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# UKRAINE'S INTERNATIONAL IMAGE: MYTHS AND REALITIES

Ukraine is a European nation with rich cultural traditions and a promising future. It maintains friendly relations with its neighbours, and within a short period following its declaration of independence «ceased being an arena for other countries' activities, and became an equal subject of international law»<sup>\*</sup>. After disposing of its nuclear weapons, under complex geopolitical conditions, Ukraine pursues an open foreign policy and hopes to take the place it deserves in the world community.

Ukraine's geographic position is convenient, located on the crossroads of international trade routes. God endowed Ukraine with rich natural resources, fertile lands and a mild climate. Ukraine's scientific, technical and educational level remains very high, concealing its potential for further development. Despite the present difficult social and economic problems, an overwhelming majority<sup>\*\*</sup> of Ukraine's population supports democratic government principles in Ukraine.

The objective difficulties of the transitional period, the delays in radical reforms, the under-developed mechanisms of civil society, the inefficiency of Ukraine's authorities: these and other factors complicate the formation of the country's positive image in the international arena.

Ukraine should become a reliable and predictable partner. Its internal political stability and economic development should form the basis for the creation of Ukraine's positive image. They also form the prerequisite for successful reform in Ukraine's society, and the consolidation of Ukraine's role and place in the world.

In the analytical report, UCEPS experts attempted to produce a comprehensive analysis of the elements forming Ukraine's international image, define the background factors that influence its formation, and the possible ways for its improvement. The report includes four sections.

**Section one** is devoted to Ukraine's image, compiled on the basis of assessments given in other countries, by international organisations, foreign mass media, international financial institutions, specialised expert agencies, and individual experts. Evidently, Ukraine's present international image does not always correspond to the real state of affairs, let alone the nation's potential. At the same time, one cannot deny that the majority of negative assessments are not unfounded.

**Section two** analyses the basic factors that influence the formation of Ukraine's image. Justice is done to our country's achievements, particularly in the international arena. At the same time, emphasis is placed on the negative factors that create the conditions for Ukraine's unattractive image, foremost, in the national economy and the social sphere.

**Section three** concentrates on Ukraine's unused potential possibilities that would be conducive to the formation of Ukraine's positive image and the consolidation of its position in the world.

**Section four** presents general conclusions, defines ways for improving Ukraine's international image, and suggests proposals aimed at promoting Ukraine's positive image in the world's informational space.

<sup>\*</sup> L. Kuchma. To build a common future. — «Uriadovyi Kuryer», January 20, 2000, p. 3.

<sup>\*\*</sup> According to the latest poll conducted by UCEPS in February, 2000, 61.2% of Ukraine's citizens support democratic principles of state government.

# 1. HOW DOES THE INTERNATIONAL COMMUNITY VIEW UKRAINE?

In this section, UCEPS analyses the attitude towards Ukraine on the part of international organisations, financial institutions, leading analytical centres, foreign mass media, as well as experts from Poland, Russia and Western countries working with Ukrainian partners. The assessments of Ukraine's role and place in the world, the priorities of its foreign policy, Ukraine's presence on the world markets, and the domestic situation in the country make it possible to synthesise Ukraine's overall image as viewed by the international community.

Not all assessments are pleasant for Ukrainians, but they are all straightforward and, generally, benevolent. The presented image of Ukraine may not be very pleasing for us, but we should understand that the mirror is not to blame. The negative, and relatively tough assessments, are not unfounded.

We should work together in order to change the impression of Ukraine, to build a stable and beautiful country that all Ukrainians would be proud of; a country that would be a reliable and predictable partner in its relations with other countries.

## 1.1. UKRAINIAN TOPICS IN FOREIGN MASS MEDIA

Ukraine is not mentioned by foreign mass media often. We consider this to be normal, given Ukraine's role and place in the world and its limited influence on global processes. The fact that Ukrainian topics rarely make the headlines of influential newspapers demonstrates not only the lack of interest in our country, but also the stability of Ukrainian society, and its progress. The regularity and tone of the coverage of Ukraine, the assessments and conclusions generally reflect the interests of the parties.

**The analysis of more than 1200 foreign mass media publications performed by UCEPS leads us to a sad conclusion: today, the world's perception of Ukraine is rather superficial, fragmentary, and mostly negative. Our country's potential, the riches of its land, history, culture and people remain *terra incognita* for the international community.**

Only a few **American, Canadian and West European publications** more or less regularly mention Ukraine<sup>1</sup>, and their materials are most often of a critical character. It is clear that the Western audience is unlikely to be interested in a drop in Ukraine's GDP by a rate of 0.5%, or in the average \$1 Ukrainian wage increase (the price of a newspaper in the West). That's why more sensational reports prevail: those on corruption, crime, economic difficulties, etc. Respected publications (*The Wall Street Journal*, *The Economist*, *Central European Economic Review*) publish ratings and poll results that touch upon Ukraine, along with other countries. Specialised scientific, cultural and sports publications produce reports on Ukrainian successes from time to time. The subject of **Chornobyl** is always in the focus. Today, attention is primarily paid not to environmental problems, as before, but the term for the NPP's final shutdown.

In **Central and Eastern European mass media**, Ukrainian topics are more popular. This is due to the similarity of problems and an

<sup>1</sup> Some materials of foreign mass media regarding Ukraine are of a purely informational nature: reports on official visits, participation in joint events, interviews with the leaders of our state and members of official delegations.

objectively greater interest in the developments of a neighbouring state, as compared to Western countries. However, few reasons also exist for discussing the formation of Ukraine's positive image. Reports on organised crime in Ukraine and illegal immigrants from the East are more frequent than reports on culture, scientific progress or signs of Ukraine's economic growth. At the same time, mass media of Hungary, the Czech Republic and Poland stress Ukraine's impact on regional developments. They emphasise their interest in a stable and democratic Ukraine, support its desire to integrate into European structures, write about the intensification of Ukraine's co-operation with NATO and the problems of reforming Ukraine's Armed Forces, do justice to Ukraine's peacekeeping activities, and in particular, to its participation in IFOR and SFOR operations.

German and French mass media provide informational coverage of the AN-7X project.

They stress that despite all difficulties related to the manufacture of this aeroplane, it remains a strong competitor of the American C-130J (a joint project with Ukraine's participation would save European taxpayers a lot of money). Publications concerning this project (and the potential of the Ukrainian military-industrial complex in general) appeared in US and British newspapers, but their directions differed somewhat.

Russian mass media are especially active in the coverage of Ukrainian developments.

More than 20 leading printed and electronic publications in the Russian Federation regularly deal with Ukrainian problems. The majority of those materials is critical and reflects the contradictory nature of Ukrainian-Russian relations which have lately become aggravated. In a very critical tone, they cover such topics as the deepening of Ukraine's co-operation

with NATO, problems of the Crimea, Sevastopol and the Black Sea Fleet, Ukraine's contacts within GUUAM, debts for energy resources, and the status of the Russian-speaking population in Ukraine. Ukraine is perceived as a country dependent on Russia but unwilling to admit it. Ukraine's foreign policy is often depicted in a simplified manner: Ukraine depends on Russia as an energy resource debtor, and depends on US policy as an IMF and NATO client; GUUAM is viewed as a pro-NATO block hostile to Russia.

Western mass media stress Ukraine's importance as a part of the European security system (with its nearly 50-million strong population, vast territory, as for Europe, and favourable geographic location). More experienced foreign observers have not yet forgotten that **Ukraine is the only power that voluntarily disposed of the world's third largest nuclear potential for known reasons.**

The significant (and generally unclaimed) potential of Ukrainian science is also mentioned in mass media, though not very often. One may find reports about new technologies and developments of Ukrainian scientists. For instance, *The Houston Chronicle*, a US publication, printed a number of articles on the joint development of know-how for the manufacture of medical equipment and fibre optics by US and Ukrainian companies. There were rather sensational reports on discoveries of Ukrainian scientists. For example, Canadian International Radio reported that Ukrainian scientists discovered an interrelation between atmospheric pressure and the activity of the human brain. At the same time, journalists could not refrain from reporting that Ukrainian scientists obtained world-level results in neglected laboratories, using obsolete equipment. It is difficult to produce an unambiguous assessment of such reports and judge them through the prism of their influence on the formation of Ukraine's image.

Western mass media name the reasons that restrain the transformation of Ukraine into an influential European country. They include a delay in radical economic reform, the inconsistency in building a democratic civil society, the spread of corruption, etc. Presented below is a short summary of typical publications on those subjects.



<sup>2</sup> Polish News Bulletin, January 13, 1999.

<sup>3</sup> News from Canadian International Radio, August 11, 1999.



**Ukraine's economic reform is hindered.** Despite numerous declarations of Ukraine's leadership, reform is slow, and its results are not yet visible. This becomes the case further, as fewer Ukrainians have come to believe that reform will bring relief<sup>4</sup>. Despite its fertile land, natural resources and skilled labour, Ukraine remains the only former Soviet republic that did not manage to achieve economic growth during the years of its independence. In 1990–1997, Ukraine's economy dropped at a yearly rate of approximately 12%: one of the worst indicators in the world for that period<sup>5</sup>. While praising the reform-minded views of the new Premiere, Western mass media assess the practical steps of the Yushchenko Government with restraint. They fear that the declared reduction in the number of ministries and state committees may end in their replacement with other agencies. They also stress that V. Yushchenko at times expresses excessive optimism, given the huge problems that need resolving, and the implementation of the ambitious reform and foreign debt restructuring programs brought about by the Ukrainian Premiere will, to a large extent, depend on the position of Ukraine's Parliament<sup>6</sup>. The problems connected with the servicing of credits obtained by Ukraine from international financial institutions are also the subject of much attention. This topic is mentioned regularly, and takes priority over a scheduled debt payment in due terms.



**Ukraine's democracy is still too distant from Western standards.** *The Economist* stressed that justice should be done to President Kuchma for the wise steps he has taken in the international arena. At the same time, his achievements are less evident with respect to adherence to democratic fundamentals and the supremacy of the rule of law. It was proposed that the West render assistance not to the state but, foremost, to independent mass media, small business,

and NGOs<sup>7</sup>. Mass media paid special attention to the recent presidential election campaign in Ukraine. According to American observers<sup>8</sup>, undemocratic methods were involved. After the elections, *The Financial Times* produced the following forecast: despite President Kuchma's promises not to resort to unconstitutional methods for dissolving Parliament, the Belorussian path remains probable for Ukraine<sup>9</sup>.

**Corruption has reached a dangerous level in Ukraine.** Many Ukraine-related materials deal with this subject. Assessments are based on evidence of businessmen who did business in Ukraine and had some experience with contacts with corrupt state officials. In summarising this experience, *The New York Times* states that corruption in Ukraine has turned into an epidemic<sup>10</sup>. The case of Pavlo Lazarenko gained much publicity. Accusations of the high-ranking Ukrainian Government official's involvement in money-laundering and theft of state funds damaged Ukraine's image. The fact that Lazarenko's mansion in California (41 rooms, \$6.75 million) was paid for in cash aroused public attention<sup>11</sup>. It was stressed that the stolen sums impressed even Westerners with their ideas of the possible incomes of public servants. «Whether or not it concerns billions of dollars, this case proves that nothing in Ukraine is impossible», — sums up *The New York Times*<sup>12</sup>.

**Ukraine is a debtor of Russia, is unable to pay for energy resources, and takes Russian gas without licence.** Such publications appear not only in Russian mass media. The outburst of criticism against Ukraine in the Turkish press did not go unnoticed either. Mass power supply cuts and enterprise stoppages were explained there by Ukraine's unauthorised siphoning of gas pumped to Turkey from Russia<sup>13</sup>.

**Some topics whose coverage could improve Ukraine's image are intentionally side-stepped or interpreted in an unfavourable light in foreign mass media.** In particular, this refers to the potential of Ukraine's military industrial complex (and related competition on the arms market). Ukraine has

<sup>4</sup> The Voice of America, August 26, 1999.

<sup>5</sup> Journal of Commerce, July 19, 1999.

<sup>6</sup> The Financial Times, February 16, 2000.

<sup>7</sup> The Economist, November 20–26, 1999.

<sup>8</sup> The Washington Post, July 13, 1999; The Economist, July 10–16, 1999.

<sup>9</sup> The Financial Times, February 3, 2000.

<sup>10</sup> The New York Times, October 29, 1999.

<sup>11</sup> The Times, September 9, 1999.

<sup>12</sup> The New York Times, September 1, 1999.

<sup>13</sup> This subject is dealt with in detail in an article by a UCEPS expert: V. Saprykin. «Three Symptoms Of Turkish Gas Supply «Teething Problems». — «Region», February 19, 2000, p. 6.



been the victim of an information war more than once, usually on the eve of the signing of important contracts on arms deliveries or maintenance. The dirty informational attacks included accusations of Ukraine supplying arms to so-called «hot spots»: tanks and aeroplanes for the Afghan Taliban movement; tanks for Uganda<sup>14</sup>; helicopters for Sierra-Leone; tanks and warplanes for UNITA guerrillas<sup>15</sup>. Each time, interdepartmental (sometimes even international) commissions were formed, but not a single piece of evidence supporting those allegations was found. Other objects of informational pressure included the Ukrainian T-84 tank and the joint project AN-7X. With the exception of the Polish press, mass media **virtually ignored the advantages of the Ukrainian project for the transportation of Caspian oil to Europe via the Odesa-Brody route**. Fragmentary materials on this subject in the Russian press were of a negative character. Meanwhile, American mass media are widely discussing the Turkish project Baku-Ceyhan, supported by the Clinton administration.

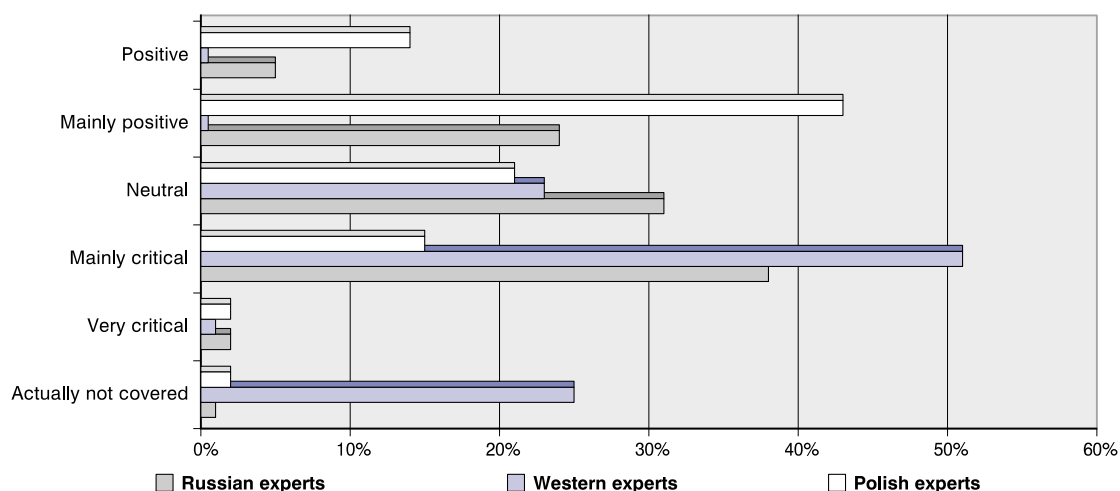
The above assessment of the tone and frequency of coverage of Ukraine by foreign mass media generally coincides with the assessments of foreign experts<sup>16</sup>. A poll performed by UCEPS showed that Ukraine is poorly presented in Western mass media (25% of experts admitted that Ukrainian problems go almost unmentioned). The situation in Russia and in

Poland is better: almost 100% of those polled pointed to the availability of materials on Ukraine in the mass media of those countries.

As the Diagram shows, in Russian and Western mass media a critical approach to Ukrainian topics prevails (this view is shared by 40% and 52% of those polled, respectively), while the approach of Polish mass media is generally positive (57%).

The analysis of materials of foreign mass media allows for some conclusions to be made. Firstly, the perception of Ukraine in the world is rather superficial and fragmentary; in general, mass media reports negatively affect Ukraine's international image. Secondly, most of the critical materials reflect Ukraine's painful problems, and completely correspond to reality. An insignificant share of negative reports is a result of subjective factors (the established stereotypes for the perception of Ukraine, an author's personal point of view, the orientation on the public). Thirdly, negative foreign mass media materials are often based on facts and estimates taken from Ukrainian mass media. Finally, negative assessments of foreign mass media are often used in the political struggle within Ukraine (and one cannot rule out that some publications are initiated by Ukrainian politicians or influential groups). Information campaigns conducted in Western and Russian mass media are not always conducive to Ukraine's political stability.

**Coverage of Ukrainian topics by foreign mass media,  
% of the polled**



<sup>14</sup> Reuters, November 26, 1998.

<sup>15</sup> The Weekly Mail & Guardian, April 2, 1999.

<sup>16</sup> Data obtained from the results of UCEPS polling of Western, Russian, and Polish experts.



## 1.2. THE ASSESSMENT OF UKRAINE BY LEADING INTERNATIONAL ORGANISATIONS

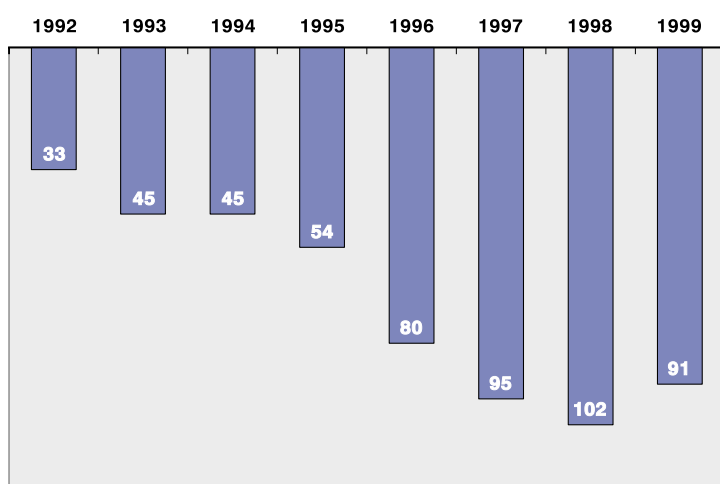
Ukraine is far from the top of international organisation ratings. However, even positions in the middle of world ratings cannot be presumed satisfactory for Ukraine. This corresponds neither to the potential, nor to the high positions that Ukraine held 10–15 years ago. The active participation in the work of international organisations increases Ukraine's authority in the international arena. At the same time, the non-fulfilment (partial fulfilment, delayed fulfilment) of assumed obligations undermines the trust of Ukraine's partners. This section concentrates mainly on factors having a negative effect on Ukraine's international image (its achievements and unclaimed potential are covered in Section 3).

### THE UNITED NATIONS ORGANISATION

UN ratings are based on assessments of the human development index. Among almost 200 countries, Ukraine previously held more or less presentable positions. However, the Diagram<sup>17</sup> shows a consistent tendency drawing Ukraine closer to the world's outsiders.

The improvement of this indicator in 1999 is in no way related to any improvement of Ukraine's situation; this occurred as a result of the UN's transition to a new method for calculating this indicator.

**Ukraine's place in the world by the human development index**



## ORGANISATION FOR SECURITY AND CO-OPERATION IN EUROPE

Ukraine takes an active stance with respect to the OSCE. However, one cannot but notice factors that negatively affect the country's image. For example, OSCE experts have more than once pointed to Ukraine's non-observance of its international commitments. In particular, such was the position of a special OSCE mission in assessing the conduct of the presidential election campaign in Ukraine. Expert examinations by the OSCE on the efficiency of the country's criminal code were not conducive to forming a favourable international image for Ukraine. According to expert data, the number of prisoners in Ukraine is three times higher than the average European index. Furthermore, Ukraine is on the list of the top 10 countries that keep the highest percentage of its citizens imprisoned.

### THE EUROPEAN UNION

In our view, the relations between Ukraine and the EU are overwhelmed by declarations on both sides. They should be replaced by long-term and diligent work as soon as possible. The European Union has not included Ukraine in the «second wave» of candidates for admission to this organisation. Unfortunately, the Common Strategy of the EU toward Ukraine (December, 1999) does not even specify the term for starting negotiations between Ukraine and the EU on the establishment of a free trade zone. Instead, it only refers to a «review of circumstances» that could enable the «future establishment of a free trade zone». Thus, the EU has pointed to the large distance between Ukraine and the aims specified in the Agreement on Partnership and Co-operation between the EU and Ukraine.

### THE PARLIAMENTARY ASSEMBLY OF THE COUNCIL OF EUROPE

In this organisation, Ukraine has a consistent image as a state that does not fulfil its commitments. Expert assessments and PACE monitoring have pointed to Ukrainian legislation's non-compliance with European norms. The issue of the termination of powers of the Ukrainian delegation arose more than once. On the eve of the PACE January (2000) session, Ukraine managed to contain negative developments: the Constitutional Court issued

<sup>17</sup> UNDP. Human Development Report. — New York, Oxford, 1998, pp.140-141; 1999, p.135.

its verdict on the death penalty, and the Verkhovna Rada ratified the European Charter on the languages of national minorities. In February, 2000, Ukraine's Parliament ratified Protocol No. 6 to the Convention on the protection of basic human rights and freedoms. However, other commitments of Ukraine, particularly concerning the adoption of new codes and laws<sup>18</sup>, remain unfulfilled.

### THE INTERPARLIAMENTARY UNION

The Ukrainian situation is negatively assessed from the viewpoint of an issue sensitive for the West; namely, the area of equality between male and female rights. If judged by the level of women represented in elected bodies (7.8%), Ukraine holds 96th place in the world (for comparison: in the US, women occupy 13% of the seats in elected bodies, in Sweden — 42%).

**In general, evident negative features of Ukraine's international image include inclination to make declarations not always backed by practical deeds, and the non-fulfilment of obligations that the country has assumed.**

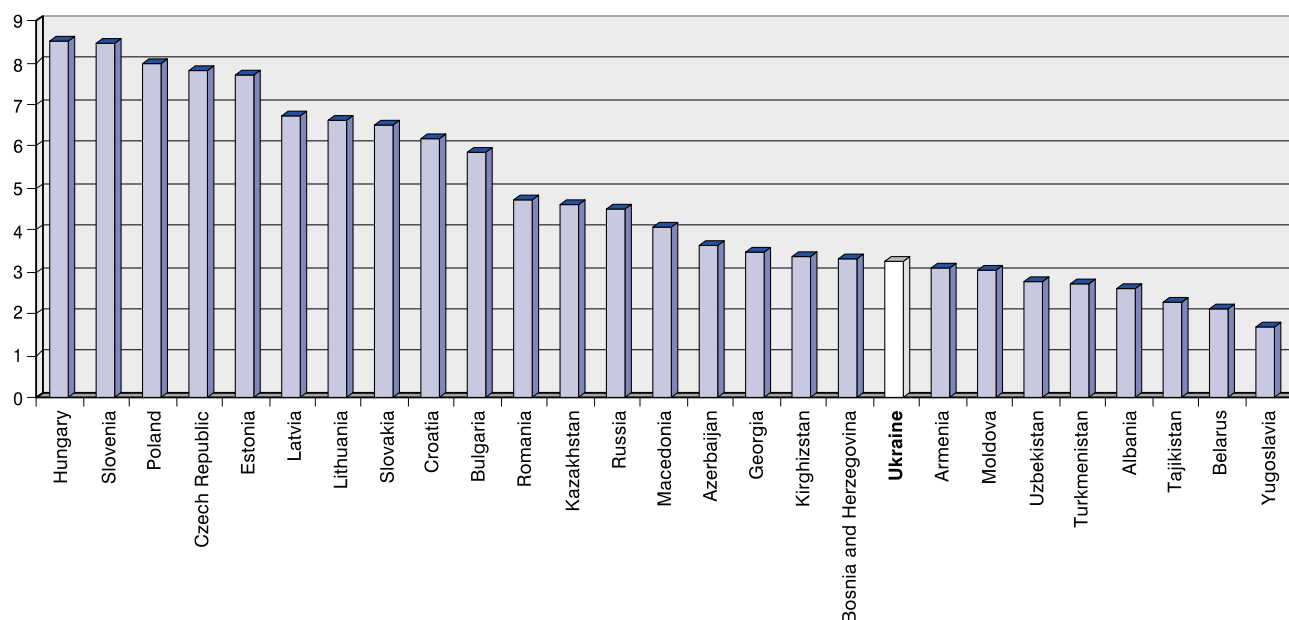
### 1.3. UKRAINE'S ASSESSMENT BY INTERNATIONAL FINANCIAL INSTITUTIONS AND RATING AGENCIES

Respected international organisations regularly compile world (regional) ratings based on commonly recognised criteria. The latter include the level of democracy, the economy's state standing and competitiveness, the freedom of mass media, the corruption and crime levels, etc. The position of Ukraine in the general regional (world) rating reflects both positive and negative features of its image. The UCEPS analysis of expert assessments, according to the key indicators, shows Ukraine following a clear trend toward an outsider position.

The rating of countries regularly published in the Central European Economic Review is instructive. It is based on a complex estimate of a number of key indicators. According to this rating, as of the beginning of 2000, Ukraine occupied 19th position among 27 post-socialist states (as well as one year earlier).

As the Diagram<sup>19</sup> shows, Ukraine is situated between Bosnia and Herzegovina and Armenia —

Rating of post-socialist countries



<sup>18</sup> This refers to Ukraine's obligation to introduce the new Criminal Code, the Code of Criminal Practice, the Civil Code and the Code of Civil Practice, as well as laws on legal and judicial reforms, and legal practice in the field of the protection of human rights.

<sup>19</sup> On a 10-point scale, where «0» is the worst mark, and «10» is the best.





two countries that not long ago were the arena of military conflicts, and whose economies are exhausted. Ukraine occupies ninth place among countries of the former Soviet Union, which in no way corresponds to the 1991 starting conditions. A preliminary idea of Ukraine's problems that remain unresolved may be obtained from the indicators presented in Diagram below<sup>20</sup>:

Liquidity of securities	14th place
Integration into world economy	15th place
Balance of payments	15th place
Political stability	17th place
Productivity	19th place
Stability of legislation	19th place
Stability of prices	20th place
Stability of national currency, investment environment	21st place
Durability of economy	21st place
Ethics of business	21st place

The positions of Ukraine in other international ratings cited below also reflect its low level of competitiveness, economic freedom and openness of its economy. At the same time, foreign experts point to the high level of corruption, the shadow economy, and the lack of proper protection of intellectual property rights in Ukraine.

## COMPETITIVENESS

This indicator allows for a comparison of the development level for both market and transitional economies (*see Table*). The competitiveness rating is compiled by World Economic Forum experts. In 1998, of 53 countries accounting for 95% of world industry and trade, Ukraine occupied last place. In 1999, in a similar list of 59 countries, Ukraine was 58th (this time, Russia was last)<sup>21</sup>.

Competitiveness rating, by country, 1999			
1	Singapore	48	Vietnam
2	USA	49	Egypt
3	Hong-Kong	50	Venezuela
4	Taiwan	51	Brazil
5	Canada	52	India
38	Hungary	53	Ecuador
39	Czech Republic	54	Columbia
43	Poland	55	Bolivia
44	Turkey	56	Bulgaria
45	Slovakia	57	Zimbabwe
46	El Salvador	58	<b>Ukraine</b>
47	RSA	59	Russia

It is clear that today Ukraine is unable to compete with developed Western countries, and its 58th position corresponds to its economic standing.

## ECONOMIC FREEDOM

By this indicator, that *The Wall Street Journal* provides calculations for 156 countries, Ukraine belongs to the group of countries with a «predominantly non-free economy». Indicators range between 3.00–3.99 points; Ukraine's index is 3.8.

## OPENNESS OF ECONOMY

According to World Bank experts, in 1999, Ukraine's economy was assessed as «closed». The Heritage Foundation, in conjunction with *The Wall Street Journal* have, for the fifth time, produced a rating of their own reflecting the readiness of countries to operate as open economic systems (in the Table below, CIS countries and the Baltic states are selected from the overall rating).

### The rating of openness of the economies of the CIS and Baltic states<sup>22</sup>

Country	Place among 161 countries
Estonia	18
Latvia	61
Lithuania	72
Moldova	97
Russia	106
Armenia	107
Georgia	116
<b>Ukraine</b>	<b>124</b>
Kirghizstan	135
Kazakhstan	137
Belarus	140
Azerbaijan	143
Tajikistan	147
Uzbekistan	148
Turkmenistan	149

Therefore, based on the level of openness of its economy, in 1998, Ukraine was only eighth among the countries of the former USSR. Not only did the Baltic states, that had some advantages in 1991, surpass us, but so did Armenia, Moldova and the Russian Federation. This fact can hardly be ignored.

<sup>20</sup> Central European Economic Review, December 1999, p.15.

<sup>21</sup> Global Competitiveness Report, 1999. — World Economic Forum, July 13, 1999.

<sup>22</sup> Rating of economic openness by The Heritage Foundation. — «Vneshniaya Torgovlia», 1999, No. 1, p. 45.

## CORRUPTION

When the discussion concerns the corruption level, Ukraine firmly holds its position in the group of world «leaders». According to the 1999 international corruption index, Ukraine was the 21th most corrupt country in the world (the same as Kenya). According to the poll conducted by *The Economist*, in 1998 Ukraine was recognised to be the most corrupt out of 97 countries<sup>23</sup>. In 1999, World Economic Forum experts placed Ukraine third (after Bolivia and Columbia) in the list of the world's 59 worst politically corrupt countries.

## SHADOW ECONOMY

According to last year's EBRD estimate, the share held by Ukraine's shadow sector in its economy<sup>24</sup> attains 49% of its GDP. In the Address of the Verkhovna Rada to the US Congress (October, 1999), it was stated that the illegal sector of Ukraine's economy rose from 40% to 55%. As early as 1995, World Bank experts evaluated the share of Ukraine's shadow economy to be at a level of 47–51% of the GDP<sup>25</sup>. Therefore, according to foreign experts, the level of Ukraine's shadow economy has remained critically high over the last five years, and there is no trend showing its decrease in sight.

## PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

International experts consider the large-scale infringement of intellectual property rights a serious blow to Ukraine's international image. This deals with sky-rocketing volumes on the «black market» of pirated intellectual products: printed editions, computer programs, audio and video products, etc. The Forum of the UN European Economic Commission devoted to the protection and observance of intellectual property rights (October, 1998) stressed that the absence of adequate mechanisms for exercising intellectual property rights hinders foreign investments.

