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THE RAZUMKOV CENTRE NEWSLETTER

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PLAYING WITH THE CONSTITUTION

Judging from President's latest statements on his readiness to capture Ukraine's stable progress towards EU and NATO membership in the Preamble to the Constitution, we are to expect yet another session of "constitutional vivisection". Moreover, it is very likely that the parliament and the president will finalise the long-term story of bidding farewell to the constitutional guarantees of parliamentary immunity. Also, one cannot write off a possible attempt to implement the currently semi-fictional idea of transitioning to a parliamentary form of government, again – by introducing corresponding amendments to the Constitution.

There is no visible end to the attempts to use the Constitution for the benefit of top government officials. We continue our rotation in the ever revolving tragic whirlpool of government-citizen relations determined by electoral cycles. Obviously, the constitutional order exists only on paper, in the text of the

Constitution, while the real order, which is defined by the so-called "living" constitution, ensures effective corporate and private use of being in power. During the election campaign, which is already in full swing, ideas for changing the Constitution or adopting certain laws are determined solely on the basis of their benefits in the electoral process, without regard to the "overseas". So the likelihood of further constitutional changes is quite high.

The current system of public administration and law is far from the very purpose of state-building: providing for and protecting life, health, honour and dignity of people, ensuring high quality of their life and sustainable development of society. It is necessary to be ready to undergo a rather long period of targeted formation of civil society until the moment it becomes aware of its place in the society-government system, and realises the need (and ability!) to develop and define the content of a real social contract that models the functional and structural framework for government and

law. In the meantime, we are at the stage of the "theatre society", where one part, usually scoundrel demagogues, proclaim seemingly true ideas, and others – the mass of silent spectators, in order not to look foolish and ignorant, – accept what is being said as true. Of course, a prominent role in this "theatre play" belongs to the television – the powerful force of mediocracy. Obviously, until the large inert and passive majority, currently afraid to seem ignorant, starts trying to get to the bottom of processes, to understand the essence of social phenomena and its potential therein, the state of relations between authorities and citizens will only grow stronger in its hopelessness.

Full [text](#)

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Viktor MUSIYAKA*



National Security and Defence

SYRIA CHEMICAL ATTACK: ALL RED LINES HAVE BEEN CROSSED

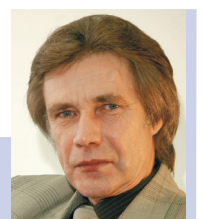
The use of chemical weapons in Syria has proved yet another time that Russia has been deceiving the international community as the guarantor of the destruction of Syria's chemical weapons. As it turned out, chemical weapons have not been destroyed, and Assad continues using them in order to gain advantages for his forces in the fight against the opposition. Thus, all possible red lines for the use of chemical weapons have been crossed.

Further developments depend on the situation within the current coalition: Russia-Iran-Turkey. Whether it cracks. The US is not happy with Turkey's

presence in this coalition, as Turkey is a member of NATO. US is also not happy with Iran's stronger presence in this region. Even less so, with Iran's growing missile capabilities.

Full [text](#)

*Director of Military Programmes
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Mykola SUNHUROVSKYI*



RUSSIA IS NOT READY TO ACKNOWLEDGE UKRAINE'S EXIT FROM ITS ZONE OF INFLUENCE

Recently, the Foreign Minister of Russia Sergey Lavrov said that Ukraine is "sabotaging" Minsk agreements and is getting ready to implement a force-based scenario in Donbas.

The fact is that Russia benefits from blaming the breaking of Minsk agreements on Ukraine, as it can then talk about lifting of the sanctions, withdrawal of Russia's political and economic isolation, etc. This is happening almost all the time – the substitution or free interpretation of OSCE data on shelling, conflict zone situation monitoring, etc.

One must understand that Ukraine can hope for a positive outcome of the force-based scenario in one case only: if the border with Russia is closed and the armed formations in the occupied territory are cut off from sources of equipment, mercenaries, resources,

etc. If this is not the case, in the situation of such force-based scenario, Ukraine may be faced with Russia's regular army.

Ukraine is an example of the possibility of living by other rules than Russia. Russia is not ready to acknowledge Ukraine's exit from its zone of influence, as in this case, it ceases being an empire in the full sense of the term. Letting Ukraine go means admitting defeat. So, in Kremlin's perception, the occupied "DNR" and "LNR" are to become an anchor that would block any of Ukraine's movements towards Europe. This is the bottom line of Russia's complaints against Ukraine.

