According to all the rules of the military art, negotiation with such an enemy can start only when it is surrounded and isolated in some settlement. Then, an ultimatum should be given, and militants should be given time to lay down their arms and surrender. Those who will not agree should be destroyed without any further talks.

There are no other options. Those who bossed Slovyansk and Kramatorsk are real militants, military criminals, and bandits.

Of course, there are also ordinary people, who succumbed to deception and followed the militants. They need help but this is the task not for the Armed Forces of Ukraine but for special units of the National Guard and the Security Service of Ukraine. Their task is to separate the wheat from the chaff – terrorists and radicals from ordinary people. Then, force must be used for the first ones and negotiation for the others.

We should talk to the people of Donbas but there should be a legitimate subject of the negotiation. Ideally, it is holding local election. To do that, local communities, which have not been fully formed there yet, need help. Unfortunately, in Donbas, people have no idea of a

proper local government. Donetsk residents should become masters of their own lives and realise that nobody but themselves have the right to decide their future. However, not only rights but also responsibilities should be realised, because they will be responsible for the results of the negotiation and their implementation. Unfortunately, nobody has been working in this direction yet.

However, the CTO shows significant progress in other areas. The escape of the militants from Slovyansk and Kramatorsk proves that the effectiveness of our security forces has increased. Management has been improving as well as cooperation between the army, the National Guard and the SSU. They are beginning to understand each other. Before our troops used to find themselves surrounded and had no help coming, now there are almost no cases like that.

Of course, a tough challenge awaits our army in Donetsk and Luhansk for they are big and densely populated cities. It is hard to predict any scenario – so far, it is not possible to predict whom Donetsk and Luhansk residents as well as organisations like Oplot will support.

In the next days, our army will need super professionalism. The actions of the CTO forces should be adjusted almost



hourly, considering public support and the situation in other cities. One thing is clear – no one will shoot in Donetsk, which means extra difficulties and extra victims.

To make a good forecast, it is not enough to evaluate the actions of our army. Three parties are important here – the CTO forces, militants, and the population. Each of them can change the situation dramatically. Of course, there is still the risk of Russian invasion. That is why part of our Armed Forces is not involved in the counter terrorist operation and is located at the Russian border.

This was what Putin counted on – to hold part of our forces at the border to help the militants in the East at least a little. However, Putin's plans keep failing because Russia is always trying to kill two birds with one stone, and, as a result, it is left empty-handed. Half-hearted actions of Russia have given us the chance to deal with the militants lacking full military support.

Full text in original language

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Foreign Policy

THE NEW EUROPEAN PARLIAMENT: WHAT FUTURE FOR THE EU AND UKRAINE

The election held in May in all the EU countries was characterised by great mobilisation of Eurosceptics. The expression of will of voters marked the growth of support for the extreme right, particularly in France, where the National Front Party led by Marine Le Pen won the election to the European Parliament, leaving behind the Socialist Party of the current President Francois Hollande and the conservative Union for a Popular Movement. In the UK, the right-wing populist UK Independence Party won. Voters in Denmark, Greece, Ireland, and Bulgaria also expressed mistrust to the ruling elites by voting for radical parties. In Greece, a left-wing party SYRIZA won, and a neo-Nazi Golden Dawn party ranked third. A Hungarian party Jobbik, which supported Ukrainian Zakarpattia region joining Hungary and recognised the annexation of Crimea, got three deputy seats.

One of the main motivating factors for the EU citizens to opt for Eurosceptics was financial and economic crisis and willingness to demonstrate their dissatisfaction with the policy of the parties in power. So, above all, the success of populist and extremist parties is an expression of the vote of no-confidence regarding European traditional parties in power. As to success of the French National Front, the major winner of the election, it became possible because of a number of clear reasons. First of all, its victory with 24.85% of the votes (after 6.34% in the election to the EP in 2009) has become a reality because the current government failed to adequately deal with the economic crisis and high unemployment rate. Secondly, in its campaign, the National Front was sending a very clear message to French voters, accusing globalisation, omission of political elites, and a large number of immigrants of the French crisis. Thirdly, the party managed to mobilise its voters, who are committed and active, and will not waste the opportunity to influence the political life of their country.