Foreign partners see Ukraine as a «grey zone» used for the sale of unlicensed products. In 1999, the International Association of Soundtrack Producers entered Ukraine (along with the Russian Federation and Bulgaria) onto the list of «problem» countries<sup>26</sup>. According to estimates by the International Association of Software and Information Technology Manufacturers, the index of computer piracy in Ukraine amounts to 90%<sup>27</sup>. The International Union of Intellectual Property emphasises that the extremely high share (90%) of pirated products in Ukraine has been observed for the fourth year in a row<sup>28</sup>.

## INTERNATIONAL CREDIT RATING

In January, 2000, the rating agency «Moody's Investors Service» lowered Ukraine's credit rating with respect to foreign bonds from the «B» category («speculative group», that includes countries with a low debt solvency) to the lowest «C» category. Now, Ukraine is in the same group as Pakistan and Cuba. All foreign bonds of the Ukrainian Government are treated as uncovered securities<sup>29</sup>. Countries with such a rating cannot count on large foreign credits, as the probability of their repayment is considered very low.



<sup>23</sup> Higher corruption marks were awarded to four countries: Azerbaijan, Kazakhstan, Russia, Uzbekistan.

<sup>24</sup> For comparison: in Russia — 42% of the GDP, in Bulgaria — 36% of the GDP, in Lithuania — 35% of the GDP, in Hungary — 29% of the GDP, in Latvia — 22% of the GDP.

<sup>25</sup> Ukraine: The Real Economy and Its Sectors. — The World Bank, Quarterly Abstract, Vol. II, No.1, February 1996.

<sup>26</sup> The principal pirates of audio recording have been named. — «*Segodnia*», January 28, 2000, p. 2.

<sup>27</sup> The situation in some other countries (Russia, Bulgaria, China, Indonesia and Vietnam) is assessed very similarly.

<sup>28</sup> D. Romanets. Will the Author Pile Up Riches by Stargazing? — «*Polityka i Kultura*», 1999, No.3, p. 34–37.

<sup>29</sup> The rating of Ecuador that defaulted on its foreign commitments, is the lowest.



Therefore, the assessments of leading international financial institutions and rating agencies unambiguously point to the non-compliance of Ukraine's economy with the criteria for effective progress.

#### 1.4. UKRAINE'S ASSESSMENT BY FOREIGN EXPERTS

The stance of foreign mass media and government circles towards Ukraine is to a large extent determined by experts dealing with Ukraine. That's why their assessments of Ukraine's internal situation, its foreign policy, and its role and the place in the world, present an important element for the formation of Ukraine's international image.

In February, 2000, UCEPS performed three expert polls: in Russia, in Poland, and among Western experts working in Ukraine<sup>30</sup>. The assessments of Western diplomats, businessmen and experts are of great importance, as they have been living and working in this country, and are well aware of its internal situation. Therefore, they present kind of «foreigner's view of Ukraine from the inside».

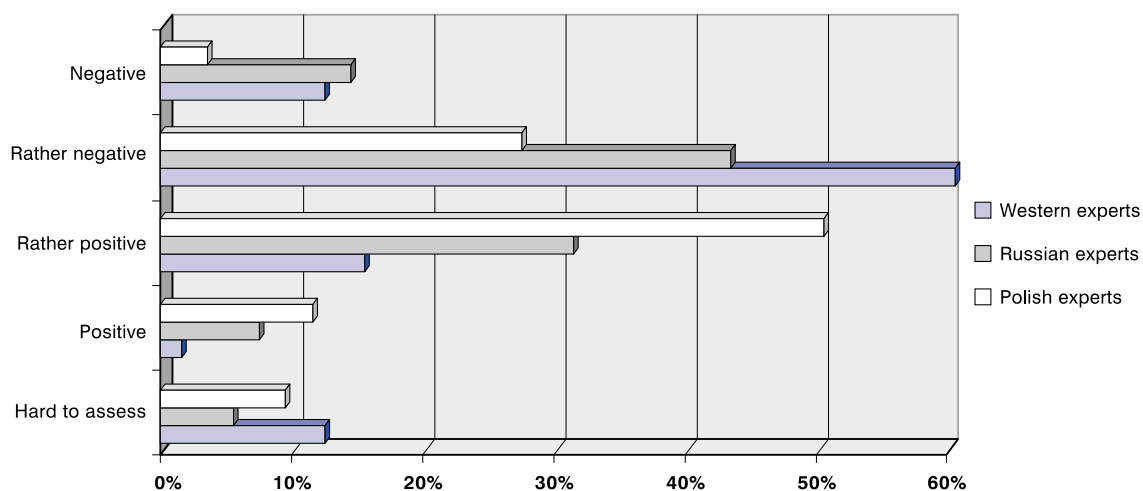
Presented below is the analysis of Western experts' responses concerning Ukraine's international image, foreign contacts, position in the world markets, the investment climate, Ukraine's internal situation, the conditions for foreigners in Ukraine, and the place occupied by our country in the world community.

#### THE OVERALL ASSESSMENT OF UKRAINE'S INTERNATIONAL IMAGE

A majority of Western experts (72%) negatively assesses Ukraine's international image. The same assessment prevails in the Russian state, scientific and businesses establishments: 57% of those polled named this image negative. Polish experts are of a different view: 61% of respondents positively assessed Ukraine's international image.

A majority of Western and Russian experts considers **the dynamics of the formation of Ukraine's image to be unfavourable** (65% of Western and 83% of Russian experts pointed to the deterioration or absence of significant change, i.e., to the **preservation of the negative tendency**). Meanwhile, a majority of Polish experts (54%) suggests that Ukraine's international image is improving.

Assessment of the international image of Ukraine,  
% of the polled



<sup>30</sup> 100 representatives of presidential and governmental structures, parliament members, respected non-government analytical centres, influential bankers and businessmen working with Ukrainian partners have been polled both in Russia and in Poland. In Ukraine, the poll was conducted among 100 employees of Western embassies, representative offices of international organisations and foundations, and renowned companies represented in Ukraine. The analytical report exploited only a part of the poll results. They are presented in full in further publications of this issue.

## ASSESSMENT OF UKRAINE'S INTERNATIONAL CONTACTS

Western experts rather critically view the nature of Ukraine's relations with other countries and international organisations. This conclusion may be substantiated by the following results of expert polls.

**Western experts rather sceptically assess the character of Ukraine's bilateral relations with a number of countries.** For instance, Ukraine's relations with The Czech Republic were negatively assessed (as instability, declarative character, stagnation, deterioration) by 58% of Western experts, with Germany and Russia — by 57%, with Great Britain — by 56%, with the US — by 54%, with France — by 47%. At the same time, some progress was noticed in Ukraine's bilateral relations with Poland (48%), the USA and Canada (36%), Israel (29%) and The Netherlands (29% of experts).

**Ukraine's co-operation with international organisations is viewed sceptically.** Negative assessments of Ukraine's relations with the EU were expressed by 65% of those polled, with the CIS — by 62%, with the IMF — by 59%, with the Council of Europe — by 56%, with the EBRD — by 55%, with NATO — by 53%. Many experts refrained from making any estimates of Ukraine's relations with the Tashkent Treaty (79%), GUUAM (64%), WEU (60%), UN (42%) and OSCE (33%).

The assessments of Ukraine's ties with European structures made by Polish and Russian experts differ from those given by Westerners. Both Poles and Russians point to Ukraine's considerable progress in its European integration efforts<sup>31</sup>. Those estimates may, on the one hand, reflect somewhat exaggerated expectations on the part of Poland and, on the other hand, a jealous stance on the part of the Russian Federation towards any attempts by Ukraine to intensify its relations with the West.

All three expert groups pointed to the weakening of the eastern vector of Ukraine's foreign policy: negative assessments were given for the development of its relations with Russia, Belarus, the CIS and the Tashkent Treaty.

**Ukraine's policy toward the state represented by the polled expert was assessed as cold.** Only 23% of respondents called it «open and friendly», another 22% considered it to be a «pragmatic partnership». At the same time,

nearly one-third of those polled (30%) pointed to the declarative character or inactivity of Ukraine's policy, 7% mentioned double standards, 7% described it as aimed at gaining unilateral advantages for Ukraine.

**From the point of view of interest in Ukraine and the formation of its image, the coverage of Ukrainian topics in the mass media of the countries represented by the polled experts appears instructive.** The majority (51%) suggests that Ukraine is mentioned mainly in a critical context, 25% — that it is not mentioned at all; another 23% consider this coverage neutral. The following poll results concerning the attitude to Ukraine in the country represented by the expert appears disturbing: *a majority of respondents (56%) considers that the attitude to Ukrainian citizens in their countries is «indifferent», only 16% argue that our compatriots are treated «as equals», and another 4% — «as second-rate people». These assessments deserve special attention on the part of Ukrainian politicians and diplomats, as they are made by representatives of developed Western countries who had a chance to study Ukraine and Ukrainians.*

The description of Ukraine's international contacts by foreign experts reaffirms the conclusions of UCEPS experts published earlier<sup>32</sup>: **Ukraine values expectations that are not always backed by concrete deeds; there are too many political declarations that do not take into account realistic capabilities and available resources. In relations with other states and international organisations (such as NATO), Ukraine assumes too many commitments without objectively being able to fulfil them.**

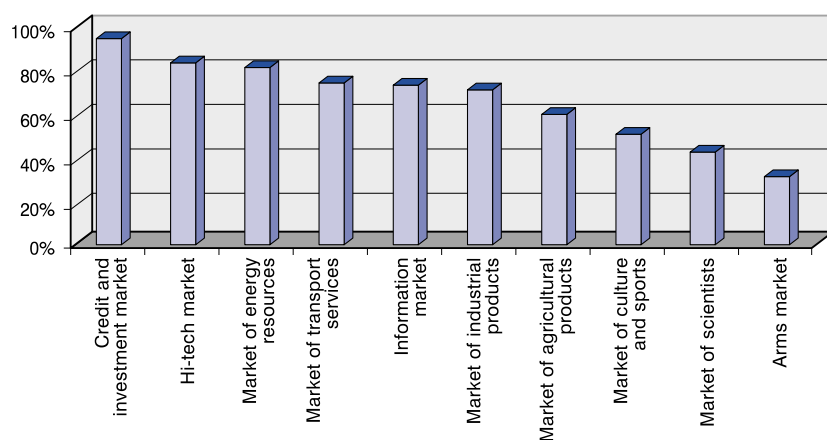
## THE ASSESSMENT OF UKRAINE AS A SUBJECT OF THE WORLD ECONOMY

**Western experts' low estimates of Ukraine's position on the principal world markets correspond to present-day realities (see Diagram on the next page).** Ukraine's influence on the credit and investment market was assessed as minimal and insignificant by 94% of respondents; on the energy resources market — by 81%; on the hi-tech market — by 83%, on the transport services market — by 74%, on information resources market — by 73%, industrial products — by 71%, agricultural products — by 60% of those polled. Western experts noted some successes of Ukraine only on the arms, scientists, culture and sports markets.

<sup>31</sup> Expert poll results are published in this edition.

<sup>32</sup> «Military Reform in Ukraine: Start, or Another False Start?» (Analytical report of the Ukrainian Centre for Economic and Political Studies). — «National Security and Defence», 2000, No. 1, pp.14–16.

### Ukraine's influence on the world markets is «minimal» or «insignificant», % of the polled



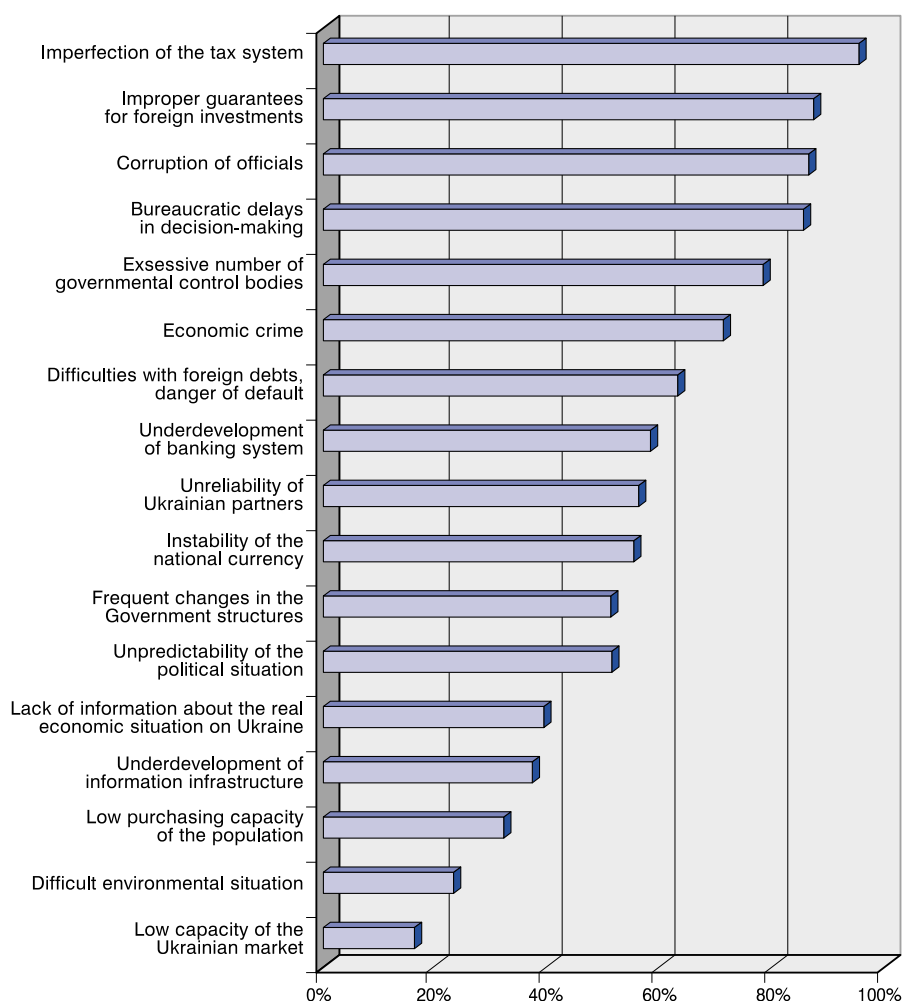
Such a description of Ukraine's role and place on the world market basically coincides with the poll results obtained in Russia and Poland. As a subject of the world economy, Ukraine is equally treated by the three groups of experts; namely, as backward and uninfluential. Therefore, **the expert polls reaffirmed the gap between a relatively high level of political dialogue, and an inadequate economic basis for Ukraine's foreign policy.**

### FACTORS THAT HINDER FOREIGN INVESTMENTS AND BUSINESSES IN UKRAINE

When assessing the factors that had a negative effect on Ukraine's image in 1999, Western experts named, in the first place, **the non-execution of commitments before foreign partners (53%) and problems experienced by foreign investors (50%).** In addressing this situation in general, experts believe that the main obstacles for foreign businesses in Ukraine include an imperfect tax system, improper guarantees for foreign investments, corruption among officials (*see Diagram*).

It is pleasant that **Western experts praise the business qualities of the Ukrainian partners they work with in Ukraine rather highly (15% of those polled called them top-level specialists, 35% stressed their experience and high qualifications, 29% said their professional level was average, and only 6% — low).** The creation of a normal business environment in Ukraine was named as a factor important for the formation of the country's positive image.

### Factors that have a negative effect on foreign businesses in Ukraine, % of the polled



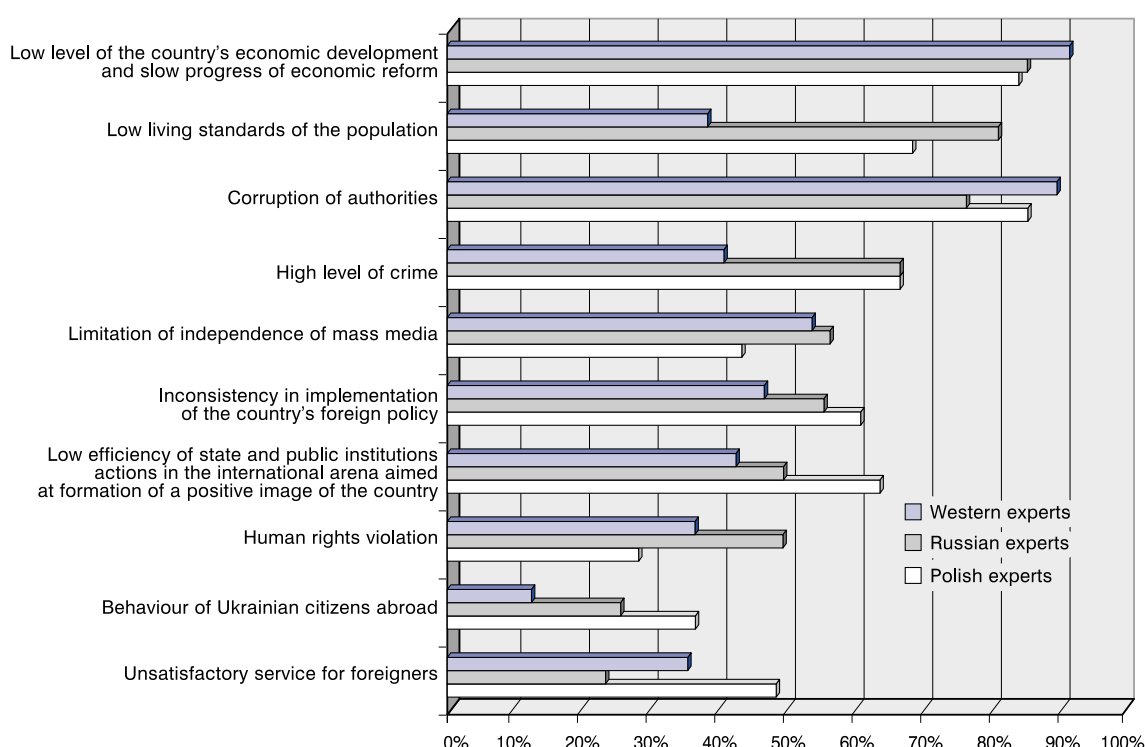


## ASSESSMENT OF UKRAINE'S INTERNAL SITUATION

Western experts named internal factors that have a negative effect on Ukraine's international image (*see Diagram*). This list coincides with assessments by Russian and Polish experts, international expert organisations and mass media.

*the next page*). They *negatively* assess the behaviour of officials (80% of those polled), the level of service (75%), the work of mass media (71%), the appearance of streets and communal services (64%), transportation and communication facilities (63%). At the same time, 81% of experts *positively* assessed the attitude of locals, and 70% — the level of culture in public places.

**Internal factors that have a negative effect on the international image of Ukraine,**  
% of the polled



Western partners will support more resolute reform efforts by Ukraine's Government that would strengthen the internal stability and irreversibility of democratic transformations in the country. Their hopes for the better are best illustrated by the fact that 71% of experts considered the appointment of reformer Viktor Yushchenko as Ukraine's Prime Minister the factor that had the best positive effect on Ukraine's image in 1999.

## ASSESSMENT OF CONDITIONS FOR FOREIGNERS STAYING IN UKRAINE

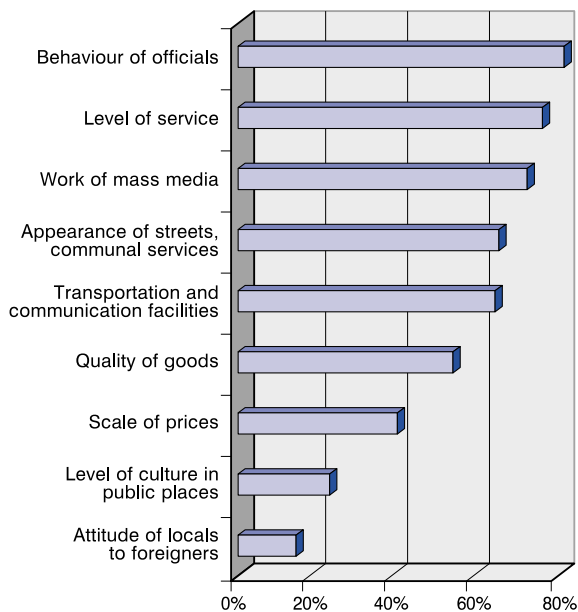
The impressions of Western experts from their life and work in Ukraine are benevolent but rather critical, nevertheless (*see Diagram on*

## THE ASSESSMENT OF UKRAINE'S ROLE AND PLACE IN THE WORLD

The overwhelming majority of Western experts (83%) considers Ukraine an uninfluential European country searching for its place in the world. At the same time, the international image of Ukraine is complemented by the following features: a country influenced by Russia (this view is shared by 63% of those polled), and a «buffer zone» country between Europe and Asia (55%). As the next Diagram shows, Polish experts share the view expressed by their Western colleagues. For Russians, Ukraine is, first of all, a country influenced by the West (80% of those polled); tougher assessments were: an uninfluential European



### Negative assessments of the internal situation in Ukraine, % of the polled



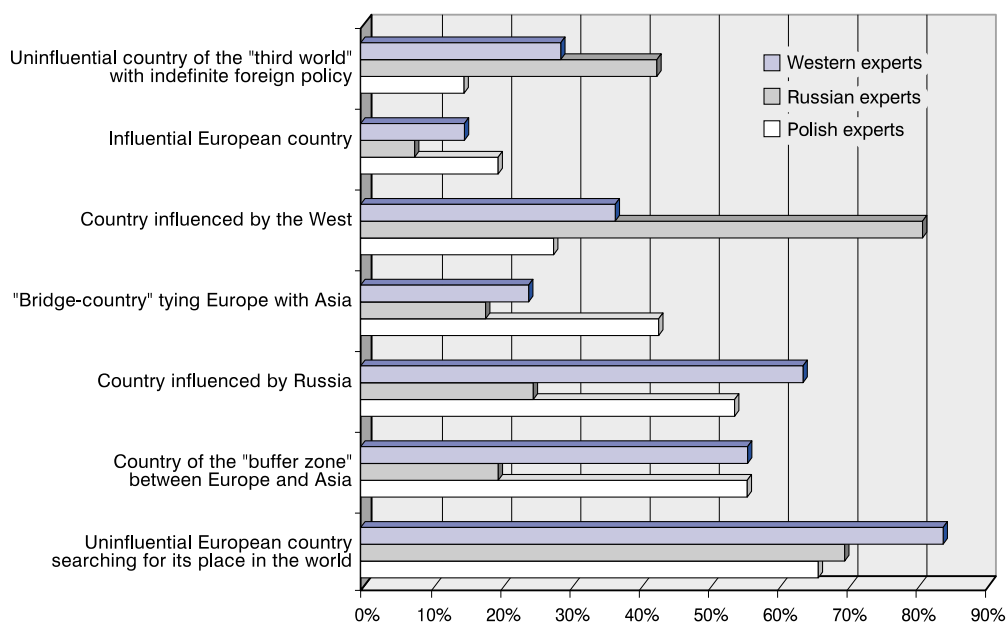
country (69%), an uninfluential country of the «third world» with an undefined foreign policy (42%).

Despite some differences in the estimates, Ukraine's image is depicted rather clearly: an **uninfluential European «buffer zone» country** whose policy is based on the balance of interests between the West and Russia. It is interesting to note that 74% of Ukrainians agree with the description of Ukraine as an **uninfluential European country**<sup>33</sup>.

### POSSIBLE WAYS OF FORMING A POSITIVE IMAGE OF UKRAINE

Western experts defined two priority directions: intensification of economic reform (90% of those polled) and a more active struggle against corruption and crime (81%). They also stressed the importance of the development of service for foreign citizens (43%), the effective protection of human rights and freedoms (42%) and a higher efficiency of foreign political activity (31%). **Western experts, therefore, associate the improvement of the situation in Ukraine with resolute actions of Ukraine's Government aimed at reforming the economy, fighting crime, and further democratisation of the society. They suggest the resolution of domestic problems to be a factor more important for the formation of a positive image of Ukraine (the international view is not considered decisive in this context).**

### Role and place of Ukraine in the world, % of the polled



<sup>33</sup> Ukrainian citizens were polled by the UCEPS sociological service between January 25 and February 5, 2000; 2010 respondents were interviewed in all of the country's regions.



## CONCLUSIONS

Ukraine's image created by foreign mass media is rather superficial, fragmentary, and generally negative. The potential of Ukraine, the riches of its land, history, culture and the people remain *terra incognita* for the international community.

Ukraine is not at the bottom of the ratings prepared by international organisations, but it remains an outsider by the majority of indicators. Assessments by leading international financial institutions and rating agencies unambiguously point to the non-compliance of Ukraine's economy with the criteria for effective progress. Experts point to the high level of corruption, the shadow economy, and the lack of proper guarantees for the intellectual property rights in Ukraine.

The expert polls reaffirmed the gap between a relatively high level of political dialogue, and an inadequate economic basis for Ukraine's foreign policy. Negative features of Ukraine's international image tend towards declarations at times not backed by practical deeds, and the non-execution of commitments assumed.

Western experts associate the improvement of Ukraine's situation with resolute actions by the Ukrainian Government aimed at economic reform, fighting corruption, and the further democratisation of society. They suggest the resolution of domestic problems to be more important for the formation of a positive image of Ukraine.

The country's image may be improved not only at the expense of more active foreign political activity. No political dialogue with foreign partners will give any feasible result without the acceleration of economic reform, raising of the population's living standards, and the consolidation of democratic fundamentals within the society.

## 2. TO WHAT EXTENT DOES UKRAINE'S IMAGE CORRESPOND TO REALITY?

In the previous section, the principal characteristics of Ukraine's image were outlined, as well as the factors that negatively influence its formation. The unbiased analysis of the situation in and around Ukraine, the results of which are presented in this section, makes it possible to draw the following conclusions. A relatively sharp and mostly negative assessment of Ukraine's image corresponds to reality, in general. In order to correct the situation, the Government should concentrate its efforts on solving the indicated problems, otherwise the mirror of world opinion will continue to reflect the unattractive picture of our country. In those instances where the assessments of international partners (organisations, experts, mass media) are ungrounded, the discussion should concentrate on a more active informational policy on the part of Ukraine. It is necessary to present the international community the truth about our country, to communicate its achievements and values, and reveal its yet unopened potential for co-operation.

The analysis of factors, which negatively influence image of Ukraine in the world is presented by section corresponding to separate spheres: economic, political, social, humanitarian and information ones.

### 2.1. ECONOMIC SPHERE

The state of Ukraine's economy is assessed at the level of macroeconomic indicators published by foreign mass media. A concise analysis is also given regarding Ukraine's investment climate, the structure of its foreign trade, the competitiveness of its economy, banking system and foreign debt problems.

#### PRINCIPLE MACROECONOMIC INDICATORS

**GDP and production volumes.** A decrease in the volumes of industrial and agricultural pro-

duction has been observed over the last ten years in Ukraine (*see Diagram*). The GDP for this period decreased nearly five-fold — from \$158 billion in 1989 to \$32 billion in 1999.

In 2000-2001, Western experts<sup>35</sup> predict growth of the GDPs in the Baltic countries, as well as in the majority of countries of Central and Eastern Europe (*see Diagram on the next page*). In Ukraine in 2000, a zero dynamic of GDP is predicted, and in 2001 — a 2.5% growth. It is clear, **Western expert assessments are relatively moderate and do not completely coincide with the plans of the Government of Ukraine to achieve a quicker pace of GDP growth.**

**GDP dynamics and production volumes in Ukraine<sup>34</sup>,  
% to the previous year**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
GDP	-3,4	-11,6	-13,7	-14,2	-23,0	-12,2	-10,0	-3,2	-1,7	-0,4
Industrial production	-0,1	-4,8	-6,4	-8,0	-27,3	-12,0	-5,7	-1,8	-1,5	4,3
Agricultural production	-3,7	-13,0	-8,3	+1,5	-16,5	-3,6	-9,5	-0,8	-8,0	-5,7

<sup>34</sup> Statistical bulletin. — State Statistics Committee of Ukraine, 1990-1999.

<sup>35</sup> Erste Bank Research. — Central European Economic Review, December 1999, pp.28-29. British weekly *The Economist* also predicts a zero dynamic of Ukraine's GDP in 2000.

## GDP dynamics, % to the previous year

	1998	1999 (estimate)	2000 (forecast)	2001 (forecast)
Bulgaria	3,5	0,0	2,5	3,5
Croatia	2,3	-1,0	2,0	3,5
Czech Republic	-2,3	-0,5	1,2	3,0
Estonia	4,0	0,5	4,5	5,0
Hungary	5,1	3,9	4,0	4,5
Latvia	3,8	1,0	3,5	4,0
Lithuania	5,1	0,5	3,5	4,0
Poland	4,8	3,7	4,5	5,0
Romania	-7,3	-4,5	1,0	2,5
Russia	-4,6	0,0	1,0	2,5
Slovakia	4,4	1,8	1,1	2,5
Slovenia	3,9	2,7	3,5	4,0
Ukraine	-1,7	-0,4	0,0	2,5

**Budget.** Ukraine has not yet been able to shed its traditional image of a state that lives above its means. Over the years of independence, Ukraine's budget has not been fulfilled even once — the level of its fulfilment was never higher than 75-85%. The 2000 budget was approved with a zero deficit. Nevertheless, it will hardly be possible to avoid a deficit: taking into account the growing budget debt, we estimate that it will comprise not less than 3% of the GDP.

**Currency rate.** The stability of the currency is an important component of a country's image. Unfortunately, the Government and the National Bank of Ukraine have not been able to keep within the established currency corridor. The Hryvnia's stability was usually maintained through the implementation of adminis-

trative measures. This resulted in a decrease in the volumes of export-import operations (by 14.5% in 1999) and direct foreign investments (by nearly one and a half times in 1999), as well as the outflow of Western capital out of Ukraine (\$264 million in 1999).

## INVESTMENT CLIMATE

Insignificant volumes of domestic and foreign investments reflect Ukraine's unfriendly investment climate. The situation's improvement is impossible without realistic private property guarantees, a limitation of administrative interference in economic processes on the part of the state, and a friendly and stable tax policy.

**The absence of true land ownership** is a barrier to attracting strategic investors to Ukraine. This makes it impossible to develop the banking system (due to lack of reliable collateral) and business.

