

**DMYTRO KULEBA**

Ukraine: Reflect  
on 2020 to move  
forward in 2021



**PEKKA HAAVISTO**

A democratic,  
stable and  
prosperous  
Ukraine is also of  
Finland's interest

**KRISTINA KVIEN**

The steadfast  
partnership  
between the  
United States and  
Ukraine



**ARTO LUUKKANEN**

Dilemma of  
political transition  
in New Post-  
Soviet Ukraine



# BALTIC RIM ECONOMIES

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## EXPERT ARTICLES

<b>DMYTRO KULEBA</b>	<b>4</b>	<b>JOHANNES REMY</b>	<b>19</b>	<b>SERGIY TSIVKACH</b>	<b>39</b>
Ukraine: Reflect on 2020 to move forward in 2021		Ukrainian government adopts a softer line on history policy		Ukraine: an emerging investment destination in Europe	
<b>PEKKA HAAVISTO</b>	<b>5</b>	<b>VICTOR RUD</b>	<b>20</b>	<b>ANDRII BOROVYK</b>	<b>40</b>
A democratic, stable and prosperous Ukraine is also of Finland's interest		Ukraine invades Russia, recovers lost lands		Realities of Ukraine and progress of anti-corruption reform	
<b>WITOLD WASZCZYKOWSKI</b>	<b>6</b>	<b>PETER DICKINSON</b>	<b>22</b>	<b>VICTOR LIAKH</b>	<b>41</b>
Stop Russia and defend Eastern Europe		Putin is doomed to enter Russian history as the man who lost Ukraine		The anti-corruption and economic effect of e-services in Ukraine	
<b>VALENTYN NALYAICHENKO</b>	<b>7</b>	<b>VLADIMIR DUBROVSKIY</b>	<b>24</b>	<b>OKSANA HOLOVKO-HAVRYSHEVA</b>	<b>42</b>
Sanctions as economic weapon to protect territorial integrity and sovereignty		Zelenskiy against Kremlin: A stormy year ahead		Does consumer protection matter for the approximation agenda in Ukraine?	
<b>PETER ÖSTMAN</b>	<b>8</b>	<b>PASI ERONEN</b>	<b>25</b>	<b>MARIYA ZUBRYTSKA</b>	<b>44</b>
International relations in the Age of Pandemic		Eastern Ukraine under foreign rule looks towards history that never was		Baltic-Black Sea Education Shield	
<b>MATTI MAASIKAS</b>	<b>9</b>	<b>MATTHEW SCHAAF</b>	<b>26</b>	<b>GABRIELA MIRANDA</b>	<b>45</b>
Reforms in Ukraine – A second act or a second wave?		Six years after Maidan, how free is Ukraine?		The COVID-19 in Ukraine: The match point	
<b>ANTTI HARTIKAINEN</b>	<b>10</b>	<b>YANA PRYMACHENKO</b>	<b>27</b>	<b>IVÁN FARIÁS PELCASTRE, ALONA ANOKHINA &amp; DENIZ YARALI</b>	<b>46</b>
Justice in Ukraine: Prosecutorial reform is Zelenskiy's biggest test		Babyn Yar Holocaust Memorial between third memory boom and hybrid war		Ukraine is wrong (and right) to prohibit the Russian COVID-19 vaccine	
<b>KRISTINA KVIEN</b>	<b>12</b>	<b>ANDRZEJ FAŁKOWSKI</b>	<b>28</b>	<b>VALERIJA LOIKO</b>	<b>47</b>
The steadfast partnership between the United States and Ukraine		Ukrainian Defense Reform continuous effort		The impact of the pandemic on business development in Ukraine	
<b>OLGA DIBROVA</b>	<b>13</b>	<b>BOYE GARDER LILLERUD</b>	<b>30</b>	<b>TETIANA KOSTIUK &amp; OLHA VYHOVSKA</b>	<b>48</b>
Ukraine – Finland cooperation: The prospects		Ukraine-Norway military cooperation: A short overview		Ukrainian way to provide education in pandemic	
<b>MYKHAYLO KOMARNYTSKYI</b>	<b>14</b>	<b>ROMAN HORBYK</b>	<b>32</b>	<b>JARKKO LAMPISLÄ</b>	<b>49</b>
Ukrainian public diplomacy in the XXI Century: Evolution and practice		Mobile phone: Connecting soldiers?		Ukrainian education is going digital	
<b>ANDY HUNDER</b>	<b>15</b>	<b>OLEKSANDR SUKHODOLIA</b>	<b>33</b>	<b>KATERYNA HORIACHKO</b>	<b>50</b>
Why Ukraine's business community has high hopes for the Biden presidency		Energy and the Eurointegration of Ukraine for the European security		Ukraine is a popular and safe destination for travelers	
<b>MARTTI J. KARI</b>	<b>16</b>	<b>NATALIYA TERAMAE</b>	<b>35</b>	<b>TETIANA POLOZOVA &amp; IRYNA SHEIKO</b>	<b>51</b>
Will the Biden regime bring peace to eastern Ukraine?		Between freedom of speech and national security		Trends of digitalization process in Ukraine	
<b>VASYL MYROSHNYCHENKO</b>	<b>17</b>	<b>STANISLAV MALIAR</b>	<b>36</b>	<b>KARI LIUHTO</b>	<b>52</b>
UK-Ukraine trade deal		Television as a critical infrastructure of Ukraine		Some myths concerning Ukraine's relations with Russia	
<b>ARTO LUUKKANEN</b>	<b>18</b>	<b>OKSANA SYROYID</b>	<b>37</b>		
Dilemma of political transition in New Post-Soviet Ukraine		Privatization disorder: The cause of oligarchic monopolies and the undermined rule of law			