It should be noted that during the election, in some EU countries the opposite trend took place. In Germany, Austria, Italy, Poland, and other countries, national parties in power have won. Therefore, the results of this year election are not that "tragic", as the Prime Minister of France, socialist Manuel Valls called them. Indeed, only 10 of the 28 EU member states voted for the extreme right. Eurosceptics got extra seats only in 6 countries, and lost them in 7. Furthermore, two new extreme right parties got into the Parliament but five lost their seats in Brussels. So, traditional European parties (European People's Party and the Progressive Alliance of Socialists and Democrats) managed to keep

a majority in the EP so there will be no dramatic changes in the EU domestic and foreign policy.

Although the number of the extreme right in the EP of this convocation increased, it is not that significant to influence the agenda. Furthermore, the extreme right parties have failed to reach an agreement on forming a coalition. However, one should bear in mind, that the newly elected parliament is vested with more powers than the previous one. A conservative J.-K. Juncker has become President of the European Commission, a figure that significantly influences the EU policy.

He has always spoken rather diplomatically about the European integration prospects of Ukraine without promising any clear prospects of membership, often focusing on the energy security of Ukraine and the importance of peaceful settlement of the conflict in Eastern Ukraine. The new European Commissioner for Enlargement is of great importance for our country, because the EU integration of Ukraine will depend on the position of a person holding this office. High representative of the EU for foreign affairs and security policy is an essential person for us as well. In the new Parliament, there will be no some Polish MPs assigned to Ukraine, such as P. Koval, who led the EU-Ukraine cooperation delegation; P. Zalewski, who was Deputy Head of the Committee on Foreign Affairs in the EP and actively supported the idea of the European integration of Ukraine and others. However, they are very likely to be replaced by other supporters of Ukraine.

No matter how important the position of the EU on the issue of the European integration of Ukraine in the new political reality is, the priority issue for our country is the position of the newly elected European Parliament regarding resolving the crisis in Eastern Ukraine and its adequate policy towards Russia.

Full text in original language

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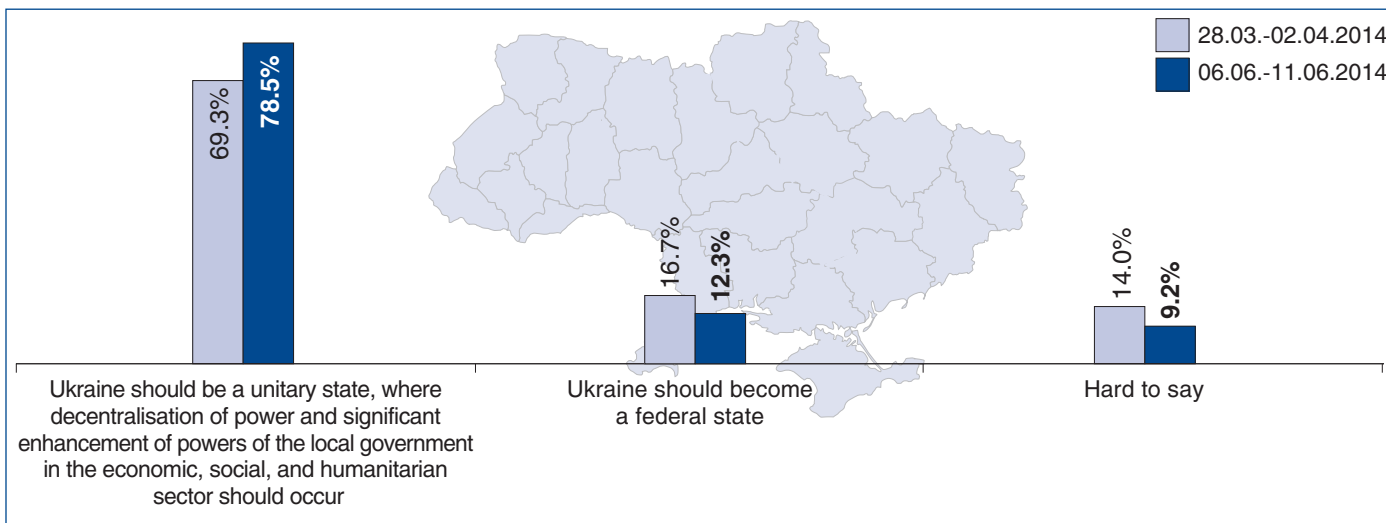
Sociology

The research was conducted from 28 March to 2 April, and from 6 to 11 June 2014. The sample consisted of respectively 3,011 and 2,012 respondents aged 18 and over in all the regions of Ukraine except Crimea, representing adult population by key social and demographic indicators.