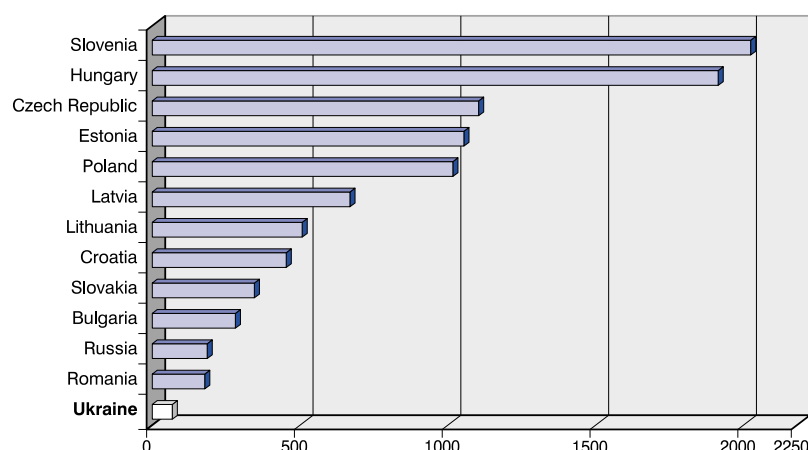
**Ukraine's legislative base is contradictory, unstable and incomprehensible** to foreign investors. For example, with respect to foreign business activity in Ukraine alone, it is regulated by more than 130 legislative acts. The existence of nearly 100 bodies of state control complicates conditions for business. According to data of the Kyiv International Institute of Sociology, 80% of businessmen believe that if it were not for the «informal relations» with local authorities, they would not have been able to start their business in Ukraine.

**One factor is the effectiveness of state regulation of the economy.** For example, as a result of unwise actions by the authorities within the agro-industrial sector, nearly all private firms, including foreign ones, were squeezed out of the market. The energy sector has already reached the state of a debt collapse from which it will be difficult to get out even under the state of emergency implemented in this branch.

**Privatisation** should have created effective owners and limited the state's interference in the economy (while also lifting Ukraine's image), however, it did not give the expected results. Among the reasons for this were strict budget limitations that were not simultaneously implemented, and equal and transparent rules for all businesses were not created. Current practice sees the continuation of giving «strategic» and «priority» enterprises privileges, the write-off of debts, etc.

**The ineffective and unpredictable tax policy** negatively influences the investment climate and, accordingly, Ukraine's international image.

## Direct foreign investments per capita, \$

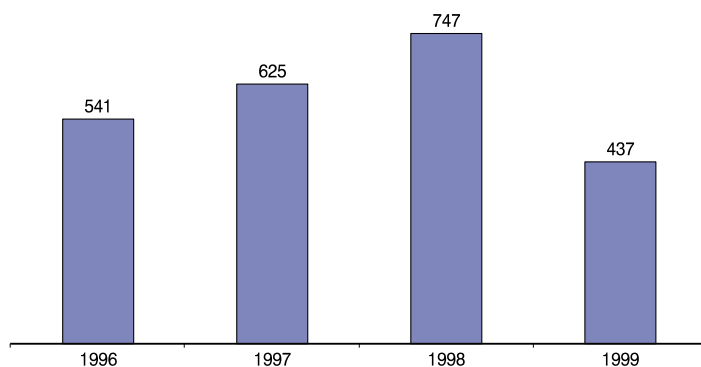




As of today, that policy is geared toward obtaining maximum budget revenues, and production is not encouraged. The burden of official taxes in Ukraine is one and one-half times greater than that in other countries with the same GDP level<sup>36</sup>. Tax legislation is constantly changing. For 1997–1998 alone, nearly 200 changes and amendments were made to the Law of Ukraine «On Value Added Tax», but even after this, the law needs serious improvement.

As the following Diagram shows, foreign investments into Ukraine were on the rise. The noticeable decrease in 1999 can be explained by political factors, among others presidential elections, as well as administrative measures on the currency market implemented at the onset of the financial crisis in September 1998. But the volumes of direct foreign investments hardly correspond to the needs of Ukraine's economy — according to various estimates, Ukraine needs \$25–40 billion over a 5–10 year period.

Dynamic of direct foreign investments (net) into Ukraine<sup>37</sup>, \$ millions



In order for Ukraine to receive large investments, *individual* investors should not be «drawn» by privileges, but generally attractive conditions for the influx of investments should be created. It is useless to hope for significant foreign investments without a renewal of internal investing. In 1999, domestic investments decreased by 28% (from \$5.7 billion in 1998 to \$4.09 billion in 1999)<sup>38</sup>.

## CRIMINAL PATH OF THE ECONOMY

According to estimates of the State Security Service, Ukraine's shadow economy sector has already «actually become equal to the official one»<sup>39</sup>. Individual experts assess the volumes of the shadow economy at the level of 50–70% of the GDP. 40–50% of all cash circulates within the shadow economy.

**The energy sector is placed in the position of the most corrupt branches.** In the last four months of 1999 alone, 3900 criminal cases were initiated, of which 476 were the theft of money in large and extremely large amounts<sup>40</sup>.

**Abuses in the budget sphere became extremely frequent.** Good conditions for corrupt practices in this branch created a system of giving privileges in the areas of taxation, customs duties and credits. Of credits received under guarantees of the Government, only 15% is to be returned, and of this amount, only 5% in cash. In this way, as of October 1, 1999, enterprise-borrowers have not returned \$943 million to the state budget. Decisions for giving credits under state guarantees are made, as a rule, behind closed doors; the competition among projects for receipt of the credits or state orders for the delivery of goods is a formality.

**The sphere of external economic activity is of a criminal nature.** Nearly 2000 criminal cases were initiated in this sphere over the last year. Over 6000 Ukrainian enterprises have debts for foreign economic operations exceeding UAH 5 billion. 70% of this debt resulted from operations between fictitious firms, with cash from those operations flowing to offshore zones<sup>41</sup>.

## COMPETITIVENESS OF THE ECONOMY

Ukraine's position on the world markets depends, to a large extent, on its technological base, the effectiveness of utilising investments, as well as the efficient use of energy for production. The assessment of these factors reflects the absence of preconditions for the visible growth, in exports of domestic product, and in general, for the economic growth over the next few years.

<sup>36</sup> According to expert calculations of the Harvard Institute for International Development.

<sup>37</sup> Principle macroeconomic indicators of the socio-economic development of Ukraine for 1999. — State Statistics Committee of Ukraine, p.3.

<sup>38</sup> The macroeconomic situation of Ukraine on the threshold of 1999–2000. — Centre for market reforms, 1999, p.2.

<sup>39</sup> L. Derkach. Total control of political structures — a myth. — «Zerkalo Nedeli», February 5, 2000, p.3.

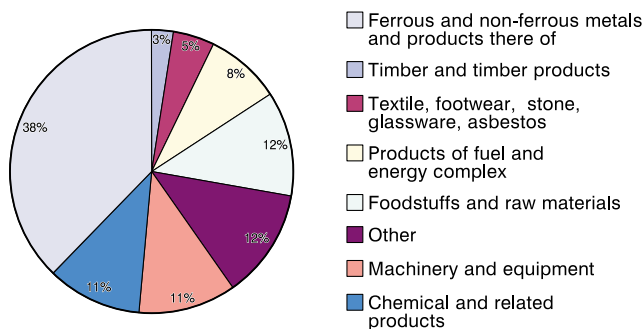
<sup>40</sup> L. Menzhulina. Who is hiding our money in banks and in corners? — «Holos Ukrainy», December 30, 1999, p.4.

<sup>41</sup> According to State Tax Administration (STA) data, Ukrainian banks have over 100 correspondent accounts in Nauru and Vanuatu — island countries of the Pacific Ocean. The STA is aware that some directors of these «ocean» banks live in Kyiv, as offshore operations are conducted here. During 1999, 4179 fictitious firms were uncovered, but criminal cases were initiated only in 479 of these instances (T. Komarenko. To everyone according to his work? — «Stolichniye Novosti», February 15, 2000, p. 7).

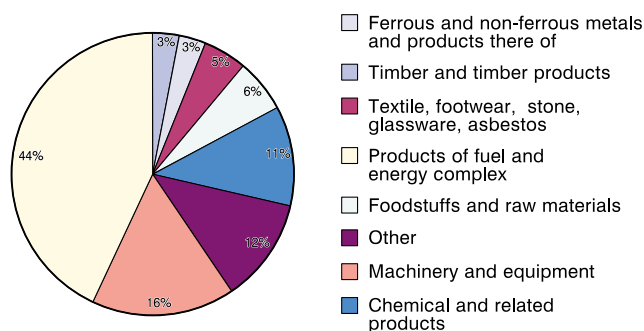




Ukraine's export structure for the first half of 1999



Ukraine's import structure for the first half of 1999



The structure of industrial production is ineffective. The economy is dominated by branches with a low level of processing — these are the raw materials and energy-consuming branches which account for 57% of the overall volume of industrial production. The high level of wear and tear of principal parts (40% of equipment functions for more than 20 years) also lowers the competitiveness of the domestic economy.

Energy resources are utilised inefficiently. Ukraine produces only 10% of oil (4 million tons) and 20% of natural gas (18 billion cubic meters) volumes that it consumes yearly. Average energy costs per one GDP point are 5-6 times higher than in developed countries. Among the reasons are the large share of heavy industry, and the energy-consuming technologies. The ineffective use of energy is holding back economic growth and the exports of Ukrainian products to foreign markets.

## FOREIGN TRADE STRUCTURE

Ukraine's foreign trade reflects its economy's structural disbalances. In the export structure, goods with a low added value dominate (foremost metallurgy), in the import structure — energy supplies (see Diagrams calculated according to the balance of payment data). Efforts to expand exports by way of lowering prices provoked **anti-dumping procedures**<sup>42</sup>, which had a negative influence on Ukraine's image.

In general, over 20 countries have already initiated anti-dumping procedures against Ukrainian companies. As a result of the absence of experience and an active system of protecting the interests of Ukraine's domestic producers, the country has experienced substantial losses<sup>43</sup>.

## FOREIGN DEBT SERVICING

The ability to service debt is an important part of forming a country's image. The huge volume of the country's foreign debt is common knowledge in Ukraine. However, according to internationally accepted criteria, this debt is rather moderate. The greater problem for Ukraine is the significant share of short-term debts, which complicates their servicing. For example, in 2000–2001 alone, Ukraine should pay around \$6 billion in foreign debts, but does not have the required funds, making the possibility of default a reality.

<sup>42</sup> Domestic metallurgy, which gives nearly 40% of currency incomes from export, suffers from this the most.

<sup>43</sup> Approval of the Verkhovna Rada of Ukraine of the «Anti-dumping Code» (December, 1998) opened new possibilities for protecting the state's interests on the world markets.





The very fast **pace of growth of Ukraine's foreign debt** is disturbing. If, for example, Germany accumulated a similar debt over a 20 year period, this took Ukraine only five years. Ukraine's foreign debt is already nearing a critical limit (54.2% of GDP)<sup>44</sup>. Theoretically, Ukraine has the possibility of restructuring its running foreign payments and optimising its foreign indebtedness<sup>45</sup>. Nevertheless, debt restructuring will not result in higher respect of Ukraine on the part of creditors, inasmuch as they are uncertain that a similar situation will not occur in the future.

Ukraine's image is made worse as a result of the unsettled **problems of payments to Russia**. According to information from V. Yushchenko, Ukraine's gas debt reached \$1.4 billion as of February 1, 2000, and increased by nearly \$200 million within a one-month period only. Ukraine does not have the possibility to pay for these debts in the near future. The eight year-old comment of President L. Kravchuk («the country does not steal gas, but private individuals») has remained the basic formula for Ukrainian-Russian relations in this sphere. At the same time, «Gazprom» consistently (and not without cause) blames Ukraine in the unsanctioned siphoning of gas and its re-export. When Turkey suffered last year, the problem took on international significance<sup>46</sup>. It is interesting that over many years, not a single

Ukrainian authority has confirmed the fact that gas was stolen. Official Kyiv admitted to the existence of the problem of the unsanctioned siphoning of Russian gas only in 2000 (Vice-premier Yu. Tymoshenko). Clearly, the unlicensed taking of gas is a violation of international trade norms and is not good behaviour on the part of a European country.

## BANKING SYSTEM

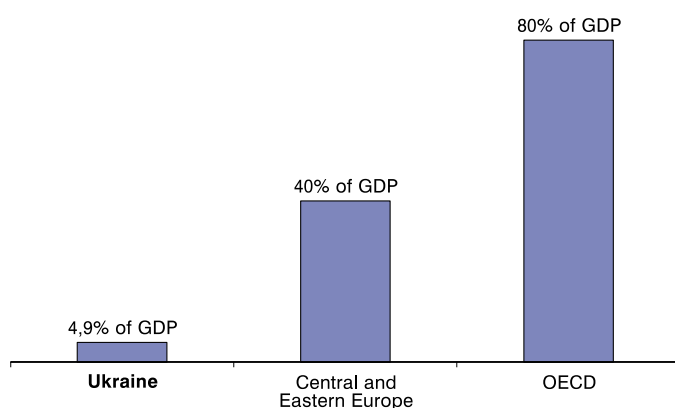
Ukraine's banking system is weak and undeveloped, the state of its credit market is not conducive to the growth of business activity. The total bank capital in Ukraine is 8.2 times less than in Central and Eastern European countries, and 16.3 times lower than in the countries of the Organisation for Economic Co-operation and Development (OECD)<sup>47</sup>.

At the beginning of January 2000, 205 commercial banks were active in Ukraine of which 36 were in the bankruptcy stage. The vast majority of banks is not capable of providing significant credit volumes. The structure of the credit portfolio remains poor, at best — unpaid, prolonged and doubtful debts comprise 32% of it. High risks of crediting the economic sector (unpaid credits, the complex procedure for selling off collateral) result in high interest rates for loans, and make impossible the long-term crediting of production.

In general, Ukraine's business community remains unattractive, at best, for domestic and foreign businessmen alike, despite the existence of the obvious potential strong points of the Ukrainian market.

The other named factors of an economic character (the undeveloped economic structure, export-import operations, insignificant investment volumes, low level of economic competitiveness, weak banking system) are practically impossible to correct over the next several years. Their negative influence on the formation of Ukraine's international image will continue for some time to come. At the same time, the solving of other problems that are hindering the economy's development (corruption, unstable legislation, ineffective state regulation, etc.) lies in the domain of politics.

Total bank capital



<sup>44</sup> Ukraine; entering the 21st century. Strategy for economic and social policy for 2000-2004. (Address of the President of Ukraine to the Verkhovna Rada of Ukraine). - «Uriadovyi Kuryer», January 28, 2000, p. 9.

<sup>45</sup> V. Novytskyi, O. Plotnikov. The dynamic of Ukraine's foreign debt obligations. — Kyiv, 2000, p.332.

<sup>46</sup> Starting from November 24, 1999, the delivery of Russian gas to Turkey (through the territory of Ukraine, Moldova, Romania and Bulgaria) was associated with great problems. The reason was the unsanctioned siphoning of gas from the main pipeline by Ukraine and Moldova during the period of strong winter frosts. Three large Turkish thermal-electric plants shut down. Electricity was cut off in large cities for three hours daily, forcing businesses to close. Turkish newspapers initiated a campaign of criticism against Ukraine. Turkish mass media informed that President S. Demirel turned to President L. Kuchma during his visit to Ukraine (for the inauguration) with the request to solve the problem.

<sup>47</sup> Kh. Sultan, D. Mishev. The role of the financial system in the economic growth of transition economies: banking system of Ukraine. — Harvard Institute for International Development, October, 1999, p. 2.

## 2.2. POLITICAL SPHERE: THE EXTERNAL DIMENSION

Ukraine's image to a large extent depends on the content, character, and co-ordination of actions of its state power bodies in the international arena. During the years of Ukraine's independence, it made noticeable gains in this area. Usually, Ukraine's arsenal of foreign relations takes precedence over economic, humanitarian, military, informational, and other areas. At the same time, the results of foreign expert polls show that the activity of Ukraine's structures in the sphere of foreign policy demonstrates certain characteristics which have a negative influence on our country's image. The conducted analysis makes it possible to indicate the basic problems in this respect, as well as the possible ways of solving these problems.

### FOREIGN POLICY PRIORITIES

The principal document that outlines the country's foreign political strategy on a legislative level remains «The principal directions of Ukraine's foreign policy» (1993). It is interesting that one of the main tasks stipulated in this document is the **«propaganda of the image of Ukraine in the world as of a stable and predictable partner»**<sup>48</sup>. But after seven years, the international situation within the region and in the world has changed, and Ukraine along with it. In new conditions it is necessary to determine a new foreign political strategy.

Unfortunately, the polarisation of political views of the People's Deputies of the Verkhovna Rada, and the lack of agreement between the branches of

power were forming among Ukraine's foreign partners, until recently, the impression of the unbalanced and unpredictable nature of Ukraine's foreign policy course (see *Diagram*). This could not but influence the effectiveness of the country's foreign policy and, in general, its image. Last year, for example, in order to get Ukraine to join the Inter-parliamentary assembly of the CIS, the communists and their allies blocked the ratification of all international agreements over a period of several months.

**The creation within the Verkhovna Rada of a parliamentary majority gives hope for a lessening of conflicts in the relations between the branches of power regarding principal issues of Ukraine's foreign policy. This was witnessed by the recent ratification of agreements which had no support among the People's Deputies for several years (on «Open Sky», SOFA).**

### INTERDEPARTMENTAL CO-ORDINATION IN THE SPHERE OF FOREIGN RELATIONS

The co-ordination of the activity of the bodies of state power are undertaken by the National Security and Defence Council of Ukraine — NSDC (according to the Constitution of Ukraine) and the Ministry of Foreign Affairs (according to the relevant Decree of the President of Ukraine). The NSDC discusses problems of a strategic character and proposes appropriate decisions to the head of state. Unusual as it may seem, but it is difficult to recall even one meeting of the NSDC to discuss conceptual problems of Ukraine's foreign policy, its basic directions or priorities<sup>49</sup>. As a rule, co-ordination takes place at

Government of Ukraine	Verkhovna Rada
The priority of Ukraine's integration into European structures, and a deepening of co-operation with NATO.	The priority of the integrating processes within the CIS framework and joining the Inter-parliamentary Assembly. Attempts to denounce the State program of co-operation between Ukraine and NATO.
Negative stance toward the idea of Slavic union.	Support of union between Russia and Belarus.
Reserved reaction to NATO operations in Yugoslavia, proposal to act as middleman, call to solve the conflict peacefully.	Sharp criticism of NATO aggression against a sovereign state. Demands to stop the use of force.
Emphasis on Ukraine's unchanging non-nuclear status.	The Government is proposed to initiate a legislative draft regarding the denouncement of Ukraine's obligations with respect to its non-nuclear status.
Deepening of co-operation with IMF and World Bank.	Calls to cut Ukraine's relations with the IMF and World Bank.

<sup>48</sup> Principal directions of Ukraine's foreign policy. — «*Vidomosti Verkhovnoi Rady Ukrayiny*», No. 35, 1993, p. 2.

<sup>49</sup> Possibly, for this reason, various officials announced the strategic level of partnership of Ukraine with many countries without the proper requisites and agreement with the Ministry of Foreign Affairs and NSDC.



the level of interdepartmental commissions under the leadership of the NSDC Secretary. The effectiveness of such co-ordination to a large extent depends on subjective factors — the authority and influence of the NSDC Secretary, the character of relations among key Government figures, the presidential administration and the NSDC staff.

The non-ratification of some foreign policy acts (whose preparation involved several ministries, the presidential administration, the NSDC staff) demonstrates that the Ministry of Foreign Affairs does not have effective mechanisms for co-ordinating the activity at the interdepartmental level. The problem of co-ordinating the foreign relations of the regional (executive and representative) bodies of power remains resolved. Not all international agreements of regional authorities undergo expert analysis or are agreed upon in Kyiv. Not all regions of Ukraine have experts capable of predicting the possible results of foreign political acts taking place<sup>50</sup>.



Ukraine's international image is negatively affected by the frequent change of position or cancellation of previous decisions. For example, the Resolution of Ukraine's Government «On the Procedure for Crossing Ukraine's State Border by Servicemen, Warships (Vessels) and Aircraft of the Black Sea Fleet of the Russian Federation Located on Ukraine's Territory» was adopted on May 19, 1999, and cancelled just a few weeks later. The differences between various agencies' assessments of sensitive international issues are perceived in a similarly negative manner<sup>51</sup>.

Neglecting the possibility for contacts with influential politicians and businessmen may seriously damage the country's image, too. It is hard to explain why one of Ukraine's Premiers decided to meet local activists of the National Democratic Party rather than to hold negotiations with the «Microsoft» President Bill Gates<sup>52</sup> — the richest man in the world. The attempts to integrate into the EU not backed

with relevant economic achievements do not improve Ukraine's international image either<sup>53</sup>.

**The problem of interdepartmental co-ordination in the field of foreign relations is becoming more important with the increasing number of state structures active outside Ukraine. This problem requires deep thought and resolution, including within the framework of the overall strategy of administrative reform.**

## CO-OPERATION WITH INTERNATIONAL ORGANISATIONS

Ukraine is a member of 107 international organisations (bodies) and participates in their work, as a party to relevant conventions and agreements. Active participation in the activity of international institutions raises the authority of Ukraine. However, not all available opportunities are used properly.

Firstly, accession to international organisations sometimes was too politicised (such as joining the CIS Inter-parliamentary Assembly), which is not conducive to the constructive work within the framework of a jointly developed strategy. Secondly, conflicts between parties often hamper co-ordinated actions of members of Ukrainian delegations abroad. Thirdly, Ukraine is unable to provide proper financial backing for the participation in such a great number of international organisations (and this participation is not always necessary).

In 1999, the total debt of Ukraine's contribution to international organisations reached \$940 million. Under the present conditions, such a sum cannot be allocated from the budget. In particular, Ukraine's debt to the UN funding of peacekeeping operations amounted to \$121 million as of December, 1999<sup>54</sup>. Due to non-payment of membership fees, Ukraine has already lost its vote in the WHO, UNIDO, and ILO; there is a real danger of staying voteless in UNESCO and IAEA. Due to the non-payment of membership fees as of January, 2000, Ukraine will automatically lose its vote at the UN General Assembly.

<sup>50</sup> In September, 1999, the Ministry of Foreign Affairs of Ukraine had to denounce the negotiations between the delegation of so-called «Islamic Emirate of Afghanistan» (the Taliban movement) with the leaders of the Odesa regional council post factum. The ministry issued a special statement, stressing the unofficial nature of the visit. At the same time, it reminded ministries, agencies, local authorities that they should refrain from any international contacts capable of damaging the national interests and the authority of Ukraine (Interfax-Ukraine, September 27, 1999).

<sup>51</sup> On April 19, 1999, a Department Chief in the Ministry of Foreign Affairs O. Rybak stated that «Ukraine will insist on non-admission of revision of the ABM Treaty». Two days later, the press-centre of the Ministry of Foreign Affairs elaborated that Mr. Rybak's statement did not reflect the official position of the Ministry, but only his personal position of an expert.

<sup>52</sup> Yu. Mostovaya. And that is all; the only star is shining in the sky. — «Zerkalo Nedeli», February 26, 2000, p. 3.

<sup>53</sup> Accession to EU: good, but untimely idea. — «Uryadovi Kuryer», January 11, 2000, p. 3.

<sup>54</sup> P. Izhik. Ukraine is forced to «cut» its membership in international organisations. — «Den», February 10, 2000, p. 2.

Budget funding is absolutely insufficient: it was planned to allocate 200 million UAH for those purposes in 1999, but during 11 months, only 29 million UAH were allocated. Unfortunately, some funds are used for the purposes other than planned (9.2 million UAH spent on protocol events held by the Government and for the acquisition of automobiles for the Cabinet of Ministers of Ukraine)<sup>55</sup>. According to expert estimates, fulfilment of even minimal Ukraine's obligations to international organisation requires \$60 million a year. **The chronic indebtedness with regard to payment of international organisations' membership fees has a negative effect on Ukraine's image.**

### PROTECTION OF RIGHTS OF UKRAINIAN CITIZENS ABROAD

The number of Ukrainians working or searching for work outside Ukraine has risen dramatically over the recent years. The desire to get high wages makes people sign doubtful contracts, often ending with a detention and trial. There are estimates that in 1999, 300-350 Ukrainian citizens were arrested outside Ukraine. Arrests and criminal proceedings involving the crews of vessels «China Breeze» (in the USA), «Rimski-Korsakov» (in Turkey), «Professor Anichkov» (in Greece), «Ivanovo» (in Singapore), «Nativa» (in Chile) and some others, as well as a Ukrainian IL-76 aeroplane (in Zambia), widely discussed in the press, damaged Ukraine's image. Diplomats often manage to resolve such problems and return vessels and crews to Ukraine, but the long duration of trial, lack of funds and unavailability of mechanisms of legal support for Ukrainian citizens in such cases hamper the protection of rights of our compatriots abroad.

We suggest that the efforts should focus on preventive measures that would rule out conflicts: (1) organised selection of personnel for the work outside Ukraine as per the established quotas; (2) improvement of the national system for training and attestation of seamen and other specialists in accordance with international requirements.

### VISA PROCEDURES

The consular service occupies a very special place in the international relations. It is the first organisation where foreign partners get their impression of Ukraine. The regulation of the visa procedures<sup>56</sup> for foreigners and stateless persons in 1999 was conducive to the struggle against illegal migration, and ensured reliable protection of Ukrainian visas against forgery.

Over the recent years, Ukraine has been liberalising its visa procedures. For example, Ukraine unilaterally introduced visa-free entry for EU citizens — holders of diplomatic passports. It is planned to cancel «invitations» for obtaining visa, and to simplify the rules for registration of foreigners with the internal affairs' bodies. Such steps are positively viewed by foreign partners.

### SUPPORT FOR THE ACTIVITY OF THE MINISTRY OF FOREIGN AFFAIRS

There are serious problems related with financial, material, technical, and personnel support for the activity of the Ministry of Foreign Affairs. They include: a limited number of communication channels, insufficiency of computers and copiers, lack of reference books, low salaries and consequent lack of qualified specialists. While a high-ranking executive of the Ministry of Foreign Affairs gets \$50 a month, the hope for a long-term business-trip outside Ukraine turns into the main incentive for the work in the Ministry<sup>57</sup>, to make some savings for the future. The prestige of the diplomatic service drops, and promising young specialists leave the Ministry of Foreign Affairs, which damages the interests of the country<sup>58</sup>.

**The foreign political activity has a significant effect on the formation of Ukraine's image. The important components for its effectiveness are practical actions called to back the declarations, co-ordination of efforts of different agencies working with foreign partners, and their provision with necessary resources.**

<sup>55</sup> This power owes to everyone! — «Tovarisch», No. 34, August 1999, p.2.

<sup>56</sup> From April, 1999, visa labels are used.

<sup>57</sup> Over 70 Ukrainian diplomatic representations, employing around 1000 persons, are active in 56 countries of the world.

<sup>58</sup> The problems of provision with resources are also very acute in the departments (divisions, sections) of foreign relations attached to other Ukrainian ministries and agencies.





## 2.3. POLITICAL SPHERE: THE INTERNAL DIMENSION

Ukraine's achievements included the preservation of social peace, containment of political, confessional, and inter-ethnic contradictions and preventing their development into conflicts, and the weakening of separatist tendencies in some regions. However, it would be premature to discuss the stabilisation of the domestic situation, the irreversibility of democratic change and, in particular, normal living standards for Ukrainians. UCEPS poll results confirm this conclusion (see *Section 1*).

### FORMATION OF LEGAL FUNDAMENTALS

The confrontation between the branches of power hindered their constructive interaction<sup>59</sup> for the sake of legislative support for social and economic reform. Until recently, the Verkhovna Rada has been blocking bills initiated by the President of Ukraine or the Government. The President, in his turn, did utilise every opportunity to veto the laws adopted by the Verkhovna Rada. As of the end of the third quarter of 1999, the Government submitted 573 bills for consideration by the Verkhovna Rada of the 14th convocation. Only 171 of them were adopted. Out of 27 bills defined by the President of Ukraine as urgent and a priority, only nine were adopted<sup>60</sup>. Some important issues of national significance remain unsettled. They include principles of budget funding and budget crediting; there is nothing defining responsibility for the use of loans for purposes other than for what they were designed, etc.

In general, despite the impressive (judging by the number of documents) results of the work of the Government and Parliament over several years, there is no integral system of legal fundamentals in Ukraine. Legislation is contradictory, which creates pre-conditions for abuses and illegal actions on the part of

authorities and business entities<sup>61</sup>. The weak delimitation of powers of some government structures and frequent changes in legislation hamper the formation of a positive business reputation for Ukraine as a predictable partner.

### HUMAN RESOURCES MANAGEMENT, CORRUPTION OF PUBLIC SERVANTS

V. Yushchenko is the ninth Ukrainian Premiere appointed during the nine years of independence. In 1992–1999, 14 First Vice Premiers and 28 Vice Premiers were dismissed; in many ministries, heads were replaced 6–8 times. Some executives held their positions for only 2–3 months. In such situations, day-to-day management was in fact performed by medium-level officials; there was not even the shadow of working out a strategy, let alone its implementation.

The human resources policy was non-transparent, top positions were sometimes occupied by persons unfit based on their professional or moral qualities. The affair of former Prime Minister Pavlo Lazarenko became notorious, but his case is not an exception (other persons close to the President of Ukraine aroused the suspicion of foreign partners).

**The problem of corruption in Ukraine became a political one and turned into an important indicator for the formation of the attitude to Ukraine on the part of the international community. The corpulent system of granting licences, quotas and permissions creates favourable conditions for the spread of corruption<sup>62</sup>. According to the General Prosecutor's Office of Ukraine, in 1999 more than 2600 instances of bribery were revealed, 768 criminal cases were sent to trial, including 200 cases of bribery involving public servants at different levels<sup>63</sup>.**

During the expert poll held by the Social Prospects and Forecasts Centre of the Institute of Sociology attached to the National Academy of Sciences of Ukraine in August, 1999, 80%

<sup>59</sup> The process of drafting and adoption of the Law of Ukraine «On the Cabinet of Ministers of Ukraine» appears instructive. Drafts of this law were prepared by the Verkhovna Rada and by the Government separately. After the law adopted by the Verkhovna Rada was recommitted by the President four times, a joint commission was established in 1998, but even this commission did not manage to settle all the disputes. As a result, the law intended to govern the powers and responsibilities of the supreme executive body has not, to date, been adopted. Today, more than 440 laws regulate the activities of the Government, and over 250 laws define the powers and responsibilities of the Prime Minister.