DMYTRO KULEBA

# Ukraine: Reflect on 2020 to move forward in 2021

Expert article • 2904

**T**his year Ukraine celebrates a historic milestone — the 30th anniversary of its independence. At the dawn of the 2020s, Ukraine stands firmly on its European and Euro-Atlantic integration path that it affirmed during the Revolution of Dignity and has been able to defend for the last 7 years despite Russian aggression.

Turning thirty is a time to be proud, but also time to reflect on what has been achieved and what lays ahead.

Ukraine has managed to achieve significant progress in strengthening democratic institutions and the rule of law, advancing essential social and economic reforms. Our reform agenda has always been full of tasks, and many of them are still ahead. Ukraine's government is fully determined to step up efforts. But to achieve further success, it is important to acknowledge what has been done so far.

Ukraine's state budget already saves billions of dollars annually thanks to the anti-corruption reforms, especially in public procurement, energy market, decentralization, and banking sector. Volodymyr Zelenskyi's presidency achieved a number of major milestones last year, including a historic Land market reform previously stalled for decades, an important banking law ensuring stability of Ukraine's banking system and NATO recognizing Ukraine as its Enhanced Opportunities Partner.

Last year was challenging. The COVID-19 pandemic forced countries to mobilize all available resources. What matters most in such times is solidarity. In December 2020 the EU disbursed a 600 mln euro tranche of Macro-Financial Assistance, significantly supporting Ukraine's efforts to counter the impact of the COVID-19 and sustain economic stability and resilience.

The pandemic has also challenged economies and business communities. Ukraine's GDP growth is expected to fall by 5.8% in 2020 compared to a previously projected increase of 3.7%. The good news is that growth of around 4.6% will resume already in 2021.

I'm optimistic of Ukraine's economic recovery in 2021 for a number of good reasons. Among them are a sustained global demand for agricultural and industrial produce, a well-reformed and stable Ukrainian banking system, lower energy prices and further structural transformations in Ukraine in cooperation with international partners.

I am glad to see that Ukraine's agricultural sector and banking system have proven their sustainability and credibility against the backdrop of the pandemic.

Land market will launch on July 1st 2021, and it is expected to boost not only Ukraine's agricultural sector, but its economic growth in general.

We have actively supported SMEs through difficult COVID-19 times providing them with EUR 550 million within the "5-7-9" affordable loans program. Additional EUR 350 million are reserved for 2021.

Ukraine has significantly updated its legislation on investment, introducing new tools to attract and support investors. The ongoing

decentralization reform unlocks a wide range of opportunities for foreign businesses to engage in local investment projects.

Ukraine further moved up seven ranks in the World Bank's 2020 Doing Business ranking and two ranks in the Global Innovation Index 2020.

Two **free trade** agreements with Israel and the United Kingdom launched on January 1st 2021.

Integration with the EU has been deepening too. At the 22nd Ukraine-EU Summit in Brussels last year, leaders of Ukraine and the EU affirmed the strategic nature of Ukraine-EU relations, recognized Ukraine's European aspirations, acknowledged Ukraine's progress in implementing the Association Agreement and set a focused Ukraine-EU agenda for 2021 and beyond.