[Full text](#)

*Director of Military Programmes of the Razumkov Centre
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PUTIN'S SIMPLE TACTIC

Putin's global tactic is to create points of tension in the world and attempt to demonstrate that these problems cannot be solved without him. This tactic is currently being implemented not just in Bosnia and Herzegovina, and not just in the Balkans. There have been reports that Putin has played his part in Brexit, intensification of separatism in Catalonia, etc.

In Europe, this tactic aims to weaken democratic institutions, divide EU and NATO members, push the United States out of the region, create a political foundation loyal to Russia using these countries' political forces with "greased palms". Thus, Putin's plan is partially working due to the rise in populist movements, increasing role of ultra-right and left forces in the politics of different countries. The success of his plan depends on the depth of reflection of the West. That is, whether the West

sees the real threat and whether it is ready to focus its resources in this direction.

While at the beginning of Russia's aggression in Ukraine, the West, NATO included, was not ready for this at all, now the situation is changing. The solidarity of European countries' leadership is demonstrated by the continued sanctions, determination in the readiness to apply Article 5 of the North Atlantic Treaty on collective security, etc. Putin is getting ever more resolute responses in Syria, regarding nuclear disarmament.

Therefore, the more profound is the Western countries' understanding of Putin's policy, the more realistic and adequate will be its response.

[Full text](#)

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

Economy

KEY PROBLEM WITH IMF RECOMMENDATIONS

The IMF insists on practically non-deficit economy in the part of energy supplies to the population. Creditors view this as a key factor for stabilising state finance. However, this topic is rather controversial.

Even without this, last year's level of inflation in Ukraine exceeded the 10% mark. Tariff increase became an important driving force of this inflation process. Efficiency of attempts to stabilise finance by generating further inflation is disputable. It is also unclear, why they always insist on raising tariffs and do not perform a real analysis of expenses in this area. This is necessary in order to rationalise the energy sector, since not all expenditure elements are justified.

No one argues against the IMF's position on uniform market prices, but there are different ways to reach this. Not necessarily through raising

prices, – maybe some prices could be lowered after a thorough analysis of energy sector expenses.

There is a notion of relative prices in economy. Energy tariffs are already high in relation to other prices due to "Rotterdam +". The key problem is the use of global energy prices and domestic prices in other sectors as reference.

[Full text](#)

*Senior research fellow on Economic
Issues of the Razumkov Centre
Volodymyr SIDENKO*



UNSCHEDULED PENSION INCREASE: WILL PENSIONERS FEEL A RISE IN INCOME?

On 15 March 2018, Vice Prime Minister of Ukraine Pavlo Rozenko promised a pension increase. According to him, last year, the Pension Fund ensured additional revenues of over UAH 20 billion, and since the beginning of this year – UAH 2.5 billion.

Given the inflation, we do have to restore the purchasing power of the least protected society groups, which pensioners are. On the other hand,

we are solving some problems at the expense of creating others. This increase is bound to exacerbate the imbalance in the work of the Pension Fund, as we can hardly expect the corresponding growth of income in a slowly developing country.

From the macroeconomic point of view, raising pensions could stimulate further inflation. The demand for foreign currency will grow.

Therefore, dollar will be propelled up in relation to hryvnia. And our prices are very sensitive to changes in the foreign currency component. Therefore, a major part of this income increase for pensioners will be devalued by a new surge of inflation. As a result, they will not feel the improvement, for which they

hope. I.e., such sudden unplanned increases of any expenditure components without the corresponding growth of economy are high-risk.

[Full text](#)

Senior research fellow on Economic Issues of the Razumkov Centre Volodymyr SIDENKO

INDEX OF ECONOMIC CAPACITY OF POPULATION – MARCH 2018

The value of Economic Capacity of Population Index (Index) (previously – Index of Current Economic Capacity) was 91.4 in March 2018, which is better than the index value for the previous three months (yet is notably lower than the index value for July-October).

Although the February growth of average nominal wages was insignificant (1.5%), in the absence of abrupt changes of utility and housing tariffs, the real purchasing capacity did not decrease. Meanwhile, the strengthening of hryvnia (bank exchange rate for cash dollars at the end of January was UAH 28.0 per USD 1, at the end of February – UAH 27.0/USD 1) allowed people to increase the purchase of cash currency for personal savings.

In February, we saw an unexpected improvement in the amounts of wage arrears. Thus, the overall arrears decreased 3%, mainly due to bringing down the level of debt at economically active enterprises (almost 6%, from UAH 1.40 billion to UAH 1.32 billion).