<sup>60</sup> The Verkhovna Rada — the Cabinet of Ministers: eighteen months of stubborn confrontation. — «Ukraina i svit siohodni», October 2, 1999, p.6.

<sup>61</sup> Out of 30 thousand legal acts effective in Ukraine, laws account for only 4.6%. Only 5 out of 1295 laws contain norms regulating direct action (O. Panchenko. Ukraine goes by the law by as much as 4.6%. — «Den», October 7, 1999, p.2). Today, there are as many as 35 laws and more than 1500 bylaws and instructions governing taxation in Ukraine.

<sup>62</sup> O. Yeltsov. The class of «nomenclature», as a branch of power. — «Kompanion», No. 33, 1999, p.10. The author refers to the words of one of the investigators of the case of the Ministry of Foreign Economic Relations and Trade, that involved more than 100 employees, as suspects. The investigators found out that «everyone who was able to, took bribes within the Ministry».

<sup>63</sup> A. Sek. Draconian methods in the year of Draco? — «Ukrayina Moloda», January 12, 2000, p. 4.

of businessmen mentioned officials taking bribes «to expedite the issuance of licences»; 70% admitted that they were forced to give bribes «on the advice» of the public servants themselves; 75% of those polled witnessed the direct «extortion of money»<sup>64</sup>.

**In our opinion, opposition to corruption (rather than the reduction in the number of ministries and employees) should be of decisive significance in the development of an administrative reform strategy. The provision that governmental body functions comply with modern requirements and the creation of effective mechanisms for public control will be conducive to the higher efficiency of authorities and the improvement of Ukraine's image.**



## HUMAN RIGHTS

Ukraine took some steps in the direction of **implementing European standards** for the protection of human rights and freedoms. Among them are the establishment of the institution of Human Rights Commissioner attached to the Verkhovna Rada of Ukraine, and the implementation of the Partnership Agreement between Ukraine and the European Union on the beginning of implementation in Ukraine of the practice of the European human rights court. Those are important steps, in the long run<sup>65</sup>.

Meanwhile, today the situation with human social, civil and political rights in Ukraine is unfavourable.

According to the UCEPS poll performed in January-February, 2000, only 0.9% of respondents believe that human rights are «fully guaranteed» in Ukraine, 18.4% agree that they are «partly guaranteed», and 75.9% of those polled argued that human rights were «not guaranteed at all» or «mainly not guaranteed». During the poll conducted by the Institute of Politics in September, 1999, two-thirds of respondents (66%) stated that their rights had been violated over the last five years<sup>66</sup>. Only 2.8% of those polled fully agree that «Ukraine is a state where human rights and freedoms are guaranteed in general». 71.6% of respondents do not agree or tend not to agree with this statement<sup>67</sup>.

**Full implementation of human rights is hindered by legal obstacles.** Foremost, this refers to their incomplete legal provision. The new Civil<sup>68</sup> and Criminal codes, the Code of Marriage and Family, and a number of other legal acts have not been adopted. As a result, infant rights<sup>69</sup>, and particularly property rights, remain unregulated; there is no sufficient legal support for the struggle against human trafficking that endangers mainly women and children<sup>70</sup>. Some effective acts limit the rights of individuals to appeal against decisions, acts or omissions of state and local authorities and officials in court<sup>71</sup>. There are instances of concealment of information regarding the observance of prisoners' rights<sup>72</sup>.

The present, actually **dependent status of the judicial branch**, its lack of personnel, and material, technical and financial poverty cannot be presumed normal. Judicial reform has not been conducted: the Law of Ukraine «On Judicial Process», fundamental for reform, has not been adopted<sup>73</sup>. The infrastructure of the judicial branch does not comply with European standards. For example, even at this time there is no Court of Appeal in Ukraine. Courts are financed

<sup>64</sup> Yu. Privalov, Yu. Sapelkin. The price of corruption. — «Zerkalo nedeli», October 27, 1999, p. 6.

<sup>65</sup> The institution of Human Rights Commissioner has not, thus far, proven its effectiveness.

<sup>66</sup> Human rights and freedoms in Ukraine. — Kyiv, 1999, p. 66.

<sup>67</sup> Ibid., p. 71.

<sup>68</sup> Adopted by the Verkhovna Rada on the first reading.

<sup>69</sup> There is no effective mechanism for the protection of infant rights at the privatisation of housing; a rise in the number of cases of cruelty towards children in families and educational institutions, in infant homelessness, and the number of orphans and social orphans has been observed.

<sup>70</sup> The Cabinet of Ministers of Ukraine has approved a program on the prevention of female and infant slavery. Ministries and agencies have the task of analysing the compliance of Ukraine's legislation on the protection of female and infant rights and interests with international law before April 1, 2000.

<sup>71</sup> For example, in the event of a property claim, the claimant is to pay a duty in the amount of 5% of the claimed sum, but individuals often don't have this money. In 1996, the list of grounds on which judges might relieve individuals from the payment of the duty was removed from the Code of Civil Practice. Relief from duty is regarded as the establishment of additional privileges for individuals, which lies within the competence of local councils. Therefore, exercising the right to apply to a court by a vast category of people is made dependent on local authorities.

<sup>72</sup> For example, after the publication of information regarding the death of 3000 prisoners from exhaustion, relevant statistics were classified. (O.Yeltsov. I do not like the term «human rights watch». — «Chelovek i zakon», No. 1, 2000, p.22.

<sup>73</sup> Its draft prepared in February, 2000, was negatively assessed by experts of the Venetian commission.





by the Ministry of Justice, which makes the judicial branch factually dependent of the executive branch. No more than 40-45% of the judicial branch's needs are provided for by the state budget, and less than half of that amount is actually allocated. This leads to the courts' dependence on local authorities that actually maintain their activities.

## MECHANISMS OF CIVIL SOCIETY

In Ukraine, there are active procedural elements of democracy: the general and direct elections of representative bodies, the President, and nation-wide referendums on issues of general significance. There is a big number of political parties and public associations, an extended network of mass media (1129 public organisations and associations, more than 90 political parties have been registered; around 2700 newspapers and 1200 magazines are published, and over 200 non-governmental TV companies operate in Ukraine).

At the same time, one can consider **the established democratic procedures and institutes to be rather formal**. The overwhelming majority of Ukraine's citizens (from 90 to 98%, according to different estimates) do not take part in political or public association activities, thereby making elections their only real form of participation in political processes. Between elections, individuals are deprived of the opportunity of exerting real pressure on representative structures, as there are no effective mechanisms for controlling the activity of People's Deputies.

**There are signs that, against the background of the Ukrainian population's low political activity, an infrastructure of quasi-public associations controlled by influential politicians and intended to simulate mass support for their political initiatives is gradually forming in Ukraine. As a rule, such associations are more active during election campaigns and terminate their activity after elections. It is quite possible that the activity of these quasi-public movements was one of the reasons for the known reaction of the Parliamentary Assembly of the Council of Europe to the preparation of the referendum in Ukraine. The very fact of expert evaluation of the legality of the referendum by the Venetian commission bears witness to doubts on the part of Ukraine's Western partners in the effectiveness of its democracy.**

**Ukrainian mass media are not yet able to perform the function of public control over state structures.** Due to the population's low purchasing power, mass media depend on influential sponsors. The latter are usually closely connected to the authorities. According to the expert poll performed by the Centre of Social Technologies in December, 1999, 76% of respondents suggest that there are no independent mass media in Ukraine, 46% point to the deterioration of the freedom of speech in the country, and 50% predict the total subordination of mass media to financial-political groups as a precondition for survival<sup>74</sup>.

The pressure on mass media during the election campaigns was critically assessed by international organisations and foreign experts. PACE observers reported that «...mass media coverage of the 1999 presidential election campaign in Ukraine did not correspond to the OSCE legal fundamentals and commitments, and there were no signs of progress when compared with the coverage of the 1998 parliamentary election campaign»<sup>75</sup>. According to the Verkhovna Rada Committee on freedom of speech and information, 2257 complaints regarding the press were filed in Ukraine's courts totalling UAH 90 billion, which is three times higher than the country's annual budget<sup>76</sup>.

**The social basis for a civil society has not yet been formed in Ukraine.** In absence of a middle class, the prospects for the democratisation of social and political life depend primarily on the position of the state itself. Ukrainian citizens rather critically assess the state's attitude to the institutions of civil society. According to «Socis-Gallup», 58% of the population do not consider Ukraine to be a democratic country; only 17% of those polled maintain the opposite opinion. 38% do not agree that Ukraine is moving towards becoming a democratic country, while only 19% of those polled agree with this<sup>77</sup>.

The monitoring of the dynamics of the population's priority values shows that with aggravation of the social and economic situation, democratic values become secondary and participation in political parties decreases, thus limiting the social basis for democracy.

**The eradication of corruption and its reasons present a prerequisite for restoring trust in Ukraine by the international community. The main**

<sup>74</sup> There is no independent press in Ukraine. — «*Silski Visti*», January 27, 2000, p. 1.

<sup>75</sup> Press release OSCE ODIHR, PAAP, November 15, 1999.

<sup>76</sup> Three of Ukraine's budgets for the freedom of speech. — «*Holos Ukrayiny*», December 28, 1999, p. 6.

<sup>77</sup> Ukraine's Economic and Political Index, December, 1999.

efforts should be concentrated in the economic and legal spheres where financial flow sources and the corruption of officials are hidden.

## 2.4. SOCIAL SPHERE

The social and economic indicators show that the approaches to reform in Ukraine are inconsistent with European standards for social policy, demand too high a social price, and are performed at the expense of social needs.

**The demographic situation is rapidly deteriorating.** Depopulation can be observed (last year, the population decreased by 400 thousand<sup>78</sup>). Ukraine has the highest mortality rate in Europe. The mortality of able-bodied men is on the rise: every second individual dies before reaching retirement age. By this indicator, Ukraine is on the same level with Kenya, Morocco and Tunisia. In contrast to developed countries, the decrease in the birth rate in Ukraine is not compensated by a life span increase for which reason the demographic situation is becoming dangerous.



**The public healthcare system does not comply with international standards.** The 1999 budget allocated UAH 92 per capita for the treatment of Ukrainians, but only half of this amount was actually spent<sup>79</sup>. Infant mortality is double that of Europe (14 deaths per 1000 children below 12 months of age)<sup>80</sup>. So-called «social diseases» are spreading due to the fall in the standards of living. For example, the incidence of tuberculosis is almost 10 times higher than in Europe<sup>81</sup>. At the same time, the number of hospital beds for patients suffering from tuberculosis fell almost two-fold, specialised medical institutions are funded at a rate

of only 6% of the required level, and patients' needs are provided for at a level of 30%.

**The level of labour safety remains low.** The accident frequency rate is on the rise. According to official data, lethal incidents at Ukraine's industrial enterprises are six times higher than in Great Britain, and five times higher than in Japan.

**Unemployment is on the rise.** According to the State Employment Centre, as of January 1, 2000, the *registered* level of unemployment reached 4.3%. Some 2.5 million persons were registered at the State Employment Service. An average monthly unemployment allowance is UAH 29, while only 4% of the unemployed get an allowance of UAN 100 and more. The average unemployment period is on the rise: while in 1998 it was equal to nine months, in 1999, it reached 11 months. Experts suggest<sup>83</sup> that the level of hidden unemployment is as high as 40%.

Unemployment forces people to look for jobs, including illegal ones, outside Ukraine. 100–150 thousand Ukrainians illegally work in the Czech Republic<sup>84</sup>. According to the official data, almost 100 thousand illegal immigrants from Ukraine are staying in Slovakia, 9000 Ukrainians are on the list of violators<sup>85</sup>. On the international labour market, Ukraine is becoming one of the main exporters of cheap illegal labour.

**Hidden discrimination against women exists on the labour market.** The share of women in the country's population comprises 53.5%, while among the unemployed, their share reaches 70%. This provokes illegal human traffic in Ukraine. A US Senate report named Ukraine among the main suppliers of slaves, along with Albania, the Philippines, Thailand, Mexico and Nigeria<sup>86</sup>. There is no complete information in Ukraine on the number of women involved in the cross-border human traffic and white slavery, particularly in the sex business<sup>87</sup>. According to Ukraine's consulate in

<sup>78</sup> The main component of the negative demographic indicator is the ratio between the mortality and birth rates (the mortality rate was 1.9 times higher than in the previous year).

<sup>79</sup> I. Illiash. Should I fall ill... — «*Holos Ukrayiny*», February 18, 2000, p. 3.

<sup>80</sup> 1998 Ukraine's Statistical Yearbook. — Kyiv, 1999, p. 536.

<sup>81</sup> In Western Europe, the incidence of tuberculosis comprises 6 cases per 100 thousand people, while in Ukraine this indicator is 55. Today, there are some 700 thousand tuberculosis patients, 125 thousand of them are suffering from the open form of the disease. One in four patients is a child. This disease takes 30 lives a day, or 8000 a year.

<sup>82</sup> 200 workers are injured in Ukraine every day. — «*Den*», August 11, 1999, p. 2.

<sup>83</sup> This year, the number of unemployed in the country will reach 3.2 million — «*Fakty*», February 3, 2000, p.5.

<sup>84</sup> The Czech Republic imposes new visa procedures. — «*Kompanion*», January 24, 2000, p. 17.

<sup>85</sup> M. Siruk. Will Slovakia follow the Czech example in its treatment of Ukraine? — «*Den*», January 28, 2000, p.3.

<sup>86</sup> Ukraine is on the list of sex slave suppliers. — «*Den*», February 25, 2000, p. 3.

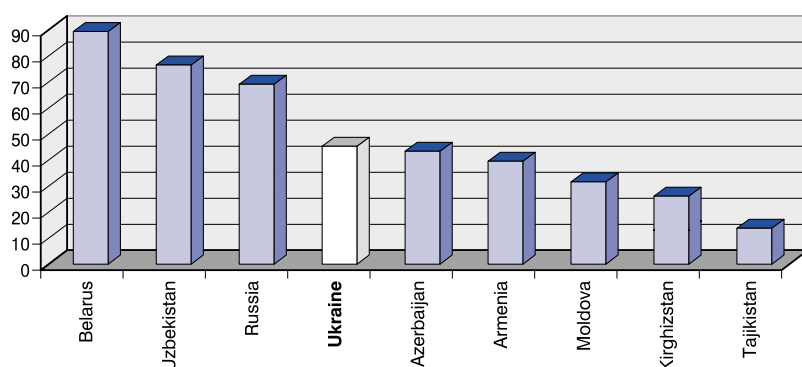
<sup>87</sup> According to expert estimates, more than half of the prostitutes in Israel are citizens of the former Soviet Union. Turkey departs at least 10 Ukrainian women a week. (Prevention of women trafficking from Ukraine: information campaign in Ukraine. — Kyiv, 1998, p.5).



Greece, some 3000 Ukrainian women are involved in the illegal sex business in Athens and Thessaloniki alone<sup>88</sup>. What is interesting is that 42% of the women questioned (who intend to travel abroad in a search of a job) noted that «a good job in Ukraine» might change their decision to leave the country<sup>89</sup>.

**Labour is extremely cheap in Ukraine.** On average, it costs \$0.3 per hour, which is 15 times less than the world poverty line. Ukraine's average salary is lower than the same indicator for Belarus, Uzbekistan, and Russia (see Diagram), let alone for Central European countries. Social benefits and pensions for the majority of Ukrainians are not above the minimum subsistence level. Wage arrears exceed UAH 6.6 billion, pension arrears — UAH 1.3 billion.

Average monthly wages in some of the CIS countries, \$



**The living standards of the population have dropped below the «red line».** According to different estimates, 70-80% of Ukrainians can be found balancing somewhere around the poverty line. As a result, confidence in the authorities and the belief in the country's future is vanishing. According to official data, last year, 44.8 thousand people left Ukraine forever. During the «Socis-Gallup» poll taken in May, 1999<sup>90</sup>, one-third of those polled (33%) expressed their desire to leave the country<sup>90</sup>.

**The population's low living standards and the social strategy of the authorities are not conducive to the establishment of Ukraine's image as that of a state whose policy is aimed at achieving European social standards.**

## 2.5. HUMAN SPHERE

Ukraine's participation in international cultural and scientific exchanges is on the decline, and is increasingly turning into nothing but an «export of talent».

### SCIENTIFIC EXCHANGE

Whereas previously Ukraine was able to offer the world market high quality scientific products, now it exports (or, rather, loses) the scientists themselves. In 1991-98, the country's scientific potential decreased by 5600 scientists with higher qualifications<sup>91</sup>. Foremost among those exiting Ukraine are specialists who conduct fundamental and perspective applied research. These are highly qualified older generation specialists with a large amount of experience, who created their own scientific institutes, and educated perspective young scientists. The connection between the generations and the future of the country's scientific institutes also stands threatened. At the same time, as a result of the support of foreign sponsors, programs for the foreign training of Ukrainian scientists and joint research projects are being undertaken.

**Scientific structures are limited in their access to international sources of information.** There is not even enough money to make pre-payments for subscriptions to the country's own scientific periodicals. At the same time, the circulation of Ukrainian scientific publications fell to less than half of what it used to be between 1991-1998. If in 1991, there were 2.9 million copies in circulation; by 1998, that number fell to 1 million<sup>92</sup>. Indicative of the problem is the sharp fall in the amount of times that Ukrainian authors were cited in 1999 (in 1995-1998, the average for this index was 0.46, while last year — only 0.06)<sup>93</sup>.

**If the current rate of financing of the scientific sphere continues, this will undoubtedly lead to the situation where Ukrainian science falls behind the world level, and its presence on the international market of ideas will become limited.** Even today, scientific exchanges are increasingly taking on the character of «humanitarian aid» to Ukraine on the part of the countries of the West, rather than maintaining their appearance of parity.

<sup>88</sup> To prevent human traffic. — «Uriadovyi Kurier», January 11, 2000, p. 2.

<sup>89</sup> Prevention of women trafficking from Ukraine: information campaign in Ukraine. — Kyiv, 1998, p. 35.

<sup>90</sup> Ukraine's Economic and Political Index, May, 1999, p. 9.

<sup>91</sup> I. Prybytkova. «The outflow was capable» from the Academy of Sciences of Ukraine. — «The problems of immigration», №4, 1998, p. 8.

<sup>92</sup> Druk Ukrayiny (1991-1996): Statistical bulletin. — Kyiv, 1998, p. 23; Druk Ukrayiny (1998): Statistical bulletin. — Kyiv, 1999, p. 13.

<sup>93</sup> A. Rozhen. Science in agony? — «Zerkalo Nedeli», February 5, 2000, p. 12.

## UKRAINIAN ARTISTS — ABROAD

Today, the leading soloists of the Kyiv National Theatre of Opera and Ballet, A. Kocherha and V. Lukianets, are working on the stage of the Vienna Opera, A. Hryshko — in the internationally renowned Metropolitan Opera, the soloist of the Lviv Academic Theatre of Opera and Ballet V. Piatnychka — in Geneva, a musician from this very same theatre, A. Vitovych — in London, the composer Ye. Stankovych is composing operas and ballets ordered by Swiss and Canadian theatres. Certainly, the fact that leading international theatres invite Ukrainian singers, musicians and composers can, and should, be viewed as evidence of the international community's awareness of the high level of Ukrainian cultural-artistic schools. But the fact that our artists do not have the possibility to develop their talents and create in Ukraine can hardly be placed in the category of factors that comprise the country's positive image.

**The absence of science and culture on the list of realistic (not just declared) priorities of the Government leads to the loss of their appropriate budget funding and support through privileges. Therefore, as factors of a positive image, Ukrainian science and culture can lose their traditionally strong positions. Should the country destroy its basic source for intensive development (the engagement of intellectual potential), then it will turn into an exporter of that potential abroad — and is destined to be accepted by the world community in just this way.**

## TOURISM SERVICES

Today, the level of tourism services in Ukraine is not up to Western standards. The material-technical basis for incoming tourism does not meet neither the modern standards of comfortable living while in-country, nor allows for a variety of relaxation activities. The industry was mostly created in the '60s-'80s according to old projects and is in need of immediate revamping<sup>94</sup>.

Ukraine's auto routes can be characterised by a low level of auxiliary services and a high level of danger<sup>95</sup>. The country's unfortunate

criminal situation gives foreigners reason to worry. For example, the Foreign Office of Great Britain prepared a recommendation for potential visitors to Ukraine which states: «During your trip in Ukraine, it is advisable to keep track of your wallet and belongings, and utilise additional methods against uninvited intrusions into your coupe at nighttime»<sup>96</sup>.

**In general, the quality and amount of services that Ukraine's tourist service system proposes do not meet European standards. At the same time, their value usually beats European price levels. This is not conducive to creating a desire among foreign tourists to visit our country.**

## 2.6. INFORMATION SPHERE

Today, the presence of Ukraine in the international information space rarely goes beyond the bounds of press services of diplomatic representations abroad. The lack of funding does not allow for a broader dissemination of quality information and advertising materials on Ukraine, and to communication of the economic, scientific and cultural potential of our country.

**The work of the State Information Agency of Ukraine (DINAU) is insufficiently effective.** The agency has its own correspondents in Belgium, Germany, Italy, Greece, Hungary, Poland, Rumania, Yugoslavia, Israel, Russia, Uzbekistan, Turkmenistan, Moldova, and the Baltic countries. Nevertheless, the correspondent network concentrates mostly on collecting foreign information for Ukraine<sup>97</sup>. To DINAU's credit, it delivers two English language information blocks on Ukrainian political and economic news over the Internet.

**Ukraine does not have a fully fledged satellite television channel or an around-the-clock radio station broadcasting on other regions of the world.** The absence of access to international television and radio broadcasting networks does not allow for the timely dissemination of the latest news from Ukraine, and for voicing the Ukrainian point of view regarding world events. According to experts, the first step in this direction could become an agreement regarding the exchange of radio FM air

<sup>94</sup> The line of tourism services is comprised of nearly 2500 tourism agencies, 113 tourist bases and camping grounds, 328 hotels and hotel complexes. The approval by the Cabinet of Ministers of Ukraine of the «Program for the development of tourism in Ukraine to 2005» foresees the reconstruction and building of 84 tourist hotels and hotel complexes, as well as 84 hotels, motels and tourist bases.

<sup>95</sup> The death level of Ukraine's motorways is six times higher than in the EU, whereas there are six times less vehicles on Ukraine's roads (O. Fandeev. «Killing automobile parts». — «Den», July 28, 1999, p. 6).

<sup>96</sup> Where are those waiting for us to whom we do not go. — «International Tourism», No. 1, 2000, p.64.

<sup>97</sup> Due to fund limitations in the work of DINAU correspondents, some of them are forced to work for information agencies of other countries.





time between radio stations of European capitals and Ukraine.

**The degree of Ukraine's participation in international information flows remains unsatisfactory.** To a large extent, this is conditioned by the underdevelopment of the domestic infrastructure of information exchange. The comparative assessment of the number of host stations in the Internet, performed by the International Telecommunications Union, shows that Ukraine is on the same level with Botswana, Columbia, Lebanon, Swaziland and Namibia<sup>98</sup>.

**The extent to which Ukraine lags behind other states assessed by the level of its information infrastructure development<sup>99</sup>, in ratio**

	PC per 1000 persons	Internet host stations per 1000 persons
Australia	55,9	99,3
Great Britain	34,4	54,2
Denmark	54,3	41,6
Italy	16,5	13,4
Canada	43,5	124,4
Germany	41,6	34,7
Norway	50,8	167,0
USA	64,7	206,7
Finland	34,9	251,2
France	26,9	18,3
Switzerland	72,9	64,9
Sweden	38,4	81,6
Slovakia	33,2	6,2
Slovenia	8,5	22,9
Poland	6,5	6,0
Hungary	7,9	19,1
Czech Republic	12,1	15,7
Russia	4,2	2,4

As of the beginning of 2000, 40% of the central state power bodies of Ukraine had their own WEB-sites, but the majority of them were not renewed regularly, and their content did not correspond to the present-day requirements. Only a few of Ukraine's diplomatic representations abroad created their own information resources in the Internet. The formation of the country's positive image is hindered by the absence of WEB-sites for the President of Ukraine, the State Committee of Ukraine for Information Policy, TV and Radio Broadcasting, the Security Service of Ukraine, and other state structures.

**The development of public Internet-resources needs support** — this would create conditions for better informing foreign partners and would improve Ukraine's image in the world. The process is hindered by (a) the lack of development of communications in the country's interior which complicates the flow of information from administrative, economic and cultural centres of Ukraine into the deep Internet-community, and also (b) the insufficient number and low capacity of the trunk channels that connect Ukraine with external networks<sup>100</sup>.

According to experts, there are up to 500 thousand Internet users in Ukraine, close to 20 large Internet-providers, and more than 6000 WEB-sites have been created. Nevertheless, the further development of the Ukrainian segment of the Internet network is taking place slowly. One of the reasons is the high tariff for Internet-services. Aside from that, technical problems remain unresolved, which complicates searches in Ukrainian information resources<sup>101</sup>.

**In this way, Ukraine's limited presence in the international information highway complicates possibilities for forming a positive image of the country.**

<sup>98</sup> UNDP. Human Development Report. — New York, 1999, pp.53-56.

<sup>99</sup> Ibid.

<sup>100</sup> According to experts, the aggregate capacity of external channels in Ukraine comprised nearly 20 Mbit/second at the beginning of 2000, which is 100 times less than in Russia.

<sup>101</sup> The main reason is the absence on international search systems of the Ukrainian language. For example, in the Ukrainian segment of the Internet network there exist less than 10 fully fledged Ukrainian-language search systems; in Russia, there are over 400 Russian-language systems.

## CONCLUSIONS

The performed analysis of the factors forming an international image demonstrates that the picture of Ukraine (usually a negative one) which is being formed today within the world community, is not without foundation. The generalised information in this section makes it possible to point out the painful problems of Ukraine which not only form its negative image in the world, but also (and what is more important for Ukrainians themselves) hold back the progressive development of the country and are relegating it to the camp of world outsiders.

The business community remains unattractive for domestic and foreign businesses, despite the obvious potential strong points of the Ukrainian market. Ukraine's economy is characterised by ineffective state regulation, the low competitiveness of its production, the low volumes of domestic and foreign investments, the imperfect structures of industry, and a weak banking system. Solving the problems that hinder the development of the economy lies in the competence of the political arena.

The population's low standard of living is not conducive to establishing Ukraine's reputation as a country whose policy is directed at achieving European social standards. The complex situation in the social sphere, the pitiful state of many strata of the population, the lack of attention to the people on the part of the country make them defenceless before poverty and disease. The delays in undertaking reforms only make the situation worse.

The negative characteristics of today's political system of Ukraine, in the eyes of its citizens and the world community, are the corruption of its state structures, the underdevelopment of its society, the lack of attention of the authorities not only to the fate of average citizens, but to its own image<sup>102</sup>. Political parties and public organisations have not become reliable instruments of feedback between the authorities and society in Ukraine. The efforts of the country with respect to the formation of an open civil society are insufficient.

The rooting out of corruption and the reasons that engender it is a necessary precondition for renewing trust in Ukraine by the international community. It is the negative effect of corruption (and not the decrease in the number of ministries and personnel) which should become the main factor in the strategy of administrative reform. Bringing the functions of state structures in line with modern demands, and the creation of active mechanisms of control on the part of the society, should cause and increase in the effectiveness of the authorities and improve the country's image.

Foreign policy activity has a noticeable influence on the formation of a positive image of Ukraine. Important factors for its effectiveness are the backing of declarations with practical deeds, the interdepartmental co-ordination of efforts among different state bodies (working with foreign partners), and their proper provisioning with resources.

The limited presence of Ukraine in the international information space does not make it possible to provide the international community with information about our country, to promote its achievements and values, and to open the yet unrealised potential for co-operation, and in general, complicates the formation of a positive image of Ukraine.

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<sup>102</sup> The lack of funds, mentioned so often to provide an excuse for the absence of significant results from undertaken reforms, has personified characteristics. Funds did not simply disappear — they were either used ineffectively (by concrete persons), or landed in banking accounts (of concrete persons).



### 3. THE UNUSED POTENTIAL FOR IMPROVING UKRAINE'S IMAGE

Along with the negative factors mentioned in the previous sections, Ukraine has vast potential for improving its international image. Unfortunately, it mostly remains unused and is little known to the international community.

UCEPS experts did not assign themselves the ambitious task of producing a full and comprehensive analysis of Ukraine's potential. Instead, this section deals with separate spheres where, in our opinion, even minor efforts on the part of the state and the somewhat greater attention of foreign partners would improve Ukraine's image in the world.

#### NATURAL RESOURCES

**Ukraine is among the world leaders by its volumes of deposits and extraction of mineral reserves. While its territory does not exceed 0.4% of the Earth's surface, and its population is less than 0.8% of the planet's population, Ukraine produces almost 5% of the world's mineral raw materials and products of their processing<sup>103</sup>.**

Nearly 20 thousand deposits of 200 different mineral resources have been discovered in Ukraine. Ukraine possesses 30% of the iron ore, 75% of the manganese ore, 90% of the crystalline graphite, and more than half of the titanium and circonium explored in the CIS. The value of mineral resources extracted in Ukraine is estimated at 2.9-3.8% of world volume, or over \$15 billion. Ukraine is rich in rare-earth metals used for the manufacturing of new materials with pre-designed properties. The advanced technologies of their processing are based on the vast scientific potential of the National Academy of Sciences of Ukraine<sup>104</sup>; they are widely used in space and other high technologies.

#### HI-TECH INDUSTRY BRANCHES

Even in the present difficult economic situation, Ukraine possesses significant potential for participation in large-scale international projects, first of all, in the transport aircraft industry, shipbuilding, missile and space industry, etc.