More information on the findings of this and other studies conducted by the Sociological Service of the Razumkov Centre, independently or jointly with partners, is available on our website in the section "Public Opinion Poll" <http://www.razumkov.org.ua/ukr/socpolls.php>.

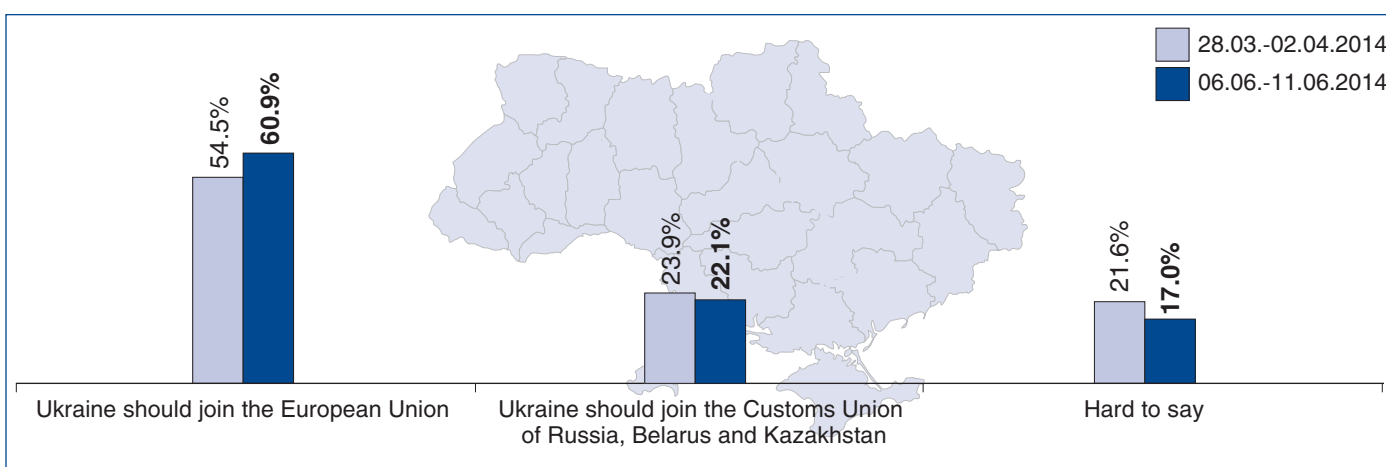
Which form of the administrative and political division of Ukraine do you support?