The EU remains Ukraine's largest and most important trade partner with 40,7% share in Ukraine's foreign trade (in goods).

The European Green Deal creates new opportunities for Ukraine's further integration with the EU through sectoral associations and alliances on raw materials, batteries and hydrogen.

This year we look forward to beginning formal negotiations on the first Ukraine-EU Agreement on Conformity Assessment and Acceptance of Industrial Products.

This year we launch a new international cooperation mechanism, the Crimea Platform, with the general aim to consolidate international response to Russia's illegal attempt of Crimea annexation. The Platform is aimed at solidifying the global non-recognition policy, responding to growing security challenges, increasing international pressure on Russia, preventing further human rights violations and protecting victims of human rights abuse, as well as bringing closer the day of eventual de-occupation of Crimea and its return to Ukraine.

Challenging times demand solidarity, courage and resilience. Last year has already proven that Ukraine and its European partners are ready to work hand in hand and strengthen each other. This gives me optimism as I look ahead at our path in 2021. ■



**DMYTRO KULEBA**  
Minister for Foreign Affairs  
Ukraine

PEKKA HAAVISTO

# A democratic, stable and prosperous Ukraine is also of Finland's interest

Expert article • 2905

**W**e are entering the eighth year of the illegal annexation of Crimea and city of Sevastopol by the Russian Federation and outbreak of the conflict in eastern Ukraine. Russia's actions have violated both the international law and territorial integrity and sovereignty of Ukraine. The conflict has caused immense humanitarian suffering with almost 14,000 dead and over 3 million people in the need of humanitarian assistance and protection. According to the UN, eastern Ukraine is one of the areas most contaminated by landmines in the world. Covid-19 pandemic has deteriorated the humanitarian situation further.

I was able to witness the situation in eastern Ukraine by myself, when I visited the contact line in Stanytsia Luhanska in November 2019. The blown up bridge was under reconstruction and reopened later that November. It brought some relief for the local people when crossing the contact line became a bit easier.

Finland's position is firm. Ending the conflict and restoring Ukraine's control over its territories will strengthen Europe's security and renew the respect for rules-based international order. There is no military solution to the conflict, but the dialogue and full implementation of the Minsk Agreements are the key. We stress Russia's responsibility in this respect.

Despite the challenging circumstances, Ukraine has been undertaking ambitious reform process with the aim of improving living conditions and strengthening the resilience of the society. While the progress has been evident, reforms are anything but finished. In order to guarantee the irreversibility of the reforms achieved, the foundations of the society have to be sustainable. More needs to be done especially in good governance, rule of law and tackling corruption. Peoples trust on institutions and authorities needs strengthening. Reliable and transparent business environment is crucial for companies to invest and do business in Ukraine. Commitment and ownership by Ukraine is the driving force for reforms. We have trust on Ukraine that it will deliver for the good of the people and the country. Finland together with the EU and international community are there to support.

Finland is and will be a staunch supporter of Ukraine. It is in our interest to have a democratic, stable and prosperous Ukraine as our next-door neighbour. Our goals with Ukraine are manifold. We support the efforts to end the conflict and restore Ukraine's control over its whole territory, including Crimea. We reinforce our political relations and widen the practical level cooperation as well as trade relations. We aim for strengthening Ukraine's cooperation with the EU.

There are many ways to achieve these goals. Primary instruments are widening political and trade cooperation, continuing development cooperation, participating to EU's and OSCE's civilian crisis management missions, providing humanitarian assistance, financing demining projects and supporting Ukraine in international organisations.

Main sectors in our development cooperation with Ukraine are supporting Ukraine's education reform, enhancing energy efficiency and use of renewable energy sources as well as strengthening the rule of law. Reforms in the education system provide for inclusiveness and sustainable development of the society. We aim at reforming teachers' training, improving learning materials, modernising vocational education and training and enhancing e-learning capabilities.

Cooperation in energy sector will enhance Ukraine's energy self-sufficiency and energy independence. It will also help Ukraine to promote sustainable development goals and achieve the goals of the Paris Climate Agreement. We are pleased, that Ukraine is also aligning herself with the principles of the European Green Deal. Reforms in rule of law are crucial to improve the good governance, increase transparency and accountability, and respect for human rights.