#### SPACE INDUSTRY

Most specialists in the field of the space industry consider that **among more than 100 countries active in space, the world leaders in the conquest of space are the USA, Russia, France, China, and Ukraine.** During the years of independence, Ukraine (or Ukrainian carrier rockets used by other nations) performed more than 50 launches<sup>105</sup>. Ukraine takes part in a number of large-scale international projects, among them — the «Sea Launch» project, where the Ukrainian carrier rocket «Zenith 3SL» was launched for the first time in the world in March 1999 from a floating platform near the equator. In October 1999, a Ukrainian missile put a US TV satellite «DIRECT-TV» in orbit. The president and general manager of the «Sea Launch» company A. Ashby stressed that there was no other rocket in the world except for the «Zenith» that could deliver satellites from a sea-based platform. Advantages of

<sup>103</sup> V. Chepizhko. Hosts of the interior of the land are 80 years old. — «Uriadovyi Kuryer», February 7, 1998, p.8.

<sup>104</sup> The Academy of Sciences of Ukraine acted as a co-ordinator of international research in this field as far back as in the Comecon era.

<sup>105</sup> Deputy Director General of the National Space Agency of Ukraine Ye. Kuznetsov's interview for the Centre for Army, Conversion and Disarmament Studies, February 15, 2000.

the Ukrainian carrier include the possibility of its assembly in a horizontal position, and automatic loading<sup>106</sup>.



Ukraine will take part in the International space station project. Presently, work is underway to build an orbital research module for it. Another equally challenging project is the joint modernisation by Ukrainian and Russian specialists of the intercontinental missile SS-18 «Satan» (now called the «Dnieper») for commercial launches. In April, 1999, the rocket «Dnieper-1» successfully orbited a British satellite.



Ukraine, along with Brazil and Italy, commenced a project that will involve launches of the modernised carrier rocket «Cyclone-4» from a Brazilian cosmodrome. The first launch of the Ukrainian missile is earmarked for the end of 2001<sup>107</sup>.

The preserving of co-operative relations in the space industry between CIS countries is an important trend. Not long ago, a new joint program of a heavy carrier rocket, involving Ukraine, Russia and Kazakhstan, was announced<sup>108</sup>. Ukraine continues the development of the missile and space infrastructure: presently, an international satellite range designed to support future Ukrainian-Russian satellites is being built not far from Yevpatoria (the Crimea)<sup>109</sup>.

It's not an exaggeration to say that Ukraine has developed the most reliable carrier rocket in the world, the «Cyclone». Only four of 219 launches of this rocket, developed from the war missile «SS-9», failed. Just for comparison: Russia's carrier «Soyuz», considered very reliable, failed 13 times in the first 30 launches. The American «Delta» is considered the second most reliable rocket after the «Cyclone»<sup>110</sup>.

## AIRCRAFT INDUSTRY

Ukraine is one of nine countries in the world designing and building transport aircraft. The national aircraft industry holds strong positions in the civil aviation market. In 1997-1998, Ukraine delivered 12 AN-74 aeroplanes to Iran, in 1996 — four military transport aircraft AN-32 to Sri Lanka, nine military transport aircraft AN-32 (in 1994 and 1996) and four AN-72A (in 1994) — to Peru<sup>111</sup>. Besides, joint Ukrainian-Russian technologies began to sell. In mid-2000, the first serial AN-140 will be assembled under a licence from Ukraine in Iran<sup>112</sup>. In the near future, the issue of Ukraine's participation in the manufacturing of some 100 civil aeroplanes TU-334 in Iran will be solved.

Evident achievements of Ukraine in the aircraft industry include the participation in NATO tenders — a development that seemed impossible just a few years ago. From January 1999, the

<sup>106</sup> UNIAN, May 17, 1998.

<sup>107</sup> UNIAN, November 18, 1999.

<sup>108</sup> Director General of the National Space Agency of Ukraine O. Nehoda's interview for the Centre for Army, Conversion and Disarmament Studies, December 21, 1999.

<sup>109</sup> UNIAN, February 1, 2000.

<sup>110</sup> V. Badrak. The «Cyclone» requests take off. — «Zerkalo Nedeli», November 20, 1999, p. 4.

<sup>111</sup> Database of the Centre for Army, Conversion and Disarmament Studies.

<sup>112</sup> Deputy Chief Designer of the Antonov Complex V. Shyshkov's interview for the Centre for Army, Conversion and Disarmament Studies, January 25, 2000.

AN-70 airplane takes part in the biggest European tender for the selection of the basic model for the NATO military transport aircraft.

The following example bears witness to the importance of informing potential customers of Ukrainian products: the largest in the CIS manufacturer of aircraft engines, the «Motor-Sich» company of Ukraine, which supplies its equipment to 94 countries, was not mentioned in the Turkish helicopter tender, and generally remains little known to the Turkish side<sup>113</sup>. Experts suggest that deep market research and broad advertising campaigns would be conducive to the development of Ukraine's aircraft industry.

### SHIPBUILDING

According to expert estimates, there are five admitted world leaders in the shipbuilding industry: France, Germany, the US, Great Britain and Russia. Another group of powerful designers and manufacturers are Italy, Spain and the Netherlands. The group of newly-emerged shipbuilders is comprised of South Korea, China, Australia and Ukraine.

As far back as in the Soviet era, Ukraine's shipbuilding facilities were among the most powerful in Europe. At present, the shipbuilding industry, along with suppliers and subcontractors, accounts for more than 100 factories (including 11 basic shipbuilding yards, 27 research institutions and design bureau). According to the State Committee of Industrial Policy of Ukraine, in the period of independence, Ukraine built and transferred to foreign customers 140 ships and vessels with a total value of \$1,230 million.

Today, the sector's development is hampered by a lack of current assets and insufficient support on the part of the state<sup>114</sup>.

There are problems related with marketing and information support for the shipbuilding sector's production. Experts attribute Ukraine's defeat at tenders for the delivery of frigates to Bangladesh and speedboats to Sri Lanka to inadequate support on high political level.

Ukraine's achievements in the field of *military* shipbuilding include the contract for the delivery of two assault hovercraft of the «Zubr» type to Greece, made in the beginning of 2000, and the execution of a contract for the building of gunboats for Vietnam. Ukraine's participation in the Turkish tender for 12 corvettes also looks promising (in the event of a victory, Ukraine may get more than 25% of the value of the entire order)<sup>115</sup>.

### ARMAMENT PRODUCTION

The export of weapons is one of the few sectors of Ukraine's economy that pays for itself and demonstrates economic growth. Ukraine is recognised as one of the world's biggest exporters of armaments (*see Table on the next page*). According to SIPRI<sup>116</sup>, Ukraine shows a positive tendency towards increasing the volume of sales: while in 1994 it occupied 13th place in the world, in 1998 it moved to seventh place, ahead of such prominent exporters of armaments as Canada, Spain and Israel.



<sup>113</sup> INFO-TASS, «VEGA» base, September 30, 1999. In the mentioned tender, «Motor-Sich» acted as a subcontractor: Ukrainian engines were mounted on Russia's «Black Shark» helicopter.

<sup>114</sup> Since recently, attention to the sector has increased: the Law of Ukraine «On Measures of State Support for the Shipbuilding Industry in Ukraine» (November 1999) envisages state support for 25 leading shipbuilding enterprises and 15 research institutions (design bureau).

<sup>115</sup> V. Badrak. The fruitful IDEF. — «Zerkalo Nedeli», October 2, 1999, p. 4.

<sup>116</sup> SIPRI Yearbook, 1999. Armaments, Disarmament & International Security. — New York, Oxford, 1999, p.424.

**Rating of world's arms exporters, \$ million<sup>117</sup>**

	1993-1997 rating	1994-1998 rating	1994	1995	1996	1997	1998	1994-1998
USA	1	1	9844	9580	9712	12404	12342	53882
Russia	2	2	1155	3271	3602	2956	1276	12260
France	5	3	756	806	1924	3284	3815	10585
Great Britain	3	4	1494	1708	1800	3238	673	8913
Germany	4	5	2637	1425	1399	686	1064	7211
China	6	6	731	849	751	338	157	2826
The Netherlands	7	7	495	378	414	551	506	2344
Italy	8	8	306	330	366	442	298	1742
Ukraine	10	9	189	192	195	516	449	1541
Canada	9	10	365	436	239	137	217	1394
Spain	11	11	275	111	99	637	221	1343
Israel	12	12	115	206	257	292	147	1017

**Ukraine exports weapons** to more than 50 countries. The largest importers are Pakistan, Russia, and Middle Eastern countries. The present trend is toward a decrease of arms exports to CIS countries and the increase of exports to Africa. Up to 90% of total exports (by value) falls on developing countries. Tougher rules and restrictions against those countries under pressure from Western states (within the framework of export control, strictly observed by Ukraine) will limit the export opportunities for Ukrainian weapons.

**The basic export capabilities of Ukraine's military-industrial complex** are related to the promotion in the world market of the missile and space industry, armour industry, electronics, shipbuilding and aircraft industry, including engines and aviation equipment. Ukrainian enterprises are fulfilling profitable orders for the delivery of electronic equipment for Russian SAMs and aviation weapon systems demanded both inside and outside the CIS. The relations with China, Vietnam and other countries in this sector are also on the rise.

Ukraine actively co-operates with the leading countries of the world, which also proves Ukraine's achievements in weapon systems development. Ukraine's partners in this sector include Russia, Uzbekistan, Germany (AN-7X), France, the Czech Republic (T-72 tank modernisation), China (the «Al Khalid» tank

project and the modernisation of the Chinese T-59 tank for Pakistan), etc.

**Defence services' share in the structure of Ukraine's export is increasing.** The number of contracts for modernisation, repair and maintenance of weapons systems is on the rise, which is *conducive to Ukraine's establishment on the markets* inherited from the Soviet Union. Ukraine has established military-technical co-operation with 78 countries<sup>118</sup>.

**In general, Ukraine's image on the arms market is rather high.** This is confirmed by the achievements in the export of weapons systems and defence and technical services. Beginning from 1997, Ukraine has been on the list of the world's ten biggest exporters. According to preliminary data for 1999, the export of Ukrainian armaments rose more than one and one-half times<sup>119</sup>.

## PEACEKEEPING

Ukraine actively co-operates with the UN, OSCE and NATO in the peacekeeping activity. The area of peacekeeping missions involving Ukrainian personnel covers Angola, Bosnia and Herzegovina, Guatemala, Kosovo, Macedonia, Moldova, Tajikistan and Croatia.

After 1992, when the 550-men strong 240th separate special battalion of Ukraine's Armed Forces was dispatched to former Yugoslavia, more than 10 thousand Ukrainian servicemen

<sup>117</sup> Ibid. Comparative assessment in 1990 prices.

<sup>118</sup> UNIAN, March 16, 1999.

<sup>119</sup> Database of the Centre for Army, Conversion and Disarmament Studies.





took part in peacekeeping operations<sup>120</sup>. Today, we field 250 peacekeepers, or 1.3% of all 19,000 UN peacekeepers<sup>121</sup>. For comparison: in 1995, there were 1300 Ukrainian military personnel in the UN peacekeeping forces.



Ukraine's role in peacekeeping operations was highly praised by the UN and NATO. For instance, NATO Assistant Secretary General (Policy) K.-P. Kleiber marked the participation of Ukraine in IFOR and SFOR as a «weighty contribution, worthy of a country of Ukraine's size»<sup>122</sup>. NATO Secretary General G. Robertson called the Ukrainian contingent in Bosnia and Herzegovina as «very useful for international peacekeeping efforts»<sup>123</sup>.

Ukrainian peacekeepers earned more than \$70 million for the state budget.

However, the money and the authority did not come easy: in the death toll of 1610 UN peacekeepers who lost their lives, there are 18 Ukrainian names; another 60 servicemen from Ukraine were wounded<sup>124</sup>.

## TRANSPORTATION FACILITIES

For centuries, Ukraine was on the crossroads of important trade and transportation routes that tied Europe, Asia and North Africa.

By the development of its transportation infrastructure, **even today, Ukraine is among European leaders**. Four out of ten European transport corridors run through Ukraine's territory. 172.6 thousand km of motorways, 22.8 thousand km of railways, 3,200 km of river routes, 250 thousand km of air routes and 42.9 thousand km of pipelines form Ukraine's transportation network.

**Not everybody knows that Ukraine is the world's largest transporter of natural gas.** Its gas pipeline system has an overall inlet capacity of 290 billion cu. metres, and an outlet capacity (to Western, Central and Eastern Europe, and to the south of Russia) — almost 170 billion cu. metres a year<sup>125</sup>. Up to 97% of Russian gas goes to Europe via Ukraine. The 30+ years experience of export supplies via Ukraine demonstrated their high technical reliability (not a single major accident occurred on main gas pipelines).

**Today, Ukraine's transportation infrastructure does not operate at full strength, many facilities require modernisation in accordance with world standards.** Unfortunately, the sometimes unwise tariff policy of Ukraine's Government and regional authorities, and the unauthorised siphoning of gas from export pipelines, complicate our relations with foreign partners: Russia is building export pipelines to bypass Ukraine's territory.

**According to UCEPS experts, Ukraine has all the requisites to become a European centre for the distribution of electricity, gas, oil and oil products in three to five years, and not only those supplies from Russia, but from the Caspian region and Central Asia as well**<sup>126</sup>. Parliament's adoption of the Law of Ukraine «On Concessions» became an important positive factor in this respect. It will open the way for foreign investments into the development of Ukraine's transport infrastructure<sup>127</sup>.

<sup>120</sup> The Armed Forces of Ukraine: eight years of qualitative change. — «*Narodna Armiya*», December 8, 1999, p.2.

<sup>121</sup> UN peacekeeping operations. Background note, February 1, 2000.

<sup>122</sup> K.-P. Kleiber. Ukraine — NATO: for the sake of stability on the continent. — «*Uriadovyi Kuryer*», April 18, 1998, p.3.

<sup>123</sup> UT-1 TV channel, «*Sim Dniv*», June 20, 1999.

<sup>124</sup> It is not by chance that Ukraine initiated the Convention for the protection of UN peacekeeping personnel, open for signing at the 49th session of the UN General Assembly (1994). Ukraine was among the first countries to sign this document in December, 1994, and on July 6, 1995, Ukraine's Parliament ratified it.

<sup>125</sup> L. Budzishen. Gas, as the basis for strategic partnership. — «*Uriadovyi Kuryer*», July 3, 1999, p.3.

<sup>126</sup> These problems will be dealt with in detail in subsequent analytical reports of UCEPS and printed in the «National Security and Defence» magazine. As far as immediate practical steps in this direction are concerned, the **Government should encourage the establishment of an international consortium in Ukraine in the sectors of power engineering, transport, transit of gas, oil and oil products**.

<sup>127</sup> Ukrainian companies, and particularly «Ukrtranskor», have developed projects worth nearly \$20 billion. Their implementation would make it possible to obtain budget revenues from the transport network worth \$4-5 billion a year, in the long run.



## AGRO-INDUSTRIAL COMPLEX

Ukraine possesses more than 1/4 of the world's black soil. The climatic conditions are conducive to agriculture. Land reform, which provides the mechanism for the implementation of private property for land, will provide an impetus not only to the farms' higher productivity, but will also encourage international specialisation in the agro-industrial complex.

One of the promising directions for co-operation with foreign partners is the **processing of agricultural produce**. As compared to other sectors of the agro-industrial complex, the food industry better attracts foreign investments (this branch is often assumed abroad as a priority sector of Ukraine's economy). Some sectors of the food industry (confectioneries, producers of soft drinks) have already undergone thorough modernisation. For example, such companies as «Galakton», the Kharkiv Biscuit Factory, «Svitoch», «Obolon», «Orlan», «Hetman», «Soyuz-Viktan», etc. are equipped with new production lines. In tough competition, they pressed foreign competitors on the domestic market. The advantages of domestic manufacturers include relatively cheap and qualified labour, the limited use of preservatives and artificial food additives, and high quality raw materials.

## TOURISM

**In the near future, Ukraine may turn into one of the world's tourist centres, which would both bring an economic effect and improve its image.** The factors listed below are conducive to this process.

**Favourable climatic and geographic conditions.** The shores of two seas, partly within the subtropical belt,

mountains, rivers, lakes and forests<sup>128</sup> create good conditions for year-round tourism of any kind: recreational, educational, sports (mountaineering, alpine skiing, sailing, etc.), hunting. The geographic location, the network of railways, sea routes, motorways and air routes comfortably tie Ukraine with any region of the world. Renovation of the Boryspil international airport brought it in compliance with world standards.

**Numerous historic monuments and sights.** In Ukraine, there are more than 125 thousand historic, archaeological and sculptural monuments, 14 thousand monuments of architecture and urban development, more than 1000 objects of landscape architecture, 46 historic and cultural preserves, 520 state and over 6000 public museums with more than 10 million exhibits.

**Some museum collections are of world cultural value**, such as the collection of the Scythian epoch<sup>129</sup> or Judaic ceremonial silverware. UNESCO entered around 200 of the most important monuments of Ukraine, such as the Kyiv-Pechersk Lavra, St. Sophia Cathedral in Kyiv, the Lviv medieval city centre to the list of the world's cultural treasures. The issue of entering Kyiv's city centre in that list is currently being discussed<sup>130</sup>.

However, Ukraine does not use the available opportunities for tourism at full capacity. Our country can accept 20 thousand tourists a day, but accepts ten times less<sup>131</sup>. One of the reasons for this is the absence of information support for incoming tourists, which fact is confirmed by the following data. Only the State Committee for Tourism has its own representative offices abroad. As little as six editions are published that are distributed via international airlines and contain Ukrainian tourism advertisements. Only last year, the Ukrainian tourist information system was established and represented in the Internet. According to Ukraine's Book Chamber, in 1991-1998, only 20 kinds of picture postcards with a total circulation of 103 thousand were issued in Ukraine and their printing began only in 1996<sup>132</sup>.



<sup>128</sup> In Ukraine, there are more than 70 large and small rivers; 14% of Ukraine's territory is covered by forest.

<sup>129</sup> In October 1999, a monthly tour around the US of the «Scythian gold» collection was organised under the auspices of Mrs. Hillary Clinton. This collection was shown three times in Japan and Luxembourg. Over two weeks of exposition in Paris, more than 400,000 visitors attended the exhibition.

<sup>130</sup> International documents on the protection of cultural heritage, and particularly the Venetian Charter (1994), have declared the city of Kyiv a cultural heritage of mankind. 3778 cultural monuments are officially registered on its territory, 51 of them — of world significance, 241 — of national significance, and 1789 architectural monuments.

<sup>131</sup> V. Ivaskiv. Where have you had a rest? — «Kompanion», No. 46, 1999, p.57.

<sup>132</sup> Druk Ukrayiny (1991-1996): Statistics bulletin. — Kyiv, 1998, p.46; Druk Ukrayiny (1997): Statistics bulletin. — Kyiv, 1998, p.23; Druk Ukrayiny (1998): Statistics bulletin. — Kyiv, 1999, p.22.

## CULTURE AND SCIENCE

**The fall of the «iron curtain» opened Ukraine's access to world culture.** A number of Ukrainian competitions and festival became known in the world and obtained international status: the ballet competition named after Serge Lyfar, musical contests named after M. Lysenko and V. Gorovits, the cinema festival «Molodist» and the festival of animated cinema «Krok». Ukrainian theatres performed at international theatrical festivals. In 1997-1998 alone, more than 1500 artists represented Ukrainian culture abroad<sup>133</sup>.



**Ukraine gave the world unsurpassed classics:** film-makers O. Dovzhenko, D. Vertov, S. Paradzhanov, composers M. Lysenko and D. Liatoshynskyi, artists N. Murashko, T. Yablonska, N. Narbut, D. Lider. The school of ballet art of Vadym Pysarev, a world-famous dancer working at the Donetsk Opera and Ballet House, has gained world recognition.

Unfortunately, **the world is practically unaware of Ukrainian literature.** Despite the fact that the Ukrainian school of translation is traditionally assumed one of the best in Europe, the statistics of editions of Ukrainian literature translated into other languages remains disappointing. For example, at the book salon in the French town of Die, held within the framework of the Days of Ukrainian culture in France, Ukrainians had no arguments to prove that Ukraine has a rich literature<sup>134</sup>, partly because the state does not encourage translation of Ukrainian literature and its distribution abroad.

**The names of prominent Ukrainian scientists could improve Ukraine's image.** Ukraine's world level is demonstrated by the name of Academician V. Hlushkov, who directed the creation of a powerful scientific school of cybernetics, the issue of the world's first Encyclopedia of Cybernetics<sup>135</sup>, and the construction of the first European computer.

Specialists well know the unique scientific schools of biology (Academician M. Kholodnyi), microbiology and virusology (Academician D. Zabolotnyi). Other world-famous scientists include herontologist N. Frolkis or the Patons dynasty. The names of some other world-level scientists, including those who worked in «closed» scientific centres creating advanced military hardware, missile, space, aviation and sea weapons systems in the first place, have become known of late<sup>136</sup>.

**Ukrainian scientists hold leading positions** in such areas as mathematical analysis, solid-state physics, semiconductors, biology and others. Ukraine's microbiology and virusology level puts it in line with a few countries that possess advanced biotechnologies and are capable of producing effective medicines. The scientific developments in the field of space botany performed by the Institute of Botany of the National Academy of Sciences of Ukraine are unique. The Institute's leading scientist professor Ye. Kurdium was in charge of the experiments held at «Columbia» Space Shuttle; she presently heads the section of space biology and medicine in the Co-ordinating committee of the «International Space Station» project.

**Ukraine's historic and cultural heritage also holds potential for the improvement of its image.** The world knows little about Princess Olga and Yaroslav the Wise, Bohdan Khmelnytskyi and Ivan Mazepa, Petro Mohyla and Hryhoriy Skovoroda. The unique historic material enables Ukraine to enter the world's market of culture, and particularly the cinema market. However, not a single European-level epic movie has been shot in Ukraine during the years of independence. The possibilities for the strong promotion of prominent Ukrainian historical personalities for the international audience are not used<sup>137</sup>.

**There is no national-level co-ordinated program for the formation of Ukraine's international image by cinematographic and literary means. Ukraine does not use the opportunities for the formation of its positive image on the mass consciousness level**<sup>138</sup>.

<sup>133</sup> Yu. Bohutskyi. Humanitarian policy of Ukraine and urgent problems of cultural development. — Ukrainian culture and arts in present-day nation-building: status, problems, prospects. — Kyiv, 1999, p.7.

<sup>134</sup> O. Kohut. Our writers are trying to revive unborn Ukrainian literature abroad. — «Vidomosti», January 25, 2000, p.4.

<sup>135</sup> Encyclopedia of Cybernetics. — Kyiv, 1973.

<sup>136</sup> In all, some 25 thousand Doctors and Candidates of Sciences work in the scientific and technical sphere in Ukraine.

<sup>137</sup> The following observation is interesting: the Kyiv Cinema Palace published its program for February and March of this year. It consists of three blockbusters: «With Fire and Sword» by Jerzy Hofman, «Joan of Ark» by Luc Besson and «The Barber of Siberia» by Nikita Mikhalkov. Three image-making foreign films are released in Ukraine, while not a single Ukrainian film is demonstrated abroad.

<sup>138</sup> On the world book market, mostly Ukrainian editions of an encyclopaedic character can be found which are not meant for the broader public.

## SPORTS RESULTS

**Ukraine is one of the leading sports countries of the world.** Ukrainian gymnasts

L. Latynina, P. Astakhova, B. Shakhlin were among sportsmen who won the greatest number of Olympic medals<sup>139</sup>, sprinter V. Borzov became a hero of the 20th Olympic Games; track-and-field athlete S. Bubka was recognised as the best sportsman in 1985<sup>140</sup>. In 1960–1996, Ukrainian sportsmen won 168 gold, 111 silver and 121 bronze medals. Today, high positions in the international sports ratings are occupied

by the Klychko brothers boxers, tennis player A. Medvedev, and bi-athlete O. Zubrylova.

Ukrainian football, and particularly «Dynamo» Kyiv, is highly respected in the world. Hundreds of millions of people know the names of V. Lobanovskyi, O. Blokhin, A. Shevchenko. In this connection, the recent polls of Italian youths aged between 16 and 18 look interesting. **Only half of them knew the name of the President of their country, but 65% gave an exact answer as to the question what country did the «Milan» forward A. Shevchenko come from and what his previous team was**<sup>141</sup>.

Ukraine's President L. Kuchma highly praised the role of Ukrainian sportsmen for the establishment of Ukraine's international image: «Sportsmen, probably, did more by their victory at the Olympic Games and other championships, than Ukrainian diplomats»<sup>142</sup>.



<sup>139</sup> L. Latynina — 9 gold, 5 silver and 4 bronze medals in personal competitions; P. Astakhova — 5 gold, 2 silver, 3 bronze medals; B. Shakhlin — 7 gold, 4 silver, 2 bronze medals.

<sup>140</sup> Rating by the Internationale Sport Korrespondents.

<sup>141</sup> [www.dynamo.kiev.ua](http://www.dynamo.kiev.ua)

<sup>142</sup> Interfax-Ukraine, June 18, 1999.



## CONCLUSIONS

Ukraine is a European country with rich cultural traditions and a promising future. It has rich natural resources, fertile land and favourable climatic conditions. Ukrainian society possesses huge intellectual potential, along with a numerous, qualified and relatively cheap labour force. The scientific, technological and educational level of Ukraine remains very high, and conceals its potential for further development.

There are promising sectors in Ukraine's economy, primarily those capable of manufacturing hi-tech products demanded by the world market. Ukrainian carrier rockets, transport aircraft, and tanks are known all over the world. In the event of economic growth in Ukraine, the products of its metallurgy, chemical, food and other industries can come into demand on the world markets.

Ukraine is comfortably located on the crossroads of trade routes tying European and Asian regions. The involvement of strategic investors in the development of the transportation infrastructure would make it possible to significantly expand Ukraine's presence on foreign markets, more fully use the transit capabilities of the country, and raise the interest of foreign countries in fruitful co-operation with Ukraine. The improvement of the tariff policy with regard to the transit of energy resources, timely payment for consumed gas, and implementation of energy-saving technologies, would make it possible to establish more effective co-operation with Russia and other countries that possess huge resources of oil and gas, and to get revenues from the transit of Russian and Caspian hydrocarbons.

The Ukrainian nation has a long and interesting history, huge spiritual, historic and cultural potential, and old democratic traditions. In the fields of science, arts, and literature many possibilities remain unrealised. Masters of the Ukrainian cinema, sports, prominent scientists and artists can improve Ukraine's image in the world. Special attention should be paid to the promotion of famous Ukrainians supported by an appropriate PR-campaign.

Ukraine's image-making potential is not used in full. In order to employ it, a thought-out state policy is needed, backed with funds, along with the co-ordinated work of the authorities and public organisations, based on the intellectual potential of the society. The creation of Ukraine's positive image should be in the focus of Ukraine's Government, political parties and public organisations of the state.

The advance in the world's information space and the spread of information about the potential and prospects of Ukraine's development, the positive changes in its society, and the advantages of the Ukrainian market should be important directions of Ukraine's activity in the international arena.



## 4. CONCLUSIONS AND PROPOSALS

A comprehensive analysis of the materials of foreign mass media, assessments made by international organisations, rating agencies, foreign experts, as well as UCEPS's own studies, provide an opportunity to synthesise Ukraine's international image formed within the international community.

Foreign mass media produce a generally negative image of Ukraine. Ukraine is not at the bottom of international organisations' ratings, but it is moving towards the world's outsiders with a sure step. The assessments by financial institutions and rating agencies point to the non-correspondence of Ukraine's economy with the effective development criteria. Experts immediately working with Ukraine perceive Ukraine as an uninfluential European country with a high level of corruption, shadow economy and arbitrary rule by state officials. The negative features of Ukraine's image include an inclination toward political declarations, not always backed by practical deeds, and the non-execution of assumed commitments.

Unfortunately, **the international community does not know another Ukraine — a European nation with rich historical and cultural traditions, a high scientific, technical and educational potential, industrious and hospitable people. Ukraine's insufficient presence in the international information space hinders the promotion of a positive image of our country in the world.**

The complexity of the problem should be taken account of, but should not be dramatised. Western experts associate an improvement of the situation in Ukraine with the Government's resolute action for reforming its economy, combating corruption, and further democratisation of the society. What is more important for the formation of Ukraine's positive image is the resolution of its *internal* problems.

Performed studies show a noticeable gap between the high level of political dialogue with foreign partners and the improper economic basis for Ukraine's foreign policy. The decisive factor in the building of Ukraine's positive image is the ability of its political leadership to *clearly comprehend* and *reach* the targets that correspond to the country's place in the world processes and its real potential. No activation of foreign economic activity will bring noticeable results without the acceleration of economic reforms, the raising of the

living standards, and the establishment of *truly* democratic fundamentals in the Ukrainian society.

**The eradication of corruption and the reasons for it is a precondition for the restoration of trust in Ukraine on the part of the international community, and a priority task of the state leadership. Achieving success will require a qualitative change of the Ukrainian elite. What is urgent is that administrative reform «sweeps out» officials whose pathological avarice has long become known the world over. A new generation of politicians and public servants must come to power in Ukraine: people of high qualifications, with strategic thinking, ready to work hard and diligently, and who would be able to renew Ukrainians' confidence in the authorities and conduct a civilised dialogue with opponents.**

The resolute actions of the new authorities aimed at overcoming the present crisis in Ukraine, the improvement of the internal situation, the establishment of a favourable investment climate, and care of the society's intellectual potential, will make it possible to improve Ukraine's image and form an attitude toward it, as to a reliable and promising partner.

**The formation of Ukraine's positive international image is an important national task. It requires joint goal-oriented and consistent action on the part of official authorities and the opposition, state power bodies and public organisations, business structures and mass media, millions of Ukrainian citizens and the numerous Ukrainian diaspora abroad.**

UCEPS experts do not propose a program for the formation of Ukraine's image: this assignment is too extensive for a non-governmental analytical centre. In its essence, such a program should combine the general strategy of nation-building and the revival of its economy, the strategy of internal and foreign policy, the program for the Government's mid-term activity, the basic directions for the development of the social sphere, science, education, culture, the patriotic education of the population, and other important elements of social development. On the other hand, such a program must contain a strategy for the state's information policy, aimed at promoting Ukraine's positive image in the world's information space.

It is clear that the formulation of such a program as a single document would be diffi-





cult and, generally, inexpedient. However, we all need to realise the importance of this problem, to establish a uniform position with regard to basic goals and directions and, foremost, to concentrate on practical action that would be conducive to the improvement of Ukraine's image in the world.