% of those polled



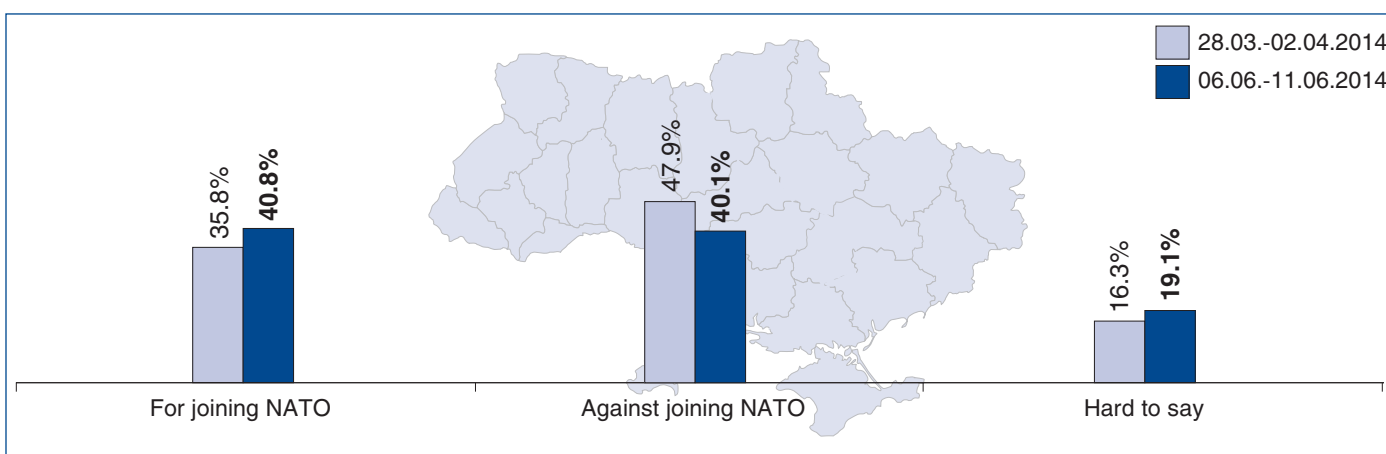
Which direction of integration should Ukraine choose in the long run?

% of those polled



Are you for or against Ukraine joining NATO?

% of those polled



THE VISIT OF THE PROFESSOR OF THE NATIONAL DIPLOMATIC ACADEMY OF THE REPUBLIC OF KOREA

On July 2, 2014 a meeting with the Professor of the National Diplomatic Academy of the Republic of Korea Ko Jae Nam was held at the Razumkov Centre. At the meeting, the Razumkov Centre was represented by Co-director of Foreign Relations and International Security Programmes Mykhailo Pashkov and Leading Expert of Political and Legal Programmes Viktor Zamiatin.

The expert of the Centre presented to the guest the current situation in Ukraine after the presidential election, the state of the Ukraine-Russia relations, and the course of the counter terrorist operation in Donbas.

THE VISIT OF THE DELEGATION FROM THE REPUBLIC OF SOUTH AFRICA

On July 4, 2014 the delegation of the Embassy of the Republic of South Africa, led by Ambassador Extraordinary and Plenipotentiary of the RSA in Ukraine Mr Christiaan Basson visited the Razumkov Centre.

At the meeting, the Razumkov Centre was represented by Co-director of Foreign Relations and International Security Programmes Mykhailo Pashkov and Leading Expert of Political and Legal Programmes Viktor Zamiatin.

During the meeting, general situation in Ukraine, the state of relations between Ukraine and the Russian Federation, and solutions to the crisis of international security institutions caused by the actions of Russia were discussed. Also, the sides discussed the opportunities for cooperation between the Centre and the leading think tanks of the RSA.



MEETING WITH THE MINISTER OF FOREIGN AFFAIRS OF ITALY

On July 8, 2014 Deputy Director, Director of Political and Legal Programmes of the Razumkov Centre Yuriy Yakymenko attended the meeting of the political experts of Ukraine with the Minister of Foreign Affairs of Italy F. Mogherini during her visit to Kyiv.

The subject of the discussion was the possibility to create favourable conditions for the de-escalation of violence in Donbas and

implementation of the president's peace plan as well as the prospects of the constitutional reform and decentralisation of power, and the capabilities of Italy's presidency in the EU to support the reform process in Ukraine.



THE VISIT OF THE DELEGATION FROM THE CENTRE FOR HUMANITARIAN DIALOGUE

On July 14, 2014 the Razumkov Centre was visited by the delegation of the Centre for Humanitarian Dialogue (Geneva, Switzerland), which consisted of Senior Fellow of Brookings Institute Jean-Marie Guéhenno and Regional Director David Borman. On behalf of the Razumkov Centre, the meeting was attended by Director General Anatoliy Rachok, Deputy Director, Director of Political and Legal Programmes of the Razumkov Centre Yuriy Yakymenko, and Co-director of Foreign Relations and International Security Programmes Oleksiy Melnyk.

The prospects of many reforms in Ukraine, constitutional and law enforcement in particular, and the current situation in Ukraine, including the course of the CTO in eastern Ukraine, were discussed.



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