Our bilateral trade is underperforming despite the potentials. There are about 80 Finnish companies operating in Ukraine, of which some 20 more permanently. The annual trade flow was about EUR 300 million in 2019, which is less than half of the peak years' of early 2010s.

There is a mutual will to increase bilateral trade. Both Finland and Ukraine are working to strengthen links between the authorities and businesses. I encourage Finnish companies to look for opportunities in Ukraine that is our neighbouring market with almost 40 million people and only two-hour flight from Helsinki to Kyiv. As part of Team Finland efforts, Foreign Ministry is also recruiting an additional commercial specialist to our Embassy in Kyiv to promote trade interests. Finland is also benefiting greatly from the opportunities provided by the EU-Ukraine association and free trade agreements. Visa-free travel boosts mobility and people-to-people contacts.

There are all the reasons to believe that Finland's cooperation with Ukraine will strengthen and increase even further in the future. ■



**PEKKA HAAVISTO**  
Minister for Foreign Affairs  
Finland

WITOLD WASZCZYKOWSKI

# Stop Russia and defend Eastern Europe

Expert article • 2906

Putin's Russia has been rebuilding its superpower status since it lost a while back. Vladimir Putin openly argued that the demise of the Soviet Union was the greatest geopolitical catastrophe of the 20th Century, as well as a genuine tragedy for the Russian people. His words were universally understood as an obligation to restore Russia's might and importance to match the USSR. This plan has been carried out through the rebuilding of its military power. Among the means used are armaments and advanced military maneuvers featuring training in aggressive military operations. Together with Belarus, Russia even undertook simulated nuclear strikes against Poland.

Russia cannot take back its former republics. It has been, however, trying to establish dominate influence over them, over what it considers its "near abroad," the *russkiy mir*. Hence, the aggression against Georgia and Ukraine, and Moscow's destabilizing actions in the Caucasus, Transnistria and Central Asia. During Josep Borrell's latest visit to Moscow, Foreign Minister Lavrov openly rejected calls for cooperation with the European and Transatlantic institutions. He did not signal Russia's willingness for peaceful conflict resolution anywhere where Russia has been involved.

Up until now, the attempts to contain Russian imperialism and to peacefully solve the conflicts that Moscow started have had limited success. Since 2008, there has been no peace in Georgia. In late 2020, we all witnessed another stage of the Nagorno-Karabakh conflict, right at Georgia's doorstep. The showdown between the Armenians and the Azerbaijanis has been following the scenario crafted in Moscow. For decades, the OSCE mechanism has not been able to put an end to the conflict.

Russia's aggression on Ukraine is into its seventh year now. The Normandy Format and the Minsk Peace Process stopped full-blown war but the conflict has not been resolved. For more than half a year, Moscow has been backing the Belarusian usurper who rigged the election and managed to keep any efforts of democratization at bay.

Russian interference has been soaring across Transnistria, Moldova and the Balkans. Russia does not restrain itself from meddling into EU and NATO affairs. Most widely used tactics include shady business deals, political and economic corruption, spreading propaganda and cyber-attacks.

The Central and Eastern Europe's circle of friends in Western Europe is limited. Old Europe has been daydreaming about the days of splendid isolation. During the Cold War, due to the decisions taken in Yalta, the problems of our part of Europe were managed by the Soviet Union. The western part of the continent was able to undergo economic and integration experiments and to enjoy welfare under the American nuclear umbrella. Following the collapse of the USSR, both new and frozen problems of the East were added to the agenda of the European institutions. The ability to solve those issues, while facing the aggressive and revisionist Russia, is too much to handle for the institutions and the political class in Europe. Paradoxically, due to the lack of will and imagination, Central and Eastern Europe has been looking up to Washington with hope for a free, democratic and united Europe. Today, America is able to overcome conflicts of continental magnitude. Will the new administration of Joe Biden help us defend ourselves and stop Russia?

In his first presidential address on international issues, Biden pointed to China as the US' main opponent. Russia's attempts to disrupt American democracy took second place. However, the "America is back" narrative lacked any particular remarks on a number of international problems around the world.

Given Biden's experience and considering his main foreign affairs related picks - Blinken, Sullivan and Carpenter, it is probably safe to assume that Russian issues and Europe's security will not be overlooked. The hope is that the new administration will not fall for another opening, another reset or for deals with Moscow that would undermine the security interests of Central and Eastern Europe.