Proceeding from the results of the performed polls, UCEPS proposes its view on some priorities for the formation of a positive international image of Ukraine. Their first element is the resolution of internal problems, while the second one should be aimed at informing the world community about Ukraine, its potential, achievements and values.

**1. Economic reform.** The main targets<sup>143</sup> are the creation of jobs, the increase in the population's real incomes and effective demand, the restoration of national manufacturers' positions in the internal market, the attraction of internal and external investments into the economy, the lowering of the GDP's power consumption, the development of economic potential by encouraging promising branches (the points of growth), the decreasing of the share of raw materials (semi-finished goods) in the export structure, the consolidation of Ukraine's positions on the international markets, the diversification of energy sources, the reduction in foreign debts, the renewal of Ukraine's solvency, and the decrease of state interference in business activities. Ukraine should form an investment-friendly climate, simplify its taxation system, ensure the transparency of decision-making on the national level (regarding privatisation and granting of credits under governmental guarantees, first of all), and ensure real property rights to land.

**2. Administrative reform.** The reduction in the number of state structures and their employees should not be its main purpose (one cannot rule out that some new structures should be formed, others, expanded). Instead, the purposes of the reform should include: (a) improvement of the effectiveness of the authorities, in accordance with the tasks assigned to the state at the present stage; (b) transparency of decision-making and personal responsibility for their implementation; (c) elimination of underlying reasons for bribery and corruption; (d) raising the prestige of public service. The main tasks should include a rational division of functions between power bodies and the liquidation of excessive structures; the establishment of effective «feedback» for control on the part of mass media and the

public; the clear division of powers and responsibilities among state power bodies of all branches (legislative, executive and judicial), and at all levels (central, regional and local). The re-distribution of functions of state power bodies should be accompanied with a related re-distribution of resources for their activity.

**3. Legal reform.** The laws should fix clear and stable rules in the economy and policy that would encourage initiative and make it possible to employ the society's intellectual potential. National legislation should be gradually brought in conformity with that of the European Union. Economic, political and other rights and freedoms proclaimed in Ukraine's Constitution should be backed by real content. The establishment of reliable legal barriers for the arbitrary rule of officials will ensure the success of administrative and economic reform.

**4. Reform of the social sphere** (healthcare, pensions, the insurance system, education, etc). The state must prove that its care for the people, their rights and freedoms, is real. The average individual is indifferent to such things as the budget deficit, GDP, production volume, and social guarantees. The government should set real terms for the payment of wages, pension and social allowance arrears, and make timely payments. The minimal required and achievable levels of healthcare, education, social assistance, housing, and their observance must be guaranteed. At the same time, feasible strategic targets should be set in clear terms (and not in GDP percentages, inflation rates, budget deficits). The living standards should continuously rise and gradually reach European norms.

**5. Increase in the effectiveness of Ukraine's foreign relations.** Ukraine needs a new foreign political doctrine defining the priorities, strategy and tactics of implementation of the state's foreign political course under the new conditions. The course towards European integration should be backed by a powerful information campaign in mass media. Economic contacts of Ukraine's regions with foreign partners should be encouraged with the aim of gradually decentralising foreign economic relations. Under the auspices of the Ministry of Foreign Affairs, a Council for international co-operation should be formed, to include heads of regional state administrations, relevant ministries and agencies. A separate department of inter-regional co-operation should be established within the Ministry of

<sup>143</sup> The program of action should contain not only slogans, but also relevant quantitative estimates. Each of the proposed directions may be numerically calculated: this will make it possible to assess the results of the activities of the head of Government, a minister or the head of a Regional state administration later on.

Foreign Affairs. Ukraine's participation in international organisations should be thoroughly assessed, and the priorities for the use of limited resources be defined. Means for reducing the fee payable by Ukraine to the budgets of international organisations should be searched for. The effectiveness of the protection of rights of Ukrainians abroad should be raised, and the critical situations should be promptly resolved. The organised recruitment of personnel for work outside Ukraine should be introduced (in accordance with established quotas), the national system of training and attestation of seamen and other specialists be brought into conformity with international norms. Ukraine should actively participate in peacekeeping operations, with emphasis on search and rescue operations, humanitarian relief, elimination of the aftermath of emergencies, i.e., «non-conflict» operations forming the positive image of the country.

**More active promotion of Ukraine's image in the world information space** should be encouraged by the following steps:

- Establishment, under state support, of a potent non-governmental foundation assigned with the task of encouraging a positive image of Ukraine. Its founders might include large domestic businesses interested in the promotion of their products on foreign markets, influential public organisations and mass media;
- Establishment, within the Foreign Ministry's structure, of a PR expert group to monitor foreign political and economic activity of state power bodies, with the emphasis on image-making. This group should also work out proposals regarding co-ordination of actions by state power bodies in promotion of Ukraine's positive image, and removal of factors that have a negative effect on the country's authority;
- Organisation of a system of professional PR training for officials representing Ukraine abroad. It would be expedient to organise retraining PR courses for employees of embassies and foreign representations (press and information advisors, press-attaches, cultural and educational advisors). High courses of international PR technologists should be organised at the Diplomatic Academy of the Ministry of Foreign Affairs of Ukraine;
- Information centres should be established at Ukraine's embassies, involving foreign experts. Such centres are to be financed partly out of sponsors' funds. Employment of the information, cultural and financial potential of ethnic Ukrainians living abroad for the promotion of Ukraine's positive image should be a priority of the new State program for co-operation with the Ukrainian diaspora;
- Organisation of a satellite TV channel for telecasting on foreign countries; exchange of radio FM air time between radio stations of world capitals and Ukraine; distribution of official periodicals outside Ukraine. Export of information should be defined as a priority function of DINAU;
- Deepening of co-operation with world mass media, preparation of joint programs (TV bridges, talk shows); establishment, under the auspices of the Ministry of Foreign Affairs of Ukraine, of a special program «Ukraine's world stars» (WEB-sites, foreign voyages by famous Ukrainians, distribution of materials in mass media, etc.);
- Dialogue with public organisations and independent experts on the issues of formation of Ukraine's image, preparation and holding of specific events.

## INSTEAD OF CONCLUSION

**Ukraine's international image has its internal and external dimensions. On the one hand, it reflects internal problems, which hamper the progress of the Ukrainian society. On the other hand, the world wants to see Ukraine as a reliable and predictable partner, a stable and democratic country, that does not create problems for the international community, but, on the contrary, enriches the world's economic, cultural, scientific and information exchange.**

**Comprehension of the importance of both the internal and the external dimensions of Ukraine's image, and moreover their fortunate combination in the country's policy might bring a noticeable positive result. Indeed, there is only one way to encourage foreign investments, credits and to attract tourists or transcontinental transport flows to Ukraine: by creating proper living conditions, for Ukrainians in the first place. Without this precondition, there will be no democratic and stable Ukraine that Ukrainians would be happy to live in, and foreigners will be pleased to co-operate with.**

**On the other hand, we are sure that Ukraine's leading role in the region, its high economic, scientific and cultural potential, finally, its vast internal market (so attractive for foreign partners) — all these slogans will become a reality and materialise into a positive image of Ukraine. We are convinced that influential foreign partners of Ukraine are now ready to more actively support its thought-out, consistent policy in this direction.**

# UKRAINE'S INTERNATIONAL IMAGE: EXPERT OPINION

*By Valeriy Chaly*

In preparing the UCEPS analytical report «International image of Ukraine: myths and realities», we asked that respected domestic and foreign experts present their views on Ukraine's international image and the possible ways that exist for its formation. This «discussion through correspondence» involved five experts from Ukraine, Russia and Great Britain:



***Ihor Ostash***

Ukraine

Verkhovna Rada of  
Ukraine

*Head of the Committee for  
International and CIS  
Relations*



***Dmytro Vydrin***

Ukraine

Institute of European  
Integration and  
Development

*Director*



***Dmitriy Kataya***

Russia

Creditimpex Bank

*Director*



***Martin Edmonds***

Great Britain

Defence and International  
Security Research Centre

*Director*



***James Sherr***

Great Britain

Conflict Research Centre

*Fellow*

Each of them is a recognised expert, well aware of the Ukrainian situation and related developments. Their assessments are especially important, as they influence the position of their respective countries' political leadership and public opinion through their activities in state, research and business structures.

It was proposed that each of them answer three questions:

1. How would you describe Ukraine's international image today?
2. What do you think negatively affects Ukraine's image in the world?
3. What do you think should be done to form a positive image of Ukraine?

The answers to those questions are presented below, together with the conclusions of UCEPS experts resulting from this postal discourse. One point of interest is that each participant gives a relatively critical (although favourable) description of Ukraine as a country that possesses huge potential which remains unclaimed for a number of reasons. We would like to express our special thanks for the frank assessments and, especially, for the reasonable and concrete proposals for improving Ukraine's international image.

### HOW WOULD YOU DESCRIBE UKRAINE'S INTERNATIONAL IMAGE TODAY?

**Ihor Ostash.** As of today, I would describe Ukraine's international image as relatively negative rather than positive. There are many arguments to substantiate this conclusion. Reading the Western press, one can easily draw a picture of Ukraine. Ask the average individuals outside Ukraine what they associate with the word «Ukraine» and the answer will be: Chernobyl, Lazarenko, corruption, crime, etc. Unfortunately, the Western press pays more attention to the dark side of our life. Newspapers and TV programs often depict Ukraine as a country where many people are miserable and homeless, abounding in ruined or neglected houses. Of course, all of this exists. Such things also exist in other countries, but are not given that kind of publicity there. News regarding economic growth or fortuitous political decisions will never make the headlines, since they are routine for the West, whereas bad news attract both journalists and readers. When reading the press of Poland, Germany or the US, one can find articles regarding the miserable life of Ukrainians, or the theft of large credits. This also contributes to the formation of our country's image.

**Dmytro Vydrin.** In the first place, the criteria for defining a state's image should be formulated. The first criterion is subjective and relates to government officials and can be described as self-deception by those officials, i.e., their attempt to make that which is desired to look like reality. For example, the quantity of the visits by the state leaders is often perceived as reflecting Ukraine's image in the international arena, regardless of their positive or negative results.

Yet another, tougher criterion for the country's image is its economy. Most developing countries (the «Asian tigers», Latin American countries) created an image that could be «sold» abroad. An image is capable of buying and selling as well. When a country's image is designed wisely, it can promote investments and trade turnover. That's why a country's image is easy to evaluate. For example, should Ukraine witness a 17% fall in its trade turnover with Russia, this means that Ukraine's image experienced an equivalent 17% drop in Russia. A country's image, therefore, can be evaluated based on economic indicators, such as its trade balance. Accordingly, low economic indicators for Ukraine demonstrate its image's lack of dynamism. The same holds for a chronically low level of investments. Investments proceed from and reflect the image.

**Dmitriy Kataya.** Ukraine is rarely mentioned in Russia's official political circles. Discussions regarding Russian-Ukrainian cooperation resume when rare visits by high Ukrainian officials take place and the focus becomes debts for energy resources, Russia's Crimea-based Black Sea Fleet, the status of Russians and the Russian language in Ukraine, delimitation of the border, and football matches.

As of today, Ukraine's international image reflects precisely the problems related to its nation-building. Ukraine was fortunate: its sovereignty and independence are consolidating without wars and revolutions, and the country's position on the globe enables Ukraine's elite to seriously influence regional politics. Both the official Russian authorities as well as the business circles of the Russian Federation are interested in Ukraine as a predictable, stable and rich country. For Russia, Ukraine is both a partner as well as a huge market for Russian goods.

**Martin Edmonds.** I do not think that the international community (i.e. the informed man in the street, or even senior people in commerce and industry) knows anything about Ukraine of significance. I would think they would be hard pressed to link Ukraine with Chernobyl, for example. Those with memories would perhaps associate Ukraine with its being the bread-basket of the former Soviet Union. Younger people, certainly not. And as for the experience of Ukraine in the Second World War, I doubt whether many would have any clue as to how



much the country suffered under the hands of either the Germans, or the Russians.

I hope this is not a disappointment for anyone. I would say that Ukraine effectively has no image at all, simply because of a total lack of information or awareness. I do not think I am in any way an exception in all of this. My knowledge of Ukraine is still very rudimentary and such that I have learned leads me (and this is a personal opinion) to the view that Ukraine is still constrained by the old Russian/Soviet mindset — as evident to any Western visitor on arrival at Borispol Airport, the reception that one gets at even the more reputable hotels, and the laboured way even restaurants go about their business. I am sure the younger generation is quicker to learn, but they will stand little chance until the over controlled and command system of the past is effectively removed.

But there is much that can be seen, amongst those who know Ukraine, that could give rise to optimism, once the more negative aspects can be excised. As for its size and agricultural fertility, collective farming was not the way forward and has done much to erode the fertility of the land; but it is a huge asset in a world where food (and sustainable foods) can be exploited to productive effect.

**James Sherr.** Sadly, I should say that the image is overwhelmingly negative. Nevertheless, three types of observers need to be distinguished: (a) the general public, (b) the «outer» elite (informed lay public, parliamentarians, opinion shapers in the mass media and elsewhere) and (c) the «inner» elite of decision-makers. The latter group is obviously the key one. Nevertheless it is greatly constrained by (because it is accountable to) groups (a) and (b).

*At all three levels, it would be unwise to underestimate the level of ignorance about Ukraine. The literate half of the general public understands that Ukraine is an independent state but has a very limited understanding of what this means in practice. Many Westerners greatly exaggerate the divide between East and West, concluding that Ukraine has no national identity. Even a portion of group (b) would be surprised to discover that Ukraine's structures of decision-making and its policies are fully independent of the Russian Federation (not to say the CIS, which many imagine to be a poorly functioning, post-Soviet European Union).*

Even a portion of group (c) are confused/sceptical as to why NATO and other key power centres describe Ukraine as an important or «pivotal» factor in European security. Of course, to a large degree, ignorance characterises Western perceptions of the outside world in general. To paraphrase Mark Twain, «no one ever went broke overestimating the ignorance of the American public».

What images do exist at levels (a) and (b) tend to be simplistic. They reflect Western *pre-occupations* rather than *interests*, and they are overwhelmingly negative. Between 1991–94 the question «Ukraine?» evoked the answer «nuclear weapons». With no foundation, many were also persuaded that Ukraine was a potential conflict zone, inhabited by extreme nationalists and prone to disintegration and ethnic strife. Nuclear disarmament, Ukraine's participation in PFP and the diplomacy of Ukraine's MFA not only eradicated these images, they succeeded too well, implanting the expectation that Ukraine was becoming «like us» or at least like Poland. These expectations inevitably led to disillusionment, and they should never have been fostered. Today, the question «Ukraine?» once again evokes a negative answer: «corruption». It also evokes a related answer: «economic basket case» and the inevitable question, «why continue pouring good money down the drain?»

## WHAT FACTORS NEGATIVELY AFFECT UKRAINE'S INTERNATIONAL IMAGE?

**Ihor Ostash.** Ukraine has more than its fair share of negative factors affecting its international image. For example, frequent changes in legislation frighten investors. The biggest problem is rumours regarding Ukraine's corruption and crime. This problem is not exclusively Ukrainian; in part, our state has inherited this image due to Russia's corruption. The average American does not distinguish between Russian and Ukrainian names, and may believe that practically all Slavs are criminals. Even famous Ukrainian artists and sportsmen are often considered Russian. For example, *The Toronto Star* once called the football club «Dynamo Kyiv» a Russian team?! Nobody paid any attention to this, with the exception of some Canadian Ukrainians who sent angry letters to the newspaper. The press plays its role, and in so doing, exaggerates our problems.



Our immigrant labour working abroad presents another negative factor. Although they (Ukrainians) are hard workers, they often work illegally and take the jobs away from locals. Mass deportations of Ukrainians from Poland and the Czech Republic have taken place. The attitude toward them in Germany and other countries is also negative.

For our Western neighbours, Ukraine is a kind of «settlement ground» for illegal migrants mostly from the Caucasus and Central Asia. We allow them to use our territory as a gateway into Europe. Needless to say, this does not please Europe.

Our partners don't like the way we do business. For example, the replacement of one person in a company or an agency may lead to the loss of all previously established contacts. Our carelessness in work can also be regarded as a negative factor.

**Dmytro Vydrin.** Despite the existence of many social sciences (philosophy, sociology, sciences regarding foreign relations), there is only one fundamental science: psychology, the science of human relations. The same is also true of image. Ukraine's image cannot be formed exclusively on the basis of its rich black soil and favourable geopolitical location. Its image rests of the reputation of distinct political leaders (the elite).

That's why the first priority for discussion should be the image of Ukraine's elite. It is precisely this group — the bureaucratic elite, business elite, ideological elite, military elite — that rules the state. Indeed, our elite is too young. However, in other countries, no one accepts arguments regarding the age of politicians or their lack of experience when important political decisions are made.

Today, many features of Ukraine's elite effect its international image negatively. They can be listed as follows: first of all, carelessness; next in line are covetousness and the consequent high level of corruption, which involves striving to obtain the desired result at any price. Western partners are ready to co-operate with Ukraine, but they don't want to pay bribes. In this connection, Z. Brzezinsky and J. Sachs name the Ukrainian elite's corruption among the main problems in the formation of Ukraine's image.

**Dmitriy Kataya.** A state's image is an expensive thing. It cannot be created all at once. The political and economic elite of Russia and Ukraine cannot do away with their history. Too little time has passed to forget the rules we used to observe ten or fifteen years ago.

When our ancestors left paradise, Adam told Eve: «My darling, we have to live in a transitional period». Indeed, it is not easy matter to live in a period of change. Changes go together with instability and a difficult life. In order to be loved and respected, one should be either strong, or rich. To be both at the same time is better still. For the reasons just stated, for the present, it is very difficult to create an image.

**Martin Edmonds.** From a Western perspective I can say the following.

No evidence since independence of a determined policy to introduce changes to past (Soviet-style) practices. Ukraine is becoming a by-word for corruption and organised crime. It is a country of high poverty (per capita below that of Albania). Pollution and environmental problems (Chernobyl) is one thing; but what is being done about maintenance of similar nuclear power stations within the country? There is an ambivalence whether Ukraine seriously wants to align itself with the West/Europe or reintegrate with the Russian Federation. In general terms, a failure of Ukraine to promote itself in the international community is evident.

My knowledge of Ukraine comes mainly from my military interests, and of course I recognise the contribution to stability that nuclear disarmament has made. I have problems with the division of the Black Sea Fleet and the deal for the Russians to remain in Sevastopol. I know that Ukraine is the home of the Antonov aircraft and builds T-84 tanks. I am less enthusiastic that Ukraine (though I understand why) makes these and other items of military hardware available, almost indiscriminately, on the international arms market. I do not think that the performance of the first Ukrainian troops in peacekeeping operations in Bosnia did much to help its international image. And current treatment of conscripts in the Ukrainian armed forces should not be tolerated.



Whilst democratic — elections are held — the structure of the political system remains pretty hierarchical. Ukraine does not project to the West at least, quite the same features of an open, democratic process. Finally, the image of Ukraine does not give people confidence. There is concern about the efficiency of the Visa Office, the reliability of Ukrainian International Airlines. The safety of luggage, the safety of food and water are lingering doubts in visitors' minds.

**James Sherr.** Today, they are overwhelmingly focused on «corruption» and the failure of «economic reform» to produce economic success. But the most negative impact is caused by the following perceptions: Ukraine's political leadership has no will to confront these problems; there is no (or very limited) correspondence between the goals which this leadership proclaims («integration with Europe») and its concrete actions; this leadership is dependent upon, even in partnership with, forces and interests who view real reform as a threat to their place in society; official and criminal structures have effectively merged. Ukraine expects the West to take more risks on its behalf than it is prepared to take itself. Neither Western assistance nor pressure produces results. Today these perceptions are especially strong within informed circles, even those which are traditionally pro-Ukraine.

## HOW CAN A POSITIVE INTERNATIONAL IMAGE FOR UKRAINE BE FORMED?

**Ihor Ostash.** To improve Ukraine's image in the international arena, the negative factors listed above should be removed. Ukraine, as a state, should care for its image. Ukraine's embassies should popularise Ukrainian culture and attentively follow any false information regarding Ukraine in foreign mass media.

Our compatriots should learn how to work successfully in business: trade connections have a great effect on international relations. When a Western businessman looks for information regarding a potential Ukrainian partner, in most cases he will find a photocopy of a Russian-language booklet, rather than a colour magazine in an understandable European language.

Ukraine remains rather «closed» country: we do not attract tourists; they are far fewer than we would like to see. Getting a Ukrainian visa within three days costs \$50, within a day —

\$100. And this regards Western tourists for whom the very idea of a visa has long become obsolete. The situation must be improved.

Foreign partners and international organisations assess Ukraine's peacekeeping activities positively. Today, our country has good relations with the UN, OSCE, NATO, but care should be taken to maintain them at the proper level (i.e., to maintain our positive image). In the UN, we were elected to the Security Council, but deprived of the vote because of our debts. We have good relations with NATO when compared to the complex relations between NATO and Russia, but we should not constantly be looking at someone whose situation is even worse than ours.

The issue of the Eastern border is very painful for us. Nevertheless, it has to be solved. We will not only improve our internal situation by building a barrier against illegal immigrants, drug trafficking and smuggling, but solve the problem of our image among EU countries.

To improve its image, Ukraine should create a solid state information system involving a network of news agency offices. We should promote Ukraine and Ukrainian culture abroad more actively, since a positive image won't come by itself.

**Dmytro Vydrin.** The intelligent position presumes that the formation of a positive image requires training of government personnel and fighting corruption. However, the majority understands those intentions to be unrealistic in the near future. Two things, therefore, are of fundamental significance.

The first thing is a comprehensive strategy for selecting the elite, designed to remove its negative features. Of course, this difficult task will take decades.

The second thing is dedicated consistent work aimed at the creation of Ukraine's positive image. New industrialised nations have often achieved this end by non-traditional means, including even through bluffing. For example, several years ago in Taiwan, in reports compiled for international organisations, authorities overstated the level of social stability and education level of the elite to show that conditions for foreign investments are favourable. It was too late to retreat when the real situation became clear some time later, since the capital had already been invested.

The activities surrounding the formation of Estonia's international image deserve respect. That country spends large sums of money on publicity in such respectable publications as *The Financial Times*, *The Economist*, etc. This has a positive effect on investment activity. The country's government implements programs aimed at creating a positive image within the world community. Ukraine has nothing of the kind. Ukraine spends hundreds of times less than small Estonia on special image-making events. We should implement special programs for the creation of state brands. For example, there is a brand of Ukrainian vodka called «Hetman», a widely-known, high quality product; a similar brand for Ukraine must be created. It should be based on feasible successes, and be sellable.

**Dmitriy Kataya.** The image of a country depends on objective indicators: the level of economic development, technological and scientific potential, legal and moral conditions for investment, etc. The formation of an image is influenced by information institutions that form a state's positive image.

Unfortunately, the exchange of information between our two countries at present allows judgements regarding Ukraine's economic potential only from the point of view of Russian mass media. They tend to defend Russia's interests and are often biased in assessing developments in Ukraine and our business partners.

As far as I know, there is not a single correspondent office of Ukraine's mass media in Moscow; in other words, there is no «feedback». Russia retains control over Russian-Ukrainian information space.

I would like to see the situation where fruitful ideas conducive to mutual understanding emerge in the course of a public discussion on a professional level, rather than aggression and estrangement. There are numerous examples of mass media creating the image of an enemy and discrediting Ukraine, thereby disrupting implementation of mutually advantageous Russian-Ukrainian contracts, agreements, initiatives.

We should meet more often in order to better understand one another. Mutual respect should be based on true co-operation, creative work, and money making. The last, of course,

can be counted in different ways, given the specific interests of the two countries.

**Martin Edmonds.** Among the measures for shaping up Ukraine's image I can suggest: greater transparency in Government; better promotion of Ukraine's positive points; tackle the economy, even if in the short term it means further hardship; governmental reform; defence reform; stop and constrain organised crime. Do what you can to hold on to younger talent and trained people by giving them positions of entrepreneurial authority if needs be to stop the brain drain.

Ukraine does some things incomparably well: the Antonov facility produces world class civil aircraft, for example. Some food products — port for example — are as good as one would find anywhere. Parts of the country are under-exploited for tourism — the Carpathians, for instance, and the Crimean and Western Black Sea coast. **DO something to promote an image of Ukraine that the world would find attractive and appealing** — even to the extent of reducing the Visa requirements for European states that are part of the PfP.

I understand the extent of Ukraine's predicament and the reasons behind it. But the consensus in the West is that until Ukraine tackles its problems itself, and signals to the international community that it is serious about doing something positive and practical and does not hang grimly on to old ways, the international community will not do anything to help. If Ukraine were determined to pull itself up by its bootstraps, the response of the international community would be much more positive. To that extent the issue of the Ukrainian Armed Forces and defence reform is a microcosm of the wider issues.

**James Sherr.** Third question evokes the aphorism of Thomas Carlyle: «*If I am not for myself, who will be for me?*»

Western decision-makers operate in a climate of public scepticism. If they are to persuade the public that it is right to make sacrifices and take risks on behalf of Ukraine, they must be convinced themselves. Yet even in speaking of informed Western circles, we must distinguish between those factors which can be addressed by better information (and information policy) and those which can only be addressed by concrete changes in policy and conduct.

**In the information sphere,** I would state that even informed Westerners have an insufficient appreciation of Ukraine's strengths: its stability, its high level of ethnic tolerance, its lack of chauvinism and «great power» ambition, a national temperament which mistrusts extremes. They also have limited understanding of the fact that, by and large, Ukrainians are not «anti-Russian», only suspicious of the Russian state; that they are not apprehensive of Western partnership with Russia, only a partnership with Russia that operates at Ukraine's expense. They also have limited understanding of Ukraine's history: e.g., the psychological legacy of the Soviet era, not to say the fact that Ukraine has experienced three holocausts in the twentieth century. This history will never be accepted as an «excuse», but it must be known.

Moreover, the appearance of objectivity and responsibility is essential. «Things are bad» «we have made mistakes», «we must change» are more effective ways of gaining and sustaining Western support (not to say respect) than variations on the theme, «if you treated us like Poland, we would be like Poland». It is best not to discuss goals unless you are willing to discuss means of achieving them; it is best not to discuss policies unless you are prepared to discuss their results. The West's decision-makers are not impressed by what people say. They are impressed by the correspondence between what they say and what they do. There is no more mileage to be gained from reminding the West that Ukraine undertook bold measures in the past (e.g. nuclear disarmament). In today's sceptical climate, this simply implies that no further measures can be expected. Assume that your friends and your enemies know *everything*.

Westerners need reminding that Ukraine's cultural divisions are no greater than those of other nations. There are significant differences between Prussia and Bavaria, Yorkshire and Kent. Yet there is a Germany, and «there will always be an England». Moreover, the ties between Ukrainians and Russians are no more significant than those which exist between Austrians and Germans or Norwegians and Swedes. «Ukrainian» is no less a nationality than any other.

**In the political and economic spheres,** the West will be impressed by measures which are plainly designed to achieve **transparency: the ability to know *what* decisions are taken, *where* they are taken and *by whom* they are taken. Transparency, accountability and democracy are inseparable. Transparency is also prerequisite to: a market economy, integration with Europe and emancipation from the transnational «shadow structures» of post-Communism.**

The West expects to find better **congruence between goals and practice/ between «high policy» and realities at working level:** e.g., calls for foreign investment will prove stillborn if the laws and the entities that enforce them are designed to obstruct business rather than promote it. In addition, you need **A legal system** designed to restrain the powerful rather than weaken those who are already weak, and **meritocracy:** promotion of the talented and excellent over the well-connected, «reliable» and compliant.

**In all spheres, the promotion of national interest over «subjective» interests is indispensable to the positive image.** Since 1991 the West's key players have learnt much about «the art of the possible in Ukraine». These players are not looking for rapid change, but change, which is deep, methodical and continuous.

## CONCLUSIONS

Experts' answers to UCEPS questions revealed a certain regularity in the assessment of Ukraine's international image. This lies in the fact that the perception of Ukraine in the world community is very superficial, fragmented and mostly negative. Judging by the results of this «postal discourse», our state's international image may be formulated as follows: «Ukraine is a potentially wealthy but little-known country where, for some reason, many things tend to go awry today; however, things could be even worse, and no one can venture when everything will be alright». Expert assessments were relatively straightforward, at times tough; nevertheless, they are true, and it is difficult to disagree with them (*see Table*).

Ukraine's international image	
<i>Positive features</i>	<i>Negative features</i>
Internal political stability	Corruption, irresponsibility and incompetence of government officials
Tranquil nature of the national character	Non-transparency of authorities
High level of ethnic tolerance	Instability of legislation
Absence of chauvinism and great power ambitions	Delayed and inconsistent reforms
High intellectual potential	Unfavourable investment climate
Advanced technologies	Declarations prevail over practical deeds
Good potential for the development of tourism;	Absence of defined strategy as to the formation of the state's international image
The agro-industrial complex's high potential	Underdeveloped services
Talented sportsmen	Unused possibilities and resources
The state's geopolitical position	

As far as the methods for the formation of Ukraine's positive image are concerned, there is an evident discrepancy between the assessments of Ukrainian and Russian representatives, on the one hand, and of the West (Great Britain), on the other. While Ukrainian and Russian experts pay greater attention to informational efforts aimed at the formation of Ukraine's international image, their Western colleagues point to the achievement of practical results on the path toward creating a democratic, market-based society.

*What the domestic and foreign experts have in common is their understanding of Ukraine's huge unclaimed potential. Therefore, there are reasons for hoping that, despite today's problems, a well-designed and wise policy on the part of Ukraine will give it an opportunity to obtain the strong positive image it truly deserves.*



# UKRAINE'S INTERNATIONAL IMAGE: THE VIEW FROM POLAND

*By Valeriy Chaly, Mykhail Pashkov*

In February 2000, the Ukrainian Centre for Economic and Political Studies, assisted by the sociological firm GFK Polonia, performed a sociological study among Polish experts. We polled 100 employees of the offices of the President and Prime Minister, Polish ministries and agencies, specialised committees of the Seim and Senate, experts from non-governmental analytical centres, as well as Polish businessmen and employees working with Ukrainian partners.