As previously, additional saved resources are essentially off-limit for households, – the volume of households' bank deposits and loans has dropped since the beginning of the year. As the same time, the cost of using these resources grew – while loan interest rates (weighted average interest rate on new household loans) grew up to 30.3%, deposit interest rates (weighted average interest rate on new deposits) dropped to 7.0%.

Due to seasonal activity rise, we should expect a slight further improvement of the Index value in the coming quarter (a gradual increase of nominal wages, lower utility and housing charges, stabilisation of hryvnia and a reduction of inflation expectations).

[Full text](#)

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



POTENTIAL US-CHINA TRADE WAR WILL AFFECT DEVELOPING COUNTRIES

USA and China have not introduced import taxes yet, but have declared their intention to do so. The increasing threat of a trade war between superstates is driven by a whole range of macroeconomic factors, of which the most important one is the US-China trade deficit.

However, today, trade wars are not beneficial for anyone. For the past 20-30 years the world has been living in the conditions of globalisation

and liberalisation. Potential trade wars between economic giants can have an adverse effect on the global economy, and first of all, will hit the developing countries, as many of them live at the expense of their exports to high-profit markets in the developed countries.

[Full text](#)

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

WE NEED TO MINIMISE OUR RELATIONS WITH THE AGGRESSOR

After legally defining Russia as “aggressor” state, the Cabinet of Ministers of Ukraine terminated the Ukraine-Russia economic cooperation programme.

Currently, there are still important ties in the sectors of nuclear energy, oil, chemical products and petrochemical industry. I.e. there are no so

many critically important sectors. In any case, what we need is to minimise our relations with the aggressor, if not to sever these ties completely.

[Full text](#)

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

Energy Sector

NEK UKRENERGO HAS GOOD CHANCES TO WIN IN THE INTERNATIONAL ARBITRATION

Ukrainian Sate Company Ukrenergo started an investment dispute regarding its assets in the occupied Crimea and is preparing a lawsuit against Russia in the International Court of Arbitration. Ukrenergo presented the Russian side with the official written notice about the investment dispute regarding company's assets in Crimea. Parties have six months for a pre-trial resolution. However, hardly anyone hopes for its success.

NEK Ukrenergo has good chances to win in the international arbitration. At the same time, the Ukrainian company will not be able to recover funds from Russia for its lost assets and profits, as Russia

does not comply with international court rulings. What they potentially can get is USD 100-200 million and the freezing of Russian assets abroad. Meanwhile, Ukraine's losses in Crimea due to its annexation amount to billions of dollars.

[Full text](#)

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



“THE NEWCOMER” OR “CONSENSUS CURSE”

The diplomatic demarche initiated by Western countries after the poisoning of Sergei Skripal, which resulted in 150 Russian diplomats being expelled, has radically exacerbated not only the issue of unity and solidarity within the EU in the face of Russian threats, but also the already traditional problem of further transformation of the European Union.

Currently, in his opposition to the West, Vladimir Putin has a range of clear advantages: a) the Russian President is not burdened with international legal and contractual “convenances” such as borders and treaties; b) he relies on the tradition of utilitarian and uncontrolled use of human resources; c) he has high level of public trust; d) and the main factor – according to western standards, he possesses unique personal efficiency in decision-making and unconditional support of his decisions by other state institutions.

Given Europe’s geopolitical super-tolerance, boundless pluralism and liberal freedoms, the overwhelming consensus in decision-making, as well as the bureaucratic overstaffing and rigidity of Brussels institutions, the European West will keep inevitably losing. This does not at all mean that Europe needs to curtail its democratic freedoms. What it needs is to realise the need for corresponding internal reforms in the harsh situation of confrontation with Moscow.

[Full text](#)

*Co-director of Foreign Policy and
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THE GRAND TREATY: TO PROLONG IMPOSSIBLE TO DENOUNCE

Recently, the MFA announced that it developed proposals on suspension or denunciation of the Ukraine-Russia Treaty on Friendship, Cooperation and Partnership, and on Ukraine’s withdrawal from the CIS.

Arguments of denunciation supporters are understandable and have their logic. Having annexed Crimea and unleashed a war in Donbas, Russia has essentially walked all over the treaty. Ukraine has legally defined Russia as “aggressor” state, and obviously, there can be no friendship and partnership with an aggressor a priori. This approach is clearly justified, but we need to think whether this decision is expedient and what its consequences will be. Let us not forget that this

document is one of Ukraine’s starting points in justifying its lawsuits against Russia in international courts regarding Crimea and Donbas. Precedents of court decisions in Ukraine’s favour are critically important.