On the contrary, the expectation is that Team Biden continues what Obama and Trump started to further solidify Washington's allies' resilience against Russian pressure, provocations and blackmail. This will take more boots on the ground in our region, American leadership and support for military modernization. Focusing on infrastructure development and energy security, especially vis-a-vis Russia, is crucial.

Support and active participation in regional initiatives will also boost our resilience. The Three Seas Initiative (3SI) and Eastern Partnership (EaP) are examples of smooth cooperation with Washington. There is no need to preach to the choir - the US is well aware that those two initiatives combined amount to a 150 million-strong market. Our military and energy cooperation accounts for tens of billions of dollars. Reinforcing of this vast area, comprised of democracies, will one day create a counterbalance to the imperial and autocratic Russia. Our region will not fall for Chinese promises either.

At the same time, the hope is for the United States to make it more costly for Russia to break the international law and norms and to meddle in the region's affairs. This will require punitive measures and the will to enforce them. Energy should be the primary focus of sanctions against the bellicose Russia, because trading with hydrocarbons allows Moscow to modernize its army and to finance Kremlin's imperialistic adventures. Stopping the construction of the Nord Stream 2 pipeline is the obvious first necessary step. Unfortunately, European politicians and institutions lack the will to halt Russia's ability to acquire funds for military spending.

Russia's belligerent policy must be met with our will to confront it in defense of our independence and sovereignty. Josep Borrell showed us what not to do with his recent behavior in Moscow. Let us hope the new American administration will be the indisputable leader the transatlantic community needs to face our challenges. ■



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VALENTYN NALYVAICHENKO

# Sanctions as economic weapon to protect territorial integrity and sovereignty

Expert article • 2907

The aggression of the Russian Federation against Ukraine is ongoing since 2014. Seven years of a debilitating war for our state, occupied Crimea and Donbas, civilian casualties, almost daily military losses, over a million of IDPs, hundreds of illegally imprisoned by Putin's regime Ukrainians. Ukraine has temporally lost control over some of its territories but proved to be a strong and reliable shield to protect the EU from further Russian aggression.

Nevertheless, the strongest weapon against the aggressive and hostile regimes is the multilateral international sanctions. The more intense and the better such restrictive measures are coordinated internationally, the more effective they are.

Today, the European Union, the United States, Canada, Norway, Switzerland and others — 41 countries in total — keep sectoral and individual economic sanctions imposed on Russia over Ukraine. Bloomberg Economics estimated the losses suffered by the Russian economy during the sanctions period (2014-2019) at 10% or 150 billion US dollars compared to figures expected if no restrictive measures have been imposed.

Having adopted the Law on Sanctions in 2014, Ukraine has also imposed a number of its restrictive anti-Russia measures. However, the Law is often described as "smoke screen" and almost ineffective. The sanctions policy of Ukraine, to include its legal regulations, has significant shortcomings and requires improvements by incorporating the best international experience in applying restrictive measures.

Firstly, one of the reasons for the poor effectiveness of national legislation is the unclear terminology in the field of imposing sanctions.

Secondly, the legal regulations lack a mechanism to control and monitor imposition of sanctions.

Thirdly, the Law lacks any provisions that preclude going beyond sanctions, including the possibility of using controlled companies registered in other countries.

Fourthly, there is no proper control over money/goods from Russia, which are received by the strategically crucial enterprises of Ukraine.

Fifthly, unlike the US legislation, that imposes severe penalties for violation of sanctions, Ukraine's legal regulations lack any stipulation for obligations of legal entities and individuals to abide by the sanctions regime and be responsible for its violations. The rules on liability for breaches the sanctions regime make the law ineffective, thus there is no case of imposing a fine on a company or an individual during six years of its existence, unlike the US and the EU countries practice.

The success of the EU and the US sanctions is due not only to existence and effective performance of the supervisory authorities; it is also inevitability of the punishment for a breach, and the transparency of sanctions policy. In particular, this transparency is achieved by communications on imposing sanctions to persons liable for breaches, with detailed explanations of the reasons, calculation of

finances and conditions to be met for relief or eliminating sanctions.

I think that the existence of the Law "On Sanctions", providing for no systematic sanctions process, its proper methodical support and the strategy of imposing sanctions, cannot counter not only the Russian invasion, but it has also causes reputational damage to our country on the international stage.

Whereas, I am convinced the sanctions must be expanded and imposed primarily for the aggression of the Russian Federation, its military crimes, crimes against humanity and other crimes that have occurred and are occurring on the temporarily occupied territories.