The results obtained during the poll provide an opportunity to better understand the position of Polish governmental, scientific and business circles concerning Ukraine's role and place in the world, the formation of its international image, the factors effecting this process, and the present status of Ukrainian-Polish relations.

## THE IMAGE OF UKRAINE, ITS ROLE AND PLACE IN THE INTERNATIONAL ARENA

The specificity of the assessment of Ukraine's international image by Polish experts is conditioned, to a large extent, by their positive perception of a strong European vector in Ukraine's foreign policy, and by the positive dynamics of bilateral Ukrainian-Polish relations. Active political contacts at the top level should be kept in mind (the presidents of the two countries have held more than 20 meetings), as well as the settlement of sensitive issues (Declaration of Reconciliation), and the deepening of economic co-operation between the countries. **It is not surprising that 35% of Polish experts describe bilateral relations as «active progress», 47% — as «moderate progress», and only 6% — as «stagnation and deterioration»<sup>1</sup>.**

**50% of Polish experts assess Ukraine's international image as «relatively positive», 11% — as «positive»; 27% of those polled suggest that it is «relatively negative», and only 3% say that it is «negative». Therefore, the overwhelming majority (61%) of Polish state, scientific and business establishments considers the international image of our state to be generally positive. 54% of Polish experts are convinced that Ukraine's image is «improving»; 35% of those polled see «no significant change», and only 7% believe Ukraine's image to have «worsened».**

The course towards integration into European structures chosen by Ukraine's leadership meets the interests of Poland (a NATO member and EU candidate). The Polish elite is interested in the internal stability of its neighbouring state and, most importantly, in the irreversibility of its European choice. At the same time, the UCEPS poll showed that many people in Poland are not certain about the irreversibility of Ukraine's movement towards Europe. **The majority of respondents (60%) named «inconsistency in the implementation of the state's foreign political course» as a negative factor affecting Ukraine's international image.**

Poland encourages Ukraine's integration into European structures. Ukraine's relations with other countries were evidently viewed from the same angle. Expert assessments of the positive dynamics in Ukraine's bilateral relations with world countries are presented in the Diagram below.

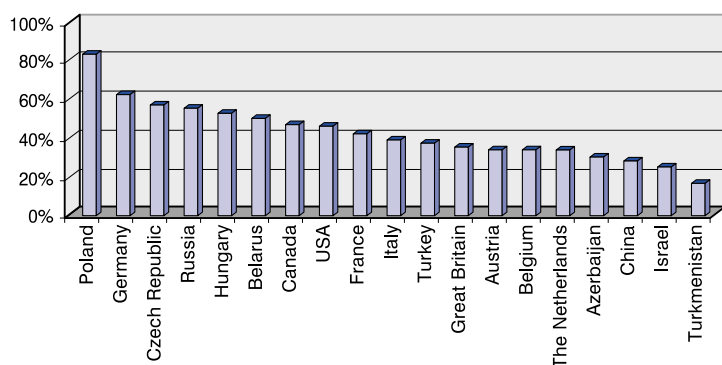
A group of nine countries stands out where progress in relations was noted by more than 40% of those polled: **Poland, Germany, the Czech Republic, Russia, Hungary, Belarus, Canada, the USA, and France.** The estimates of the Polish experts, therefore, correspond to the priority directions of Ukraine's policy (Europe, Russia, USA).

The Polish experts' attitude to the «Russian» vector of Ukraine's foreign policy is evidently cool<sup>2</sup>. For example, Russia ranks only

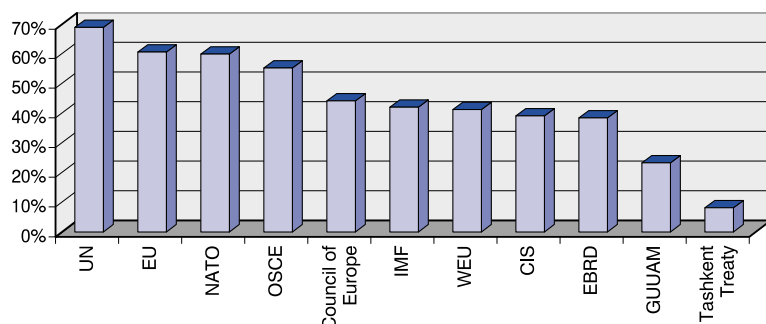
<sup>1</sup> Experts were offered the following choice of answers: active progress, moderate progress, instability, declarative co-operation, stagnation, deterioration.

<sup>2</sup> This may be partly explained by conflicts in relations between Poland and Russia that have been aggravated lately.

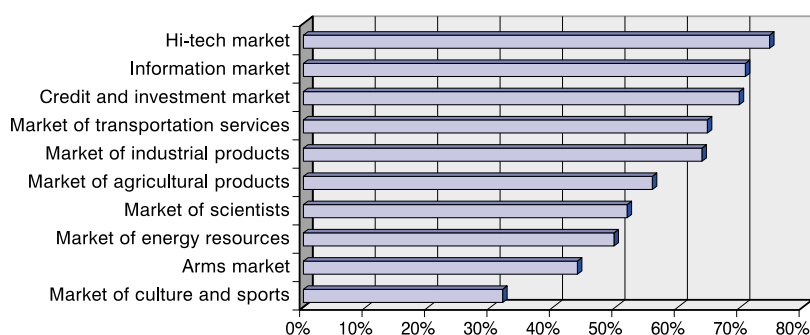
### Progress in Ukraine's relations with other countries, % of the polled



### Progress in Ukraine's relations with international organisations, % of the polled



### Ukraine's influence on international markets is «minimal» or «insignificant», % of the polled



fourth on the scale of Ukraine's bilateral relations with other countries. What is significant is that 59% of those polled consider «Ukraine's economic dependence on Russia» a negative factor in Ukrainian-Polish relations.

The majority of Polish experts refrained from assessing Ukraine's co-operation with a number of countries: Italy (51% of those polled), Austria (52%), the Netherlands (52%), Turkey (53%), Azerbaijan (60%), China (61%), Israel (66%), and Turkmenistan (77%). One of the reasons for this lies in the **absence of information regarding Ukraine's international contacts; 60% of respondents consider this to be a negative factor in Ukrainian-Polish relations.**

In general, Polish experts positively characterised the level of Ukraine's co-operation with international organisations. This is clear from the next Diagram. Ukraine's contacts with the UN were given a particularly high estimate (progress was noted by 69% of those polled)<sup>3</sup>, EU (61%), NATO (60%), and OSCE (55%).

A more restrained (44%) assessment of Ukraine's relations with the Council of Europe is caused by the negative impression of Ukraine's non-fulfilment of its commitments with respect to that organisation. Ukraine's uneasy relations with international financial organisations (IMF, EBRD) were also reflected in the answers given by respondents (42% and 38%, respectively).

Polish experts are relatively pragmatic (and generally pessimistic) when assessing Ukraine's relations with international institutions within the boundaries of the former Soviet Union. Ukraine's relations with the CIS were described as «progressive» by 39% of those polled, relations with GUUAM — by 23%, and with the Tashkent Treaty — by only 8%. Clearly, Polish experts are not very optimistic about Ukraine's contacts within the CIS, and this subject is of little interest to them: 35% of those polled were unable to assess Ukraine's relations with the CIS at all, 63% had no definite opinion about relations with GUUAM, 86% — with the Tashkent Treaty.

While Polish experts gave Ukraine's foreign policy relatively high assessment<sup>4</sup>, Ukrainian positions on world markets were viewed far more pessimistically (see Diagram). Those polled suggest that Ukraine is badly represented on the following markets: **high technologies** (Ukraine's influence was described as «minimal» or «insignificant» by 74% of the experts), **information resources** (70%), **credits and investments**

<sup>3</sup> Ukraine's election as a non-permanent member of the UN Security Council in 1999 had a positive effect on this assessment.

<sup>4</sup> Foremost, on the European direction.

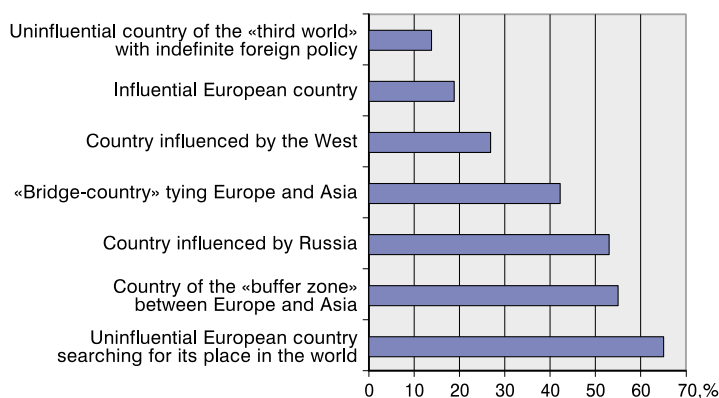


(69%), transport services (64%), industrial products (63%) and agricultural products (55%).

Polish experts give a somewhat higher assessment of Ukraine's presence on the following markets: **energy resources** (25% estimated its influence as «significant» or «noticeable», another 21% — as «average»), **culture and sports** (22% and 39%, respectively), **arms** (13% and 26%).

**Polish assessments of Ukraine's role and place in the world give food for thought** (see *Diagram*)<sup>5</sup>. The majority (65%) sees Ukraine as

**Role and place of Ukraine in the world,  
% of the polled**



an «uninfluential European state searching for its place in the world». Along with its strong Europe-oriented direction, Ukraine's image is complemented by other features: a «buffer zone» state (55% of experts agree with this), a country influenced by Russia (53%), and a «bridge-country», tying Europe and Asia together (42%).

In this respect, the thoughts of Polish experts regarding the attitude to Ukrainians as an ethnic-national entity, prevailing in Poland, are significant. 50% of those polled suggest that Poles look at Ukrainians as a Slavic people, while 31% see them as Russians living in Ukraine; only 18% of respondents are convinced that the attitude to Ukrainians as a unique, mature nation prevails in Poland.

### FACTORS INFLUENCING THE FORMATION OF UKRAINE'S INTERNATIONAL IMAGE

Among the factors that most actively influence the formation of Ukraine's international image, Polish experts chose **the state's leadership** (88% of those polled), **Ukrainian diplomacy** (51%) and **the Ukrainian people** (50%). They also mentioned **mass media** (25%), **subjects of foreign economic activity** (23%), the Ukrainian diaspora (17%), and world-famous Ukrainians (11%). In the opinion of Polish experts, the impact of **Ukrainian public organisations** and **PR agencies** on the formation of Ukraine's international image is insignificant (7% and 1%, respectively). In our view, it is not only a matter of insufficient activity on the part of Ukrainian mass media and public organisations, but the overall underdevelopment of these important institutions of civil society in this country.

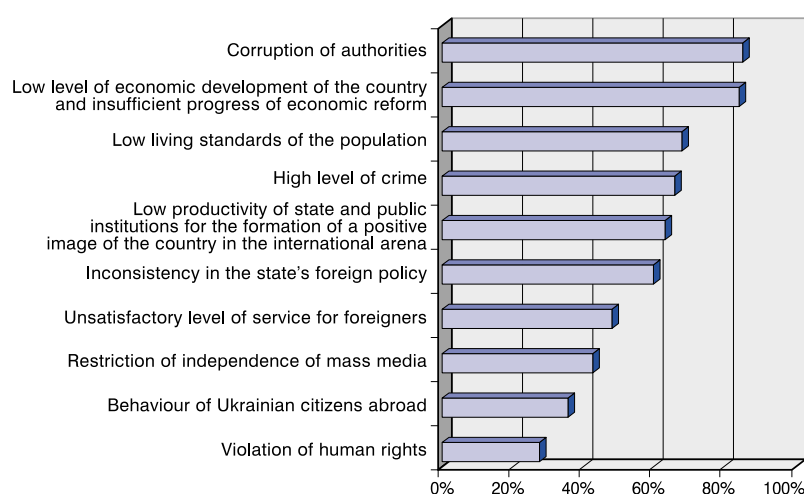
Polish assessments of the factors negatively affecting Ukraine's international image actually coincide with those of international organisations, expert agencies and prominent mass media. **The set of negative factors has become traditional for Ukraine. Unfortunately, they turn into a stereotype unfavourable to our country** (see *Diagram on the next page*).

In the first place, Polish experts name **the corruption of authorities** (85%), followed by the **low level of economic development and the**

<sup>5</sup> Ukraine's image in the eyes of Polish experts is formed under the influence of the following positive factors: (a) geographic proximity, the long historical experience of relations between the two nations; (b) coinciding national interests, foremost with respect to integration into European structures; (c) noticeable progress in bilateral political and cultural contacts; (d) the possibility of selling Polish goods on the Ukrainian market (expansion on EU markets is more difficult for Poland); (e) the use of Ukraine's transport potential, etc. The influence of negative factors is also significant. Among them: (a) Ukraine's economic crisis; (b) the danger of Ukraine transforming into a transit country transparent for illegal migration; (c) a high level of corruption and organised crime; (d) economic dependence on Russia.

**insufficient progress of economic reform (84%), the population's low living standards (68%), and crime (66%).** Almost half of those polled (48%) point to the **low level of services for foreigners in Ukraine.** As the Diagram makes clear, other factors, such as the behaviour of Ukrainians abroad, or human rights violations in Ukraine, are less important for Polish experts.

## Factors that negatively influence the international image of Ukraine, % of the polled



When answering the question: «What damaged Ukraine's international image and what improved its international image in 1999?», Polish experts named the «traditional» Ukrainian problems (corruption, Chornobyl, non-fulfilment of Ukraine's international commitments) as negative factors; positive factors included Ukraine's seat on the UN Security Council, co-operation with European and Euro-Atlantic structures, and Ukraine's peace-keeping efforts. A more detailed list of those factors is presented in the Table below.

What is interesting is that very few Polish experts named ratification of the Big treaty with Russia in 1999 among the positive factors (5%) and Ukraine's participation in the «Sea Launch» project (4% of those polled). Arrests of Ukrainian ships and aeroplanes abroad, non-payment of the Russian gas debt, and the danger of default regarding Ukraine's foreign debt obligations had an insignificant negative impact on Ukraine's international image (only 5% of respondents).

Polish experts also presented their views on the priority steps for improving Ukraine's international image. The overwhelming majority (83%) suggests the **activation of economic reform** to be the first priority of Ukrainian authorities. The same number of respondents sees the need to **step up the struggle against corruption and crime**. 71% of experts suggest that improvement of the image will depend on **Ukraine's effective foreign policy**. 64% of those

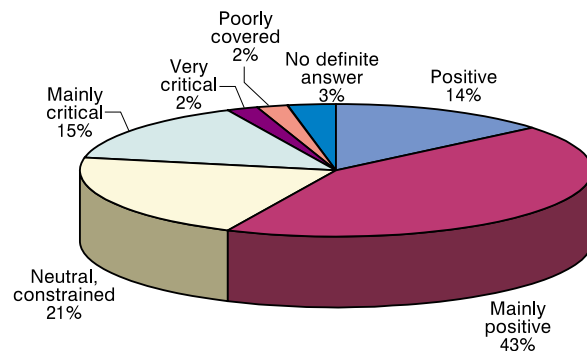
## Most important factors that influenced Ukraine's international image in 1999

Positive factors		Negative factors	
Ukraine's election as a non-permanent member of the UN Security Council	61%	Mass media publications regarding corruption in the higher echelons of state power	42%
Deepening of contacts with European and Euro-Atlantic structures	59%	Problems associated with the Chornobyl NPP closing	39%
Democratic election of the President of Ukraine on constitutional terms	40%	Non-fulfilment of Ukraine's commitments with respect to the Council of Europe	38%
Ukraine's participation in the Balkan peacekeeping operation	38%	Negative assessment of the internal situation in Ukraine by international expert organisations	35%
Appointment of Viktor Yushchenko as Ukraine's Prime Minister	14%	Violations during the 1999 presidential elections	25%
Successes of Ukrainian sportsmen	5%	Non-fulfilment of commitments with respect to foreign creditors	21%

polled pointed to the **development of services for foreign nationals** as an important factor in forming a positive image for Ukraine.

Although the assessments of Polish experts cited above demonstrated an insignificant negative influence of Ukrainian human rights violations, 60% of respondents suggest that the authorities should pay special attention to this problem. Far fewer respondents share the view that the development of the Internet (36%) or establishment of a special expert group assigned with the task of creating Ukraine's international image (31%) would be important for Ukraine's image.

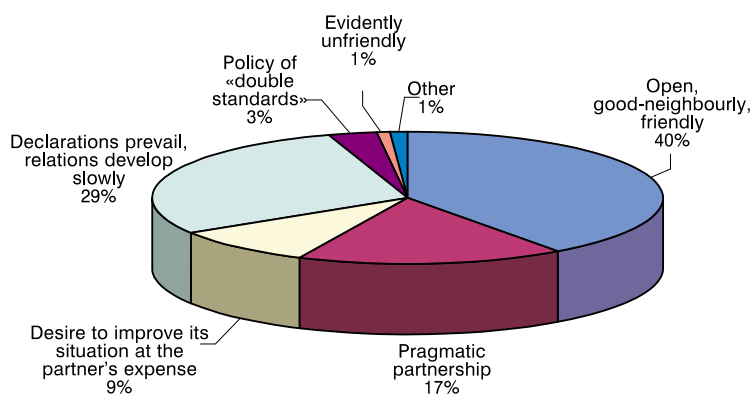
#### Coverage of Ukrainian issues in the Polish mass media



#### UKRAINIAN-POLISH RELATIONS

As we already noted, the majority of those polled stressed the positive dynamics of bilateral co-operation between Ukraine and Poland. The next Diagram shows that Ukraine's policy towards Poland is assessed favourably. 40% of the Polish experts called it «open, good-neighbourly and friendly»; 17% of those polled defined it as a «pragmatic partnership». At the same time, almost a third of respondents (29%) pointed to the declarative nature of Ukraine's policy towards Poland.

#### Assessment of Ukraine's policy towards Poland

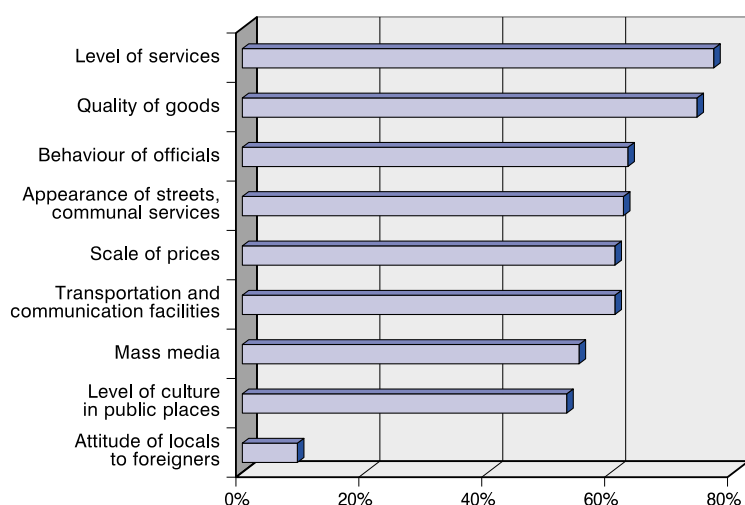


Among factors that do not contribute to the formation of a positive image of Ukraine among Poles, most experts name the **lack of information regarding Ukraine** (60%), **economic dependence on Russia** (59%), **the inconsistency of the foreign political course of Ukraine's leadership** (57%), and **Ukraine's slow movement towards Europe** (51%). Many respondents pointed to the **behaviour of Ukrainians in Poland** (49%), **previous conflicts in bilateral relations and problems of ethnic Poles in Ukraine** (46%). A third of those polled called **labour migration of Ukrainians to Poland and the quality of goods imported from Ukraine** as negative factors affecting relations between the two neighbouring states.

As far as the present situation in Ukraine is concerned, our state has a totally negative appearance in the eyes of the Polish experts. This may seem strange, but their assessment of Ukraine's internal situation produces an entirely different image of Ukraine than the (generally positive) image based on the assessment of Ukraine's foreign policy. The next Diagram depicts the perception of Ukraine by 63% of the questioned Polish experts who had an opportunity to visit our country.



### Negative assessment of the internal situation in Ukraine, % of the polled

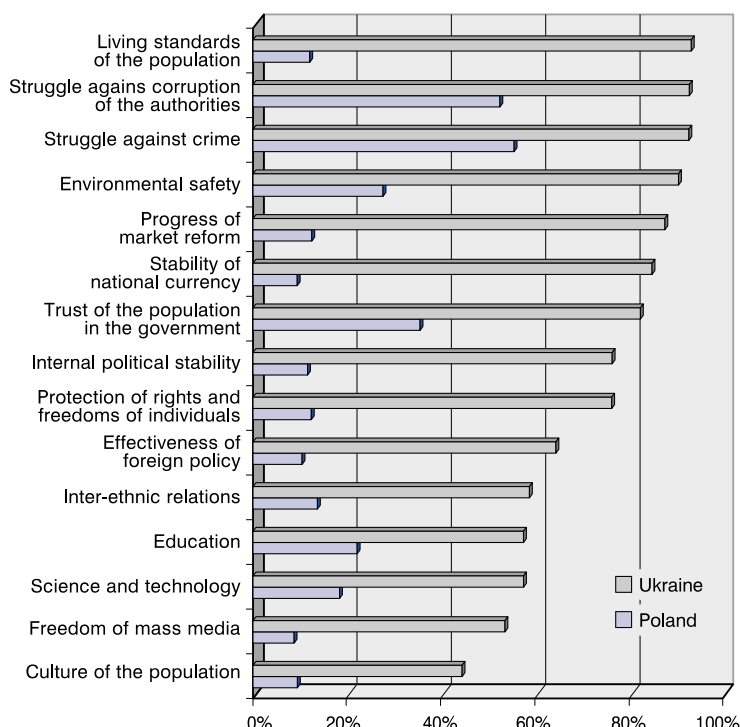


Comparing the present economic and socio-political situation in Poland and Ukraine, Polish experts gave Ukraine negative estimates<sup>6</sup> on all indices of the questionnaire (see Diagram below).

This conclusion is best illustrated with the following poll result: **97% of experts assume that Ukrainians live worse than Poles, and only 3% assess the standards of living in both countries to be similar.**

If we sum up the estimates above, Ukraine looks like a poor neighbour with numerous internal problems. Perhaps for this reason the attitude of Poles to Ukrainian citizens is very contradictory. 27% of those polled consider that Poles treat Ukrainians as equals, **38% demonstrate an indifferent attitude to Ukrainians, and nearly one-third (29%!) suggest that the attitude to Ukrainian citizens as «second-rate» people prevails in Poland.**

### Negative assessment of the situation in Ukraine and in Poland, % of the polled



A comparison of the assessment of national characters of Poles and Ukrainians appears interesting. The majority of Polish experts (58%) believe that the national character of Ukrainians is similar to that of Poles despite some differences; 38% are convinced that they are entirely different, and only 4% of those polled argue that the national characters of Poles and Ukrainians are the same.

<sup>6</sup> On a five point scale, from «5» (the situation is absolutely normal) to «1» (extremely negative).

## CONCLUSIONS

The specificity of the Polish perception of Ukraine is partly determined by Polish national interests and its policy priorities: NATO membership, expected accession to the EU, complicated relations with the Russian Federation, etc. The majority of Polish state, scientific and business establishments (61%) considers Ukraine's international image to be generally positive. 54% of those polled assume that the process of its formation is «improving». This assessment may be seen as an advance estimate of Ukraine's course towards European integration, officially supported by Poland<sup>7</sup>. Poland is objectively interested in Ukraine's stability, democracy and economic progress as a neighbouring country. However, the majority of Polish experts (60%) maintains reasonable doubts regarding Ukraine's consistency in implementing the European vector of its foreign policy.

Polish experts positively assess Ukraine's relations with Poland, Germany, the Czech Republic, Russia, Hungary, Belarus, Canada, the USA, and France. As far as international organisations are concerned, progress was evident in Ukraine's relations with the UN, EU, NATO and OSCE. At the same time, Ukraine's relations with the CIS were positively assessed by only 39% of those polled.

Assessments of Ukraine's international market positions are also low. According to Polish experts, Ukraine's influence on the markets of high technologies, information resources, credits and investments, transportation services and industrial products is especially weak. Therefore, on the one hand, experts generally positively assess Ukraine's actions as a political player; on the other hand, they hold a clearly negative assessment of Ukraine's positions in the world economy.

Ukraine's internal situation is viewed with concern and criticism. Among the basic negative factors, 85% of experts noted a high level of corruption of Ukraine's authorities, a low level of economic development (84%), and the Ukrainian population's low living standards (68%). The comparative estimate of the internal situation, living standards and acute problems of the two countries made by Polish experts make it possible to construct a relatively sad overall image of Ukraine as a poor neighbour of Poland with numerous unresolved domestic problems.

The somewhat contradictory nature of our country's image in the eyes of Polish experts had its effect on their definition of Ukraine's role and place in the world. The majority (65%) described Ukraine as an uninfluential European country searching for its place in the world. At the same time, 55% of experts agree that Ukraine is a «buffer zone» country; 53% believe that Ukraine remains under Russian influence.

Polish experts believe that the improvement of Ukraine's international image will depend on the effective actions of Ukraine's authorities in such spheres as stepping up economic reform, the struggle against corruption and crime, and a more efficient foreign policy.

The activity of Ukraine's leadership in the Polish direction was appreciated by experts assessing the present status of bilateral relations: 82% of those polled positively estimated the dynamics of Ukrainian-Polish co-operation. The majority of Polish experts (57%) pointed to the benevolent attitude of Polish mass media to Ukraine.

<sup>7</sup> Such support is provided by Poland's political (state) elite, actually questioned during this poll.

# UKRAINE'S INTERNATIONAL IMAGE: THE VIEW FROM RUSSIA

By Valeriy Chaly,  
Mykhail Pashkov

In February 2000, the Russian Public Policy Centre Foundation<sup>1</sup> performed an expert poll on the request of the Ukrainian Centre for Economic and Political Studies. The poll involved 100 employees of the administration of the President of the Russian Federation, departments of the Russian Government, ministries, agencies, committees of the State Duma and the Federation Council, legislative and executive regional powers of the Russian Federation, state research institutes, non-governmental analytical centres, as well as banks and commercial structures of the Russian Federation that work with Ukrainian partners.

The poll results presented below reflect the assessments of the Russian Federation's state, scientific and business elite regarding the state of Ukrainian-Russian relations today, the place and role of Ukraine in the world community, and the formation of our country's international image, as well as the factors that influence this process.

## UKRAINIAN-RUSSIAN RELATIONS

Negative assessments by Russian experts regarding the dynamics of bilateral co-operation between Ukraine and Russia are troubling.

**The overwhelming majority of those polled (88%) gives a negative assessment of the present state of Ukrainian-Russian relations. Nearly one-third of Russian experts (30%) characterises the nature of these relations as «unstable», 29% — «declarative co-operation», 26% — «stagnation», 3% — «deterioration». Only 12% of respondents noted «progress» in relations between Ukraine and the Russian Federation. We believe that this kind of assessment should not be understood as anything other than an admission of the state of crisis that exists in the relations between the two strategic partners.**

This characterisation can be explained by the negative tendencies in the bilateral relations between Ukraine and the Russian Federation. *In the first place*, the potential for economic conflict is increasing against the background of a sharp decrease in mutual trade volumes (last

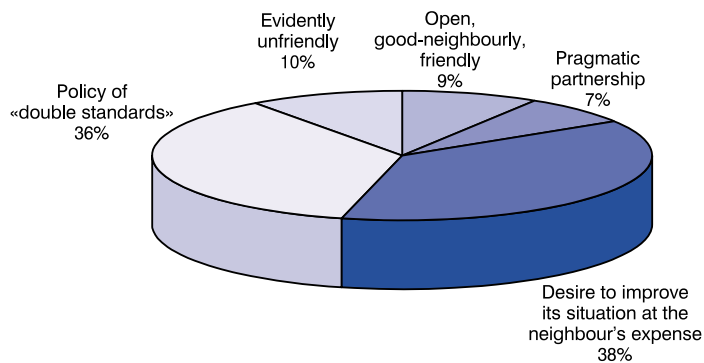
year's trade turnover fell by \$1.9 billion, or 17.4% as compared to 1998). Russia is increasingly blaming Ukraine (and not without reason) for the unsanctioned siphoning of gas from the main pipelines and its chronic non-payment of debts for energy resources. Corresponding sanctions have been imposed against Ukraine. It was not coincidental that the first vice-premier of Russia M. Kasianov stated after negotiations in Kyiv that «the situation in the area of economic co-operation between Russia and Ukraine is very complex<sup>2</sup>». *Secondly*, there has been a periodic sharpening of the problems related to the Russia's Black Sea Fleet and Russian-speaking population in Ukraine. Recently, for example, Russia's official reaction to Ukraine's Constitutional Court ruling regarding the use of the official language and to a corresponding draft Resolution of the Cabinet of Ministers of Ukraine was very strong<sup>3</sup>. *Thirdly*, differences between the two countries' foreign policies are deepening. Against the background of sharpening contradictions between Russia and the West, Ukraine's European choice, and especially its closer relations with NATO, are viewed by the Russian elite with caution. The position of Ukraine's leadership regarding the Russian variant of inte-

<sup>1</sup> Russian Public Policy Centre (RPPC) Foundation is a non-governmental organisation that has transformed into an influential informational-analytical, consulting and national level educational centre within nine years of its existence. Its President is A. Salmin. Its board includes I. Bunin, S. Karaganov, V. Nikonov, G. Satarov, as well as other well-known politicians and experts.

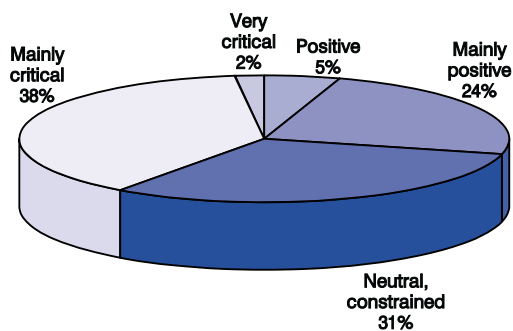
<sup>2</sup> Interview with M. Kasianov. — ITAR-TASS, February 24, 2000.