Overall, the situation with the Grand Treaty does not look controversial at all; what it requires is a pragmatic, weighted approach and a comprehensive analysis of the consequences that the denunciation of this document will entail.

[Full text](#)

*Co-director of Foreign Policy and International Security
Programmes of the Razumkov Centre Mykhailo PASHKOV*

WHAT APPROACH WILL HUNGARY TAKE REGARDING UKRAINE AFTER ORBAN’S VICTORY

Most likely, after Orban’s victory, Hungary will continue its harsh line regarding Ukraine. Nevertheless, we should not consider Hungary Russia’s biggest ally. Yes, they are taking a pro-Russian stand, but in this case, it is more about a hard-line pursuit of their interests as seen by Hungarian leadership in the framework of the EU.

We should hardly expect any drastic and positive changes in our direction. However, an exacerbation,

reinforcement of the hard line towards Ukraine is also unlikely. What will remain is the tension between Kyiv and Budapest, with a chance of a slight decrease of the degree of confrontation after elections.

[Full text](#)

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EU’S HYBRID SOLIDARITY. AN AFTERWORD TO THE EXPULSION OF RUSSIAN DIPLOMATS

The official Brussels reaction to the unprecedented expulsion of Russian diplomats from most of the EU member states and a number of leading countries in connection with the poisoning of Sergei Skripal, remained somewhat out of spotlight. This issue was considered at two meetings of the European institutions – the EU Council (19 March) and the European Council (22-23 March), which ended in the signing of joint statements. The text of both documents contains rather conciliatory wording. The EU Council statement says that “the European Union takes extremely seriously the UK government’s assessment that it is highly likely that the Russian Federation is responsible for the poisoning of spy Sergei Skripal”, as well as that “the EU calls on Russia to urgently address the questions raised by the UK” despite the fact that Moscow did not provide a plausible explanation within the term set by London.

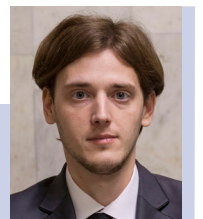
Foreign policy has been the weak link in the European integration from the very start. According to the Lisbon Treaty of 2009, common foreign and security policy of the EU is determined and implemented by the European Council and the EU Council, which act unanimously. Common foreign and security policy is

implemented by the High Representative of the Union for Foreign Affairs and Security Policy and member states. This contains a major institutional conflict, where the principle of unanimity is preserved, along with parallelism between EU diplomacy and foreign policies of its member states. However, in reality, foreign policy is determined by the leaders of major member states (Germany, France, United Kingdom), and the votes of the heads of responsible European institutions are largely advisory.

Preserving EU’s hybrid structure, when the functions are executed both at the supranational and interstate levels, enables Russia’s further exploiting of these vulnerabilities.

[Full text](#)

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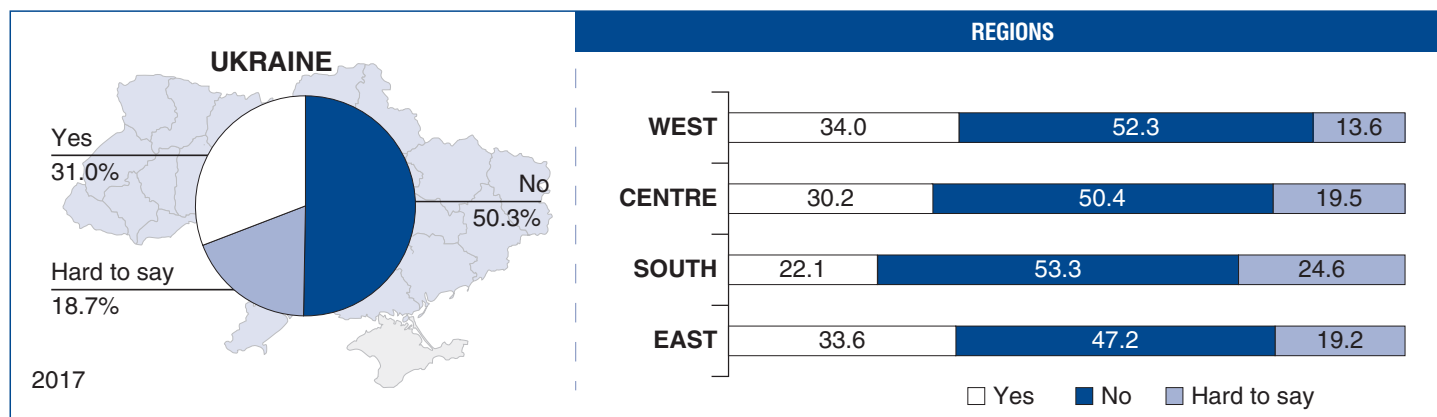
Sociology