As a Member of the Ukrainian Parliament, I drafted a Law On the National and International Sanctions.

My draft law, inter alia, specifies how sanctions — national and international — should be imposed, implemented and monitored in Ukraine by all authorities, citizens and legal entities.

In particular, I propose that the Ministry of Finance of Ukraine, together with the State Financial Monitoring Service of Ukraine, should be the central executive body that implements and monitors the sanctions policy. It is a reliable agency that is supposed to control and monitor primarily the financial, economic and other aspects of sanctions.

While improving the existing sanctioning mechanisms I would also strongly recommend that Ukraine and the allies consider related information from NGOs, civil activists, experts in the field and investigative journalists, especially when it comes to personal targeting and sanctioning or violation of the applied restrictive measure.

It is my conviction that the adoption of such a law will strengthen Ukraine's position both in the Normandy Format and in the Minsk process in regard to deoccupation and the restoration of peace.

Sadly, the Nordic countries learnt from their own history what occupation and aggression from the East is. But it brings us closer in confronting Russia's aggression.

While sanctions remain a key tool in pressuring the aggressor to change its hostile foreign policy, the multilateral international sanctions against Russia must be extended and strengthened till the complete deoccupation of Ukraine. ■



**VALENTYN NALYVAICHENKO**  
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Parliament of Ukraine

PETER ÖSTMAN

# International relations in the Age of Pandemic

Expert article • 2908

Co-operation and trade between nations is based on mutual trust. Trust is built with open communication. There is no going around this. The covid pandemic has seriously affected communication and relations at all levels including relations between nations and international actors. We have all been obliged to restrict and minimize contacts and activities at local level as well as to limit travel abroad. Meetings in person across borders have become all but impossible. Communication has been restricted to on-line communications tools.

The first parliamentary friendship groups in the Finnish Parliament were established a long time ago. Today, there are nearly sixty friendship and cooperation groups initiated by Finnish parliamentarians. The aim of these unofficial friendship groups is to keep contact with members in parliaments in other countries, and to learn more about their cultures and societies at large. These groups are particularly important where regular official contacts do not exist with a country for one reason or another.

The Finnish-Ukrainian Friendship group in the Parliament of Finland was founded in 1995. I am pleased to note that we have a counterpart in the Verkhovna Rada. Today, due to the restrictions caused by the pandemic, the Friendship Group is using the new electronic means of communication at hand, virtual meetings, email and so forth. Obviously, these new means of communication include some limitations that need to be considered. First, we all know that these systems of communication are not very secure and sometimes internet connections and software can fail. Moreover, often the number of participants in on-line meetings is smaller compared to live meetings. And, maybe most importantly, when we are communicating in a language that is not our own, the non-verbal part of the communication becomes even more important. This is something that we cannot experience in virtual meetings. Therefore, it is obvious that virtual meetings can never replace live meetings. This also applies to contacts between parliamentarians.

However, I am pleased to note that the Finnish-Ukrainian Parliamentary Group organized last autumn a video conference with members of the Finnish Friendship Group in the Verkhovna Rada. During the meeting we could discuss topical questions and the possibility of future joint projects.

Despite the present difficulties, it is possible to see something positive in the situation, too. Namely, that the new tools of communication are today available for everyone at an accessible cost. Affordable internet connections have become available all over the world.

Therefore, now is the time for the civil society – individual citizens, civil organizations, universities and so forth - to pick up the phone, to connect and maintain existing relations as well as to create new ones. The tools are available for everyone. Cheap internet has democratized communications, it is for us all to use it.

A strong, independent civil society is a prerequisite for a strong state and democracy. An open, democratic state is a prerequisite for the civil society to thrive. These two go hand in hand, as the well-known economists Daron Acemoglu and James A. Robinson show in their massive study *Narrow Corridor: States, Societies, and the Fate of Liberty*.

While in some regards, parliament-level co-operation has become more difficult, now is the time to build networks and friendship at grassroots level. You never know what kind of fruit it will bear. ■

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MATTI MAASIKAS

# Reforms in Ukraine – A second act or a second wave?

Expert article • 2909

In theatre, the second performance is often a harder act than the premiere. For the latter, we share the excitement of the troupe, feel the inspiration, the tender sense of novelty... whereas the second performance can entail a sense of routine, the mundane of everyday life.