<sup>3</sup> Reports of the Ministry of Foreign Affairs of Russia. — ITAR-TASS, February 9, 2000.

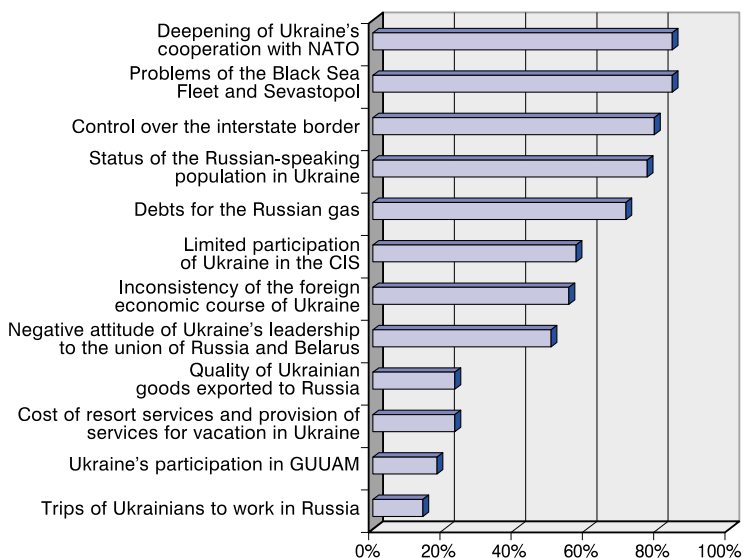
### Assessment of Ukraine's policy towards Russia



### Coverage of Ukrainian issues in Russian mass media



### Factors that negatively influence the attitude of Russians to Ukraine, % of the polled



gration within the framework of the CIS and the attitude of Ukraine's authorities to the Russian-Belorussian union are also looked at negatively; the attitude to Ukraine's co-operation with the GUUAM countries is icy, at best.

Ukraine's policy toward Russia is also viewed through the prism of the present complex bilateral relations. Only 9% of those polled believe the official policy of Kyiv to be «open, good-neighbourly and friendly», another 7% say that it is a «pragmatic partnership», while the overwhelming majority of Russian experts (84%) tends toward an evidently negative assessment (see Diagram).

To a large extent, the formation of the overall background for bilateral relations depends on the position of Russian mass-media coverage of Ukrainian issues. This refers to the trends in mass media coverage, its priority subjects, and the tone and the mood of reports. Those factors determine the environment for the formation of Ukraine's image in Russia's information space<sup>4</sup>. Russian expert assessments demonstrate that the situation in this area is *mainly unfavourable* for Ukraine (see Diagram).

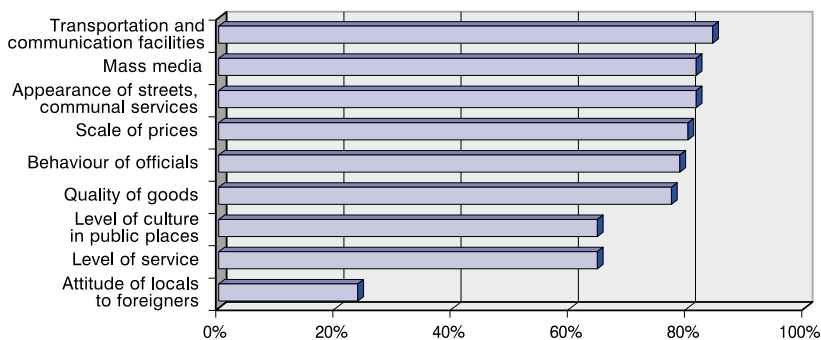
The list of factors that particularly negatively affect the attitude of Russians to Ukraine (in the opinion of Russian experts) gives food for thought. They include: **the further deepening of Ukraine's co-operation with NATO** (84% of those polled), **problems of the Black Sea Fleet and Sevastopol** (84%), **control over the border between the two states** (79%), **status of the Russian-speaking population in Ukraine** (77%), **debts for Russian gas** (71%), **Ukraine's limited participation in the CIS** (57%), **the inconsistency of the Ukrainian leadership's foreign political course** (55%), **the Ukrainian leadership's negative attitude toward participation in the Russia-Belarus union** (50%).

An analysis of those factors makes it possible to draw some conclusions. *First*, the deepening of Ukraine's contacts with NATO and the simultaneous limitation of its participation in the CIS is believed to be the main source of tension in the relations between the two countries. Therefore, one of the key vectors of Ukraine's foreign policy is evidently viewed negatively in Russia. *Second*, despite the many years of negotiations between the two countries, the co-ordination of positions and the signing of relevant treaties, the traditional agenda in bilateral relations remains almost unchanged (the Black Sea Fleet, Sevastopol, borders, status of the Russian-speaking population, debts). *Third*, Russian experts take a mostly quiet stance on Ukraine's participation in GUUAM<sup>5</sup>

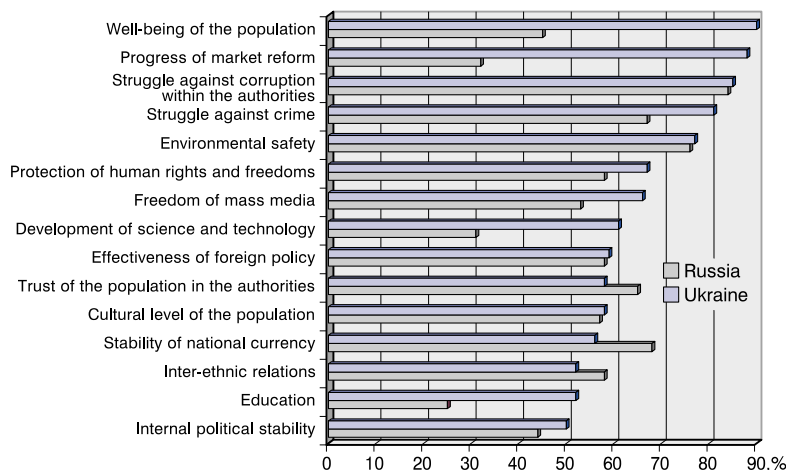
<sup>4</sup> Not only in Russia's information space, as the presence of Russian mass media in Ukraine's information space and other CIS countries is extensive, while in some regions, even decisive.

<sup>5</sup> We consider this poll result somewhat unexpected, given the negative tone and frequency of Russian media reports on those issues.

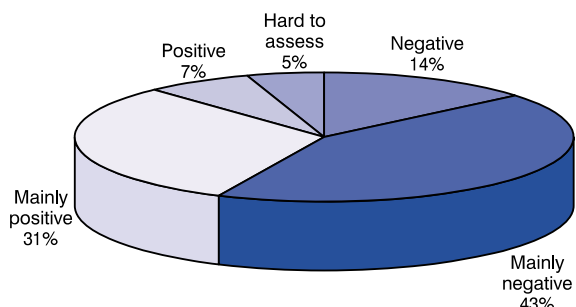
## Negative assessment of the internal situation in Ukraine, % of the polled



## Negative assessment of Ukraine and Russia, % of the polled



## International image of Ukraine, % of the polled



(only 18% of those polled pointed to the negative impact of this factor on bilateral relations), and the trips of Ukrainians to Russia for work (14%).

**Russian expert<sup>6</sup> assessments of Ukraine's internal situation are evidently negative and, in our opinion, excessively critical.** The Diagram shows that a majority (60-80%) of those polled remained unsatisfied with both the level of service in Ukraine, and the quality of Ukrainian goods, their prices, the appearance of the streets, or the level of culture in public places.

It is understandable when Western experts give extremely negative assessments: their living standards are well-known. But the situation in Russia itself, with respect to those indicators, is not far different from that in Ukraine, which conclusion can be drawn from the assessments of those polled depicted on the Diagram below. As one can see, in some important «categories» (the well-being of the population, the progress of market reform), Ukraine appears to be two to three times worse than Russia in the eyes of Russian experts. One cannot agree with all of the assessments. For example, it would be very difficult to prove that the situation in the educational system or in the area of science and technology in Ukraine is two times worse than in Russia. At the same time, Russian experts note some of Ukraine's advantages: a higher level of confidence on the part of the population in the authorities, inter-ethnic relations are more harmonious, and the national currency is more stable than in Russia.

The prevailing mood in Russia is that the living standards of Ukrainians all lower than that of Russians (this view is shared by 73% of those polled); 25% of the respondents are certain that Russians believe that the standards of living in the two countries are equal, and 2% — that the living standards of Ukrainians is thought to be higher than those of Russians.

The following study results give food for thought: 24% of those polled believe that Russians treat Ukrainians as equals, **45% of respondents point to an indifferent attitude to Ukrainians; 11% believe that the attitude toward Ukrainian citizens as second-rate people prevails in Russia. Evidently, political declarations regarding the strategic partnership between the two countries (peoples) should be backed by concrete deeds that everyone can understand.**

## UKRAINE'S IMAGE, ITS ROLE AND PLACE IN THE INTERNATIONAL ARENA

Negative tendencies in the development of bilateral relations, the critical attitude of Russians to Ukraine's present course aimed at integration with NATO could not but influence the assessment of Ukraine's international image (see Diagram).

<sup>6</sup> 84% of those polled have visited Ukraine.





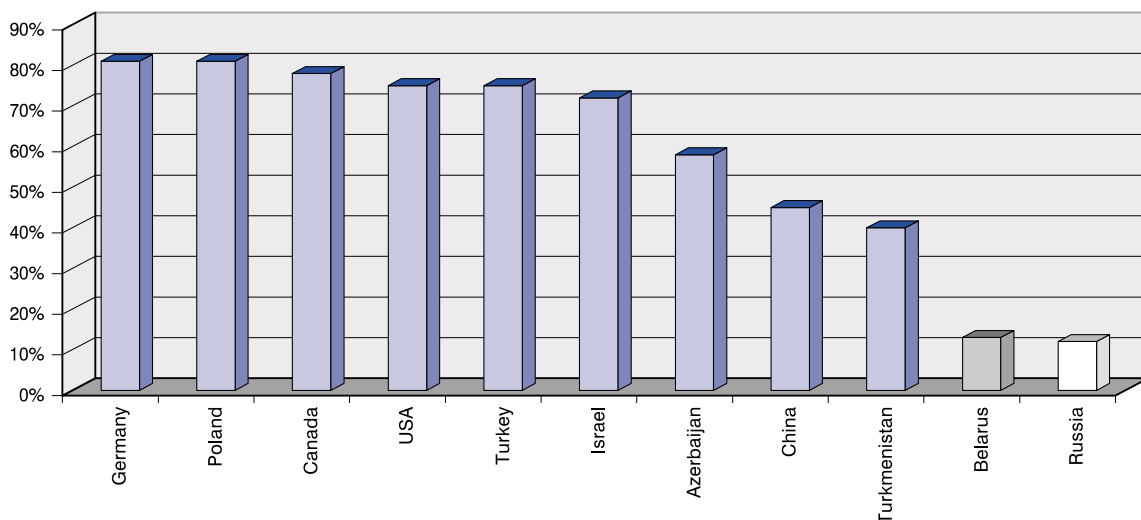
A majority of Russian state, business and scientific establishment representatives (57%) negatively assesses Ukraine's international image; 38% assess it positively, 5% of respondents gave no definite answer. A majority of experts (55%) suggests that Ukraine's image has not changed significantly (i.e., the negative trend has been preserved), 28% of those polled noted a deterioration of the image, and only 10% of respondents believe that Ukraine's international image is improving (7% abstained).

The Diagram below depicts the nature of Ukraine's relations with other countries. Proceeding from the assessments made by the majority of experts, it is possible to distinguish seven countries that Ukraine clearly has positive dynamics in its bilateral relations with them: **Poland** (progress noted by 81% of the polled), **Germany** (81%), **Canada** (78%), **the USA** (75%), **Turkey** (75%), **Israel** (72%) and **Azerbaijan** (58%).

At the same time, Russian experts pointed to a deterioration in Ukraine's relations with **Russia** (only 12% of those polled described them as «progress», while the remaining 88% gave negative assessments) and **Belarus** (13% and 87%, respectively). One interesting point is that experts used the extreme term «deterioration» only when assessing Ukraine's relations with these two countries<sup>7</sup> (3% and 6%, respectively). The poll results create an image of Ukraine as a country whose tendency is to strengthen its ties with the West at the expense of relations with Russia and its ally Belarus. Experts stressed a pro-Western orientation of Ukraine's foreign policy, and its evident estrangement from Russia.

Similar conclusions may be drawn from the next Diagram, depicting expert assessments of the nature of Ukraine's co-operation with international organisations. Russian experts point to the evident progress of Ukraine's relations with NATO (80% of those polled), the UN (64%), the Council of Europe (60%), the OSCE (58%), and GUUAM (54%). In these estimates, they probably accounted for the activation of Ukraine's

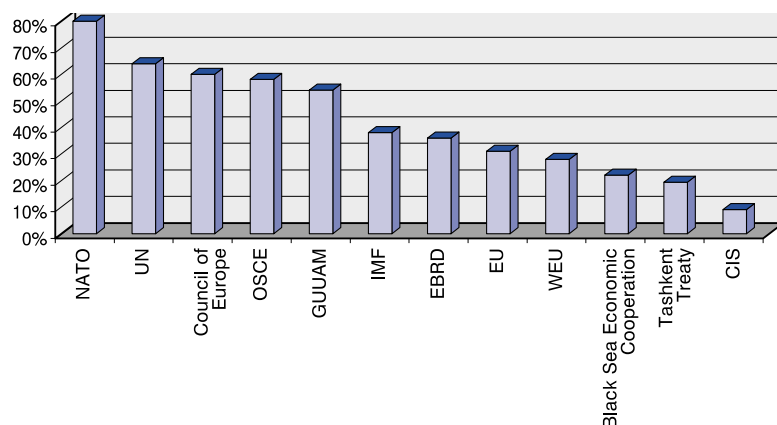
**Progress in Ukraine's relations with other countries,**  
% of the polled



<sup>7</sup> Experts were offered the following choice of answers: active progress, moderate progress, instability, declarative co-operation, stagnation, deterioration.

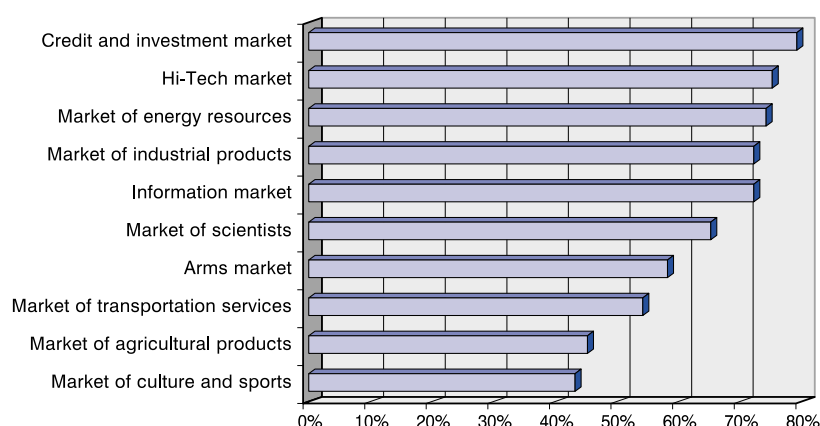
contacts with NATO, the election of Ukraine as a non-permanent member of the UN Security Council, and the fulfilment of a number of important obligations by Ukraine to the Council of Europe at the end of 1999<sup>8</sup>.

### Progress in Ukraine's relations with international organisations, % of the polled



Russian experts were not enthusiastic when assessing Ukraine's co-operation with international financial institutions: the IMF (38% of those polled pointed to positive dynamics) and the EBRD (36%). A still more sceptical estimate was made regarding Ukraine's relations with the European Union (31%) and within the organisation of Black Sea Economic Co-

### Ukraine's influence on international markets is «minimal» or «insignificant», % of the polled



operation (22%), but even when compared with those low assessments, the negative view of Ukraine's relations with the CIS is striking: only 9% of experts noted some progress; the remaining 91% gave negative assessments («instability» — 20%, «declarative co-operation» — 35%, «stagnation» — 35%, «deterioration» — 1%). The Russian view of Ukraine's co-operation with the Tashkent Treaty is mostly uniform (18% of those polled spoke of progress, while 82% gave negative assessments). It is within this context that the National Security Concept of Russia should be mentioned where it defines the «weakening of the integration processes within the CIS» as one of the negative factors in Russia's foreign political environment.

Russian experts do not yet accept Ukraine as a subject of the world economy. This is clear from the Diagram below depicting their view of Ukraine's position in the world markets. Those polled believe that Ukraine's positions are weakest on the markets of credits and investments (79% of experts consider its influence minimal or insignificant), high technologies (75%), energy resources (74%), industrial products (72%), information resources (72%), scientists (65%), and armaments (58%). At the same time, 9% of experts polled described Ukraine's influence on the arms market as significant and noticeable, 23% — as average. Ukraine's positions are better on the culture and sports markets (13% of respondents admitted a significant and noticeable influence, 31% — an average influence), the agricultural products market (9% and 35%, respectively), and the transport services market (8% and 29%).

The overwhelming majority of Russian experts (80%) describes Ukraine as a «state influenced by the West» (see Diagram on the next page). Two-thirds of those polled (69%) agree with another definition: «an uninfluential European country searching for its place in the world». Quite a few experts (42%) gave a tougher assessment: Ukraine is «an uninfluential country of the «third world» with an undefined foreign policy»<sup>9</sup>. Only 7% of Russian experts are certain that Ukraine is «an influential European country». Therefore, their perception of Ukraine's image may be defined as follows: an uninfluential European country, influenced by the West and searching for its place in the world<sup>10</sup>.

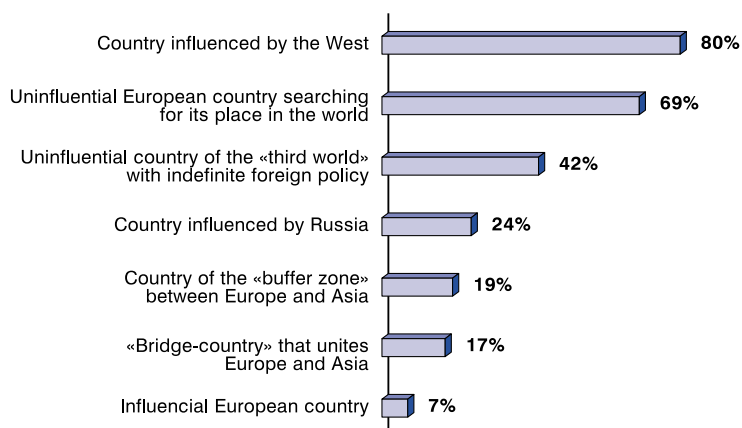
<sup>8</sup> Russian experts view the progress of Ukraine's relations with international organisations against the background of deteriorating relations of the Russian Federation with European institutions (OSCE, EU, the Council of Europe) as a result of the Chechen crisis.

<sup>9</sup> However, 48% of those polled do not agree with this assessment.

<sup>10</sup> In our opinion, the estimates of Russian experts reflect the tougher and more pragmatic position taken by Russia's new leadership towards Ukraine.



### Role and place of Ukraine in the world, % of the polled



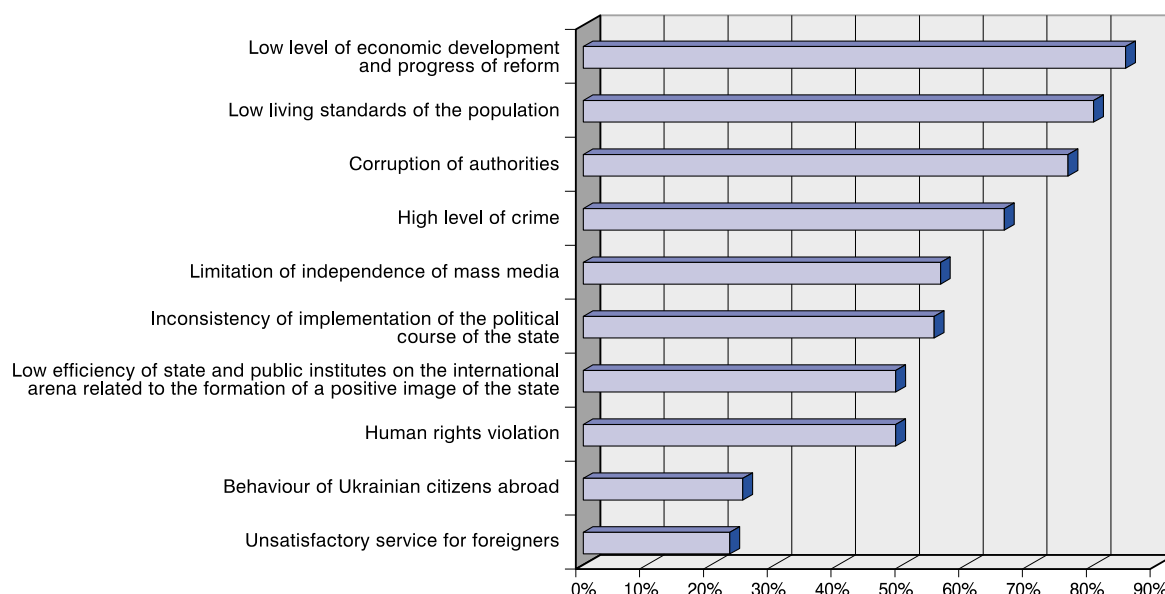
The perception of Ukrainians by Russians was not unexpected. 63% of polled experts agreed that Russians consider Ukrainians to be «a Slavic people», 31% — «Russians living in Ukraine». Only 6% of respondents are convinced that the attitude to Ukrainians as «a unique, mature nation» prevails in Russia. It is clear, therefore, that *Russians do not see Ukrainians as a separate nation*.

### FACTORS INFLUENCING THE FORMATION OF UKRAINE'S INTERNATIONAL IMAGE

Among the factors that most actively influence the formation of Ukraine's international image, Russian experts chose **the state's leadership** (71% of those polled), **mass media** (45%) and **Ukrainian diplomacy** (34%). In their opinion, the impact on Ukraine's international image of **the Ukrainian people** (26%), **subjects of foreign economic activity** (25%), and **public organisations** (18%) is insignificant; **PR agencies** (8%) and world-famous **Ukrainians** (7%) are even less important. The Russian list of subjects that impact Ukraine's image substantially differs from the Polish one<sup>11</sup>. A low estimate of the role of Ukrainian diplomacy in this process is striking (in our view — due to the Russian perception of the Minister of Foreign Affairs of Ukraine B. Tarasiuk, who is considered a pro-Western politician in Russia).

Among factors that negatively influence Ukraine's international image, Russian experts name the country's **low level of economic development and insufficient progress in economic reform** (85%), **the population's low living standards**<sup>5</sup> (80%), **corruption of the authorities** (76%), **the high level of crime** (66%), **the limitation on the independence of mass media** (56%),

### Factors negatively affecting the international image of Ukraine, % of the polled



<sup>11</sup> Polish experts named the state's leadership (88%), Ukrainian diplomacy (51%) and the Ukrainian people (50%). They also mentioned mass media (25%), subjects of foreign economic activity (23%), the Ukrainian diaspora (17%), and world-famous Ukrainians (11%).

### inconsistency in the state's implementation of its foreign political course (55%).

The list of factors that had the greatest impact on Ukraine's international image in 1999 is of interest (*see Table*). In contrast to their Polish colleagues, among the most negative factors named by Russian experts are the violations during the last presidential elections (51% of those polled), non-fulfilment of Ukraine's obligations to the IMF and the danger of defaulting on foreign debts (41%). Positive factors included Ukraine's participa-

tion in the UN Security Council (43%), and ratification of the Big treaty between Ukraine and the Russian Federation (42%). Very few (4% of those polled) assess Ukraine's participation in the «Sea Launch» project (also involving Russia) as a positive factor. **In a rather unexpected development, one-third of Russian experts (34%) agreed that the deepening of Ukraine's contacts with European and Euro-Atlantic structures had a positive effect on Ukraine's international image; in the context of bilateral co-operation, this factor was given a mostly negative estimate.**

### Factors which had the greatest impact on Ukraine's international image in 1999

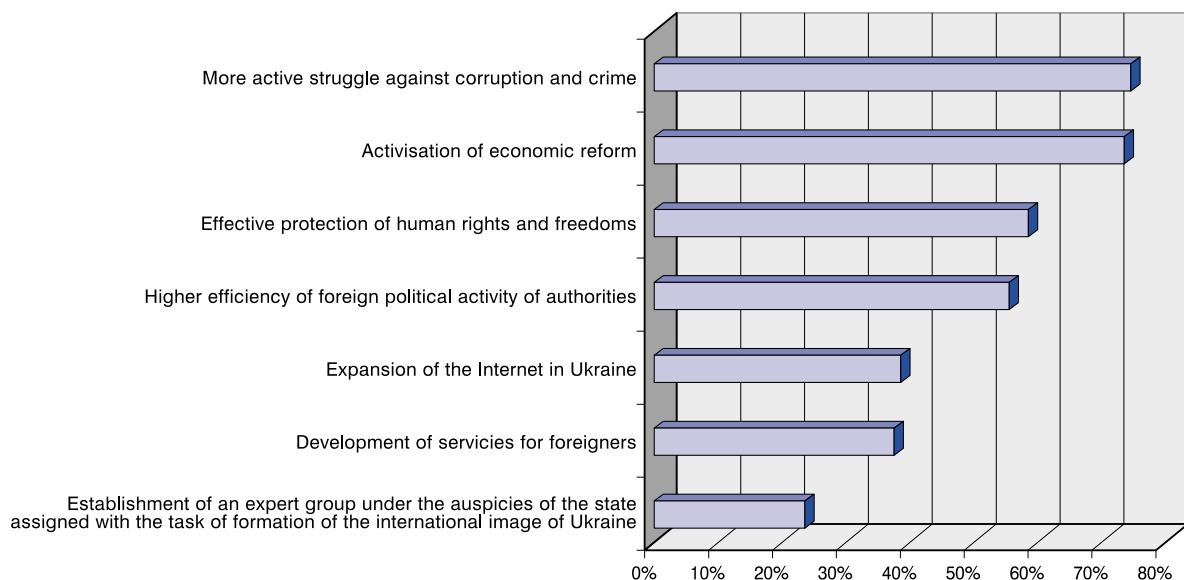
Negative characteristics		Positive characteristics	
Violations during the 1999 presidential elections	51%	Election of Ukraine as non-permanent member of UN Security Council	43%
Non-fulfilment of obligations to the IMF, threat of default on foreign debt	41%	Ratification of the Big treaty with Russia	42%
"Lazarenko affair"	31%	Deepening of contacts with European and Euro-Atlantic structures	34%
Problems which arose with respect to foreign investors	26%	Participation in Balkan peacekeeping operations	16%
Negative assessment of Ukraine's internal situation by international expert organisations	25%	Achievements of Ukrainian sportsmen	15%
Detention of Ukrainian vessels and planes in international ports	22%	Democratic elections of the President of Ukraine within the Constitutional timeframe	14%
Mass media coverage of corruption in the higher echelons of state power	17%	Appointment of V. Yushchenko as Prime Minister	4%
Non-fulfilment of obligations by Ukraine to the Council of Europe	17%	Participation in the international space project «Sea Launch»	4%



The following Diagram reflects the possible directions for the improvement of Ukraine's international image as viewed by Russian experts. Among the most important —strengthening the fight against corruption and crime (74% of those polled) and the activation of economic reform (73%).

Worth of attention is the fact that Russian experts placed implementation of an effective protection of human rights and freedoms in third place (58%). We believe that the basis for this is, foremost, the desire for a guaranteed protection of the rights of Ukraine's Russian-speaking population. Another important factor for the formation of Ukraine's international image is the more effective external political activity of its power structures.

**Directions for improvement of the international image of Ukraine,  
% of the polled**





## CONCLUSIONS

A majority of the representatives of the Russian state, business and scientific establishments assesses Ukraine's international image negatively. It is possible to draw the following picture of Ukraine from the poll results: an uninfluential European country under the influence of the West that is looking for its place in the world. At the same time, 42% of those polled tend toward a tougher stance — Ukraine is an uninfluential country of the «third world» with an undefined foreign policy. Only 7% of respondents are convinced that Ukraine is an influential European country.

Among the factors that negatively influence Ukraine's international image, Russian experts name its low level of economic development and the insufficient pace of economic reform, the low living standards of the population, the corruption of authorities, the high level of crime, the limitation on the independence of the mass media, and the inconsistency of Ukraine's foreign policy course.

Ukraine is not yet seriously accepted by Russian experts as a subject of the world economy. Respondents point to Ukraine's weak position on the international markets of credits and investments, energy resources, industrial production, information resources and scientific personnel.

According to Russian experts, the improvement of Ukraine's international image depends on the activation of efforts on the part of Ukrainian authorities in the following directions: the strengthening of the fight against corruption and crime, increasing the pace of economic reform, guaranteeing human rights and freedoms, improving the effectiveness of foreign political activity on the part of Ukraine's state structures.

The overwhelming majority of Russian experts assesses the present state of Ukrainian-Russian relations negatively. Only 9% of those polled believe Kyiv's official policy to be open, good-neighbourly, and friendly. Most experts emphasise the pro-Western orientation of Ukraine's foreign policy and a noticeable distancing from Russia. Among the factors that complicate relations between the two countries are, foremost, the further deepening of Ukraine's co-operation with NATO, the problems of the Black Sea Fleet of the Russian Federation and Sevastopol, the issue of control of the border between the two states, the status of Ukraine's Russian-speaking population, and Ukraine's debt for Russian gas.

Among other poll results, Ukraine's relations with the CIS are characterised negatively: only 9% of experts noted any progress with respect to those relations; the remaining 91% gave a negative assessment.

Russian experts give a critical and mostly negative assessment of Ukraine's internal economic and socio-political situation. Proceeding from the results of the poll, Ukraine looks to be far worse off than Russia. The dominant thought in Russia is that the living standards of Ukrainians are far lower than those of Russians.

Political declarations regarding strategic partnership between Ukraine and the Russian Federation should be backed by concrete actions that can be understood by the common man. Only 24% of those polled believe that the attitude that presently prevails in Russia is that Ukrainian citizens are seen as equals; 45% note an indifferent attitude toward Ukrainians; 11% hold that the prevailing attitude in Russia toward Ukrainian citizens is that they are «second-rate» people.