The study was conducted as part of project “Political Culture and Parliamentarism in Ukraine: Current State and Main Problems”, results of which can be found at: http://razumkov.org.ua/uploads/journal/eng/NSD171-172_2017_eng.pdf

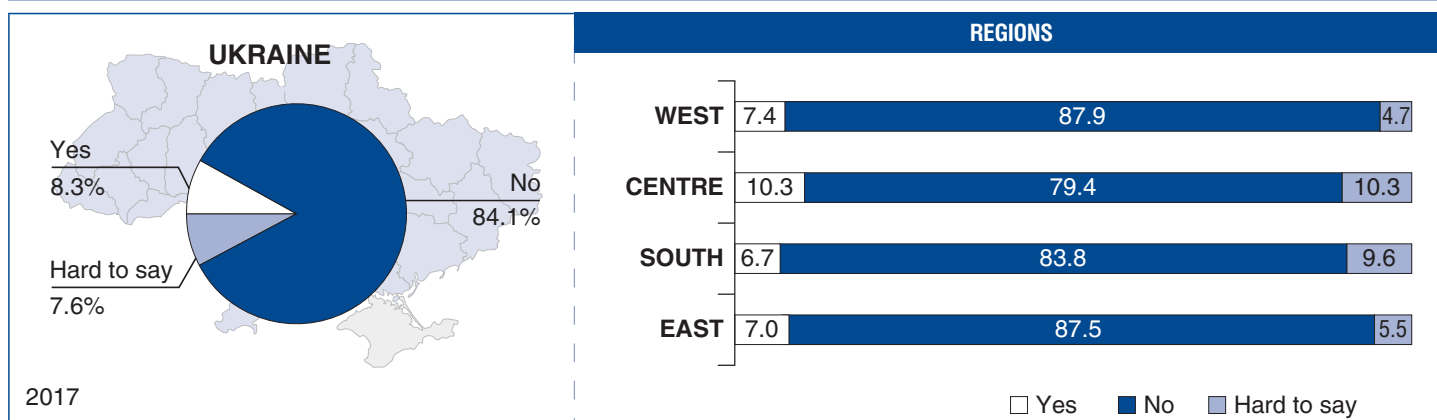
The national study was conducted by the sociological service of the Razumkov Centre on 22-27 September 2017 in all regions of Ukraine, except Crimea and the occupied territories of Donetsk and Luhansk oblasts. Number of respondents – 2,008, age – from 18 y.o. Theoretical error of the sample does not exceed 2.3%.

For more details on the results of opinion polls conducted by the Razumkov Centre, go to our website at <http://www.razumkov.org.ua>.

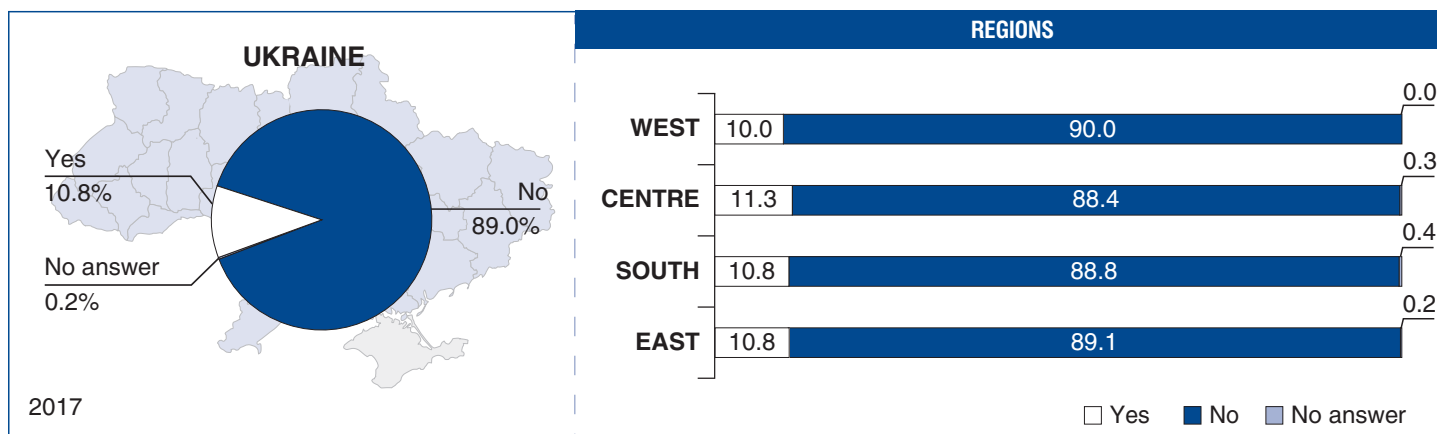
Are you ready to unite with other citizens into civic organisations for protection of your rights and interests? % of respondents