One could feel something similar in the Ukrainian reform process recently. The landslide victories of Volodymyr Zelenskyy and his newly formed Sluha Narodu party in the 2019 presidential and parliamentary elections enabled a hitherto unseen reform drive. The "monomajority" of the party in the Verkhovna Rada adopted dozens of long-awaited laws, as proposed or revived by Zelenskyy's team and the Government, which was formed mostly of young technocrats. The market for agricultural land was opened, breaking a 20-year taboo. Unbundling in the gas sector was done in accordance with EU law. Decentralisation reform, the forming of new and viable local communities, was finalised. Illicit enrichment was criminalised and the High-Anti-Corruption Court, the last institution to complete the post-2014 anti-corruption architecture, started working. The population concurred with this mood – more Ukrainians said they actually thought the country was heading in the right direction than not, for the first time since 2005.

But then 2020 hit Ukraine, along with the COVID pandemic. And it hit hard. The vested, oligarchic interests, long a formidable force in Ukraine's economy, media, and politics, appeared to recover from their erstwhile shock and started to gather strength once again. These forces are exploiting a flawed electoral system – which, to be fair, was changed for future elections as the last decision of the outgoing Parliament in 2019 – where one half of MPs are elected in single-mandate districts, providing a Parliament where 50% of representatives are exposed to unhealthy influence, with very little political loyalty or party discipline. In 2020 the "monomajority" ceased effectively to exist. And some pre-pandemic personnel changes in the Government did not seem to cater for continuing bold reform efforts.

Thus, in the autumn of 2020, the authorities were fighting both COVID and reform fatigue. True, it is hard to expect shining new ideas to kick-start an economy, or a discredited court system, when almost all your energy is dedicated to saving the lives of your citizens from a virus. But the reform that is surely most critical, that of Ukraine's judiciary, had run out of steam before the pandemic hit. It seemed as though Ukraine may have been preparing for another period of muddling-through, with some progress in some areas, consolidating some earlier achievements. But without the denouement its would-be reform heroes or its loyal audience of international partners would like to see. Everyday life, routine preparations for a second act of political theatre?

Then at the end of October, a political storm hit the country. The Constitutional Court of Ukraine declared much of the post-Maidan anti-corruption framework unconstitutional. The electronic

asset declarations system, the cornerstone of new transparency in political class interests and activities, had to go. Moreover, the list of the pending laws – from the opening of the land market to the laws providing stability in the banking sector – challenged on similar grounds in the Constitutional Court and awaiting verdicts, sent shivers down the spines of Ukraine's leaders and international supporters.

The asset declarations issue was very much centered on judges. The claimed unconstitutionality of the declarations was based on an assumption that an executive agency, tasked with overseeing the declarations, could not have authority on judges (some of the Constitutional Court's judges had their declarations under investigation as well). So, it dawned on the Ukrainian political leadership that: a) all their decisions and hard-won reforms could be declared null and void by a court on dubious grounds; and b) that a sweeping judicial reform, a profound change of the way judges are selected, courts administered and how jurisdiction is distributed between different courts, is inevitable. Moreover, the weak justice system had lately become the number one concern for foreign potential investors, replacing broader corruption concerns, previously the main disincentive to invest.

The judicial reform has thus become a key reform to unleash Ukraine's economic potential, but even more importantly, a litmus test for President Zelenskyy's resolve to reform the country and stand up to vested interests and powerful lobbies, including those with judicial authority.

The complexity of this reform and the inevitable resistance to it requires a coordinated approach and strong leadership. Some steps have been taken. The Venice Commission, the EU, the US and the G7 support group have all issued recommendations and offered their support, both technical and political. In the Ukrainian political system, however, such a big reform, a reform of a generation, can only succeed with the President's personal and constant leadership. Zelenskyy, a far shrewder political operator than his opponents had esteemed, has previously shown welcome stubbornness in pursuing unpopular causes like the land market reform. Good, for true leadership entails taking risks for the causes one believes in. In the case of the justice reform, Volodymyr Zelenskyy's leadership, the credibility of his team and the whole perspective for future reforms in Ukraine is in play. ■

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# Justice in Ukraine: Prosecutorial reform is Zelensky's biggest test

Expert article • 2910

One of the most seminal justice-related reforms to have occurred in Ukraine recently is the attestation of prosecutors at all levels, a process that is, at least formally, close to being finalised.

What is this all about? Ukraine's Prosecution Service went through a wave of reforms and changes in management in late 2019 following President Volodymyr Zelensky's sweeping electoral victories. At the heart of these reforms is the attestation of all prosecutors, a wholesale reappraisal of prosecutorial staff that involves tests, interviews and integrity checks. One of the aims of attestation is to limit the total number of prosecutors (OPG, regional, district and military) to 10,000 to be more in line with the European per capita average. Former Prosecutor General Riaboshapka reconstituted the OPG as of 2 January 2020<sup>1</sup>, by completing the attestation at central level and launching the attestation at regional level.

Prosecutorial reform has proceeded despite PG Riaboshapka's dismissal for a perceived lack of progress in high-profile cases. The new PG, Iryna Venediktova (the first woman to hold the position), has an excellent academic background in the field of civil law and international civil litigation/arbitration, and is considered closer to the president. Despite delays caused by COVID-related quarantine measures, the attestation of local prosecutors – the last stage – was finalised on 21 January 2021.

At central level, out of an initial 1,339 PGO prosecutors, only 610 passed, and were thereby admissible for the new OPG.<sup>2</sup> At regional level, out of 3,697 prosecutors, around 2,500 passed the interview and are consequently eligible for transfer to the new regional structure. Finally, of 6,348 local (district) prosecutors initially included into the lists for attestation, 4,064 prosecutors passed examinations for knowledge of the law and general skills, as well as interviews designed to test for compliance with the requirements of professional competence and integrity. Notably, the biggest dropout was during the computer-based testing.

It is important to point out that as of now these numbers are still not confirmed since approximately 1,500 prosecutors did not attend as summoned, since there is an ongoing inquiry in the OPG on the HR Commission's (conducting the attestation) decision to grant approximately 470 local prosecutors a chance to retake the second stage of attestation, and since there are more than 1,600 pending court cases, filed by prosecutors who failed attestation.

The fresh OPG report on the key results of the prosecutorial agencies for 2020 is rather positive. These positive trends include a 20% decrease in the number of all reported criminal offences, including particularly serious and grave ones; a 10% decrease in crimes against life and health; and a 25% decrease in crimes against property and against public safety. In addition, law enforcement

agencies neutralized 30% more organised criminal groups,<sup>3</sup> even if significant progress in high-profile corruption-related cases still appears to be lacking.

While attestation is a highly important step in reforming the prosecution system, it is just the first one towards ensuring that the most corrupt and unqualified prosecutors are removed from the system. Importantly, the new Strategy for the Development of the Public Prosecutor's Office for 2021-2023 created a roadmap for the development of human resources and institutional capabilities of the Office over the next three years.

Among the priorities for 2021 are the completion of the attestation of prosecutors; transparent and fair selection process for filling vacancies; introduction of a Performance Evaluation System; participation in the drafting of a new Criminal Justice and Law Enforcement Development Concept; development and implementation of an integrated electronic system for the management of criminal cases (E-case management system); improving ethics and integrity of prosecutors and their disciplinary liability; steps to amend Ukrainian criminal procedure legislation to ensure effective and expeditious criminal investigations with a special focus on the protection of, and respect for, human rights.<sup>4</sup> All these actions present a path towards a more efficient, accountable prosecution service that enjoys the trust of the Ukrainian people.

The reforms made so far have proven to be resilient; they have survived much change in the form of a new PG and then COVID. However, legal and other challenges to attestation will remain for some time, for example in relation to the 1,600 appeals mentioned above. The number of decisions in favor of the plaintiffs is slightly increasing, but it has not become systemic.

Still, with this number of lawsuits, it can be argued that the overall outcome of attestation will be decided at the cassation level of the Supreme Court, where most of the cases will end up, if not at the Constitutional Court, where a challenge on the constitutionality of the Law that produced the attestation procedure is still pending.

Justice reform is further complicated by the emerging division lines between the new anti-corruption institutions and traditional law-enforcement and judiciary, as well as the politicization of these institutions. Tensions are ongoing between the OPG and these anti-corruption institutions (mainly NABU), especially over the issue of jurisdiction in key cases.

All these challenges underline how law-enforcement reform cannot succeed without a comprehensive reform of the judiciary – the biggest test for the Zelensky era. This year may prove decisive in this regard.

Challenges notwithstanding, reform of Ukraine's Prosecution Service is one of most important bricks in Ukraine's new wall of

Expert article • 2910

justice. How things proceed from here will depend on the country's current political leadership. The Mission stands ready to continue to advise in this crucial process. ■