Can you say that you are actively involved in civic activity? % of respondents



In the past year, have you participated in any events organised by NGOs? % of respondents



DEAR LADIES AND GENTLEMEN!

Razumkov Centre is happy to present to you the latest issue of our “National Security and Defence” journal No.1-2, 2018, “Analysing the Implementation of Constitutional Changes Regarding the Justice System”.



The journal contains an analytical report that analyses the state of implementing constitutional changes regarding justice, presents an analysis of problems in implementation of constitutional changes regarding the status of the Constitutional Court of Ukraine, and provides conclusions and recommendations.

As part of the project, sociological service of the Razumkov Centre conducted a national sociological survey and a court exit poll, in order to study the attitude of Ukrainian citizens to the judiciary and their assessment of different aspects of court work.

The journal also contains expert articles and opinions of participants of the round table “Problems in Implementation of Constitutional Changes Regarding the Justice System and the Status of the Constitutional Court of Ukraine” (Kyiv, 20 December 2017)

Journal can be viewed at:

http://razumkov.org.ua/uploads/journal/ukr/NSD173-174_2018_ukr.pdf

PRESENTATION OF RAZUMKOV CENTRE PUBLICATION – MONOGRAPH “UKRAINE ON THE DOORSTEP OF UNITED EUROPE”

On 19 April 2018, Razumkov Centre presented its monograph “Ukraine on the Doorstep of United Europe” published with financial support of Hanns Seidel Foundation Office in Ukraine. The presentation took place at National News Agency of Ukraine – Ukrinform.



The monograph contains a study of transformation processes in Ukraine after the collapse of the Soviet Union. The authors research the patterns of a long and complex transition from the Soviet past to modern democratic Ukrainian state, reveal the dynamics of the basic parameters of Ukrainian society during this transition, the role of ideas, social myths, social stereotypes.

Publication materials contain sociological study results that demonstrate changes in the consciousness of Ukrainian society during the period of transformation.

Publication can be found at:

http://razumkov.org.ua/uploads/article/2018-Ukr_na_porozi...pdf

MEETING WITH THE AMBASSADOR OF POLISH REPUBLIC

On 17 April 2018, Razumkov Centre hosted a meeting of Centre's experts and management with Ambassador Extraordinary and Plenipotentiary of the Republic of Poland to Ukraine, Mr. Jan Pieklo. In the meeting, participants shared their views of the current state, most topical issues and prospects of Ukraine-Poland relations, possibilities for the development of cooperation between non-government think tanks.



RAZUMKOV CENTRE PARTICIPATION IN THE MEETING OF EXPERT COMMUNITY REPRESENTATIVES WITH UKRAINE'S CONSTITUTIONAL COURT JUDGES

On 28 March, Chairman of the Constitutional Court of Ukraine Stanislav Shevchuk, Court Judges Vasyl Lemak, Mykola Melnyk, Ihor Slidenko and Secretariat leadership met with expert community representatives.

Centre's Scientific Consultant on Legal Issues Viktor Musiiaka took part in the meeting on behalf of the Razumkov Centre.

PARTICIPATION OF RAZUMKOV CENTRE REPRESENTATIVE IN THE ROUND TABLE BY RPR “PRESENTATION OF FIRST RESULTS OF MONITORING”

On 28 March 2018, Gorshenin Institute press centre hosted a round table of the Reanimation Package of Reforms and the Centre of Policy and Legal Reform – “Presentation of First Results of Monitoring the Realisation of the Right to a Constitutional Complaint”.

The event was attended by Viktor Musiiaka, Razumkov Centre Scientific Consultant on Legal Issues.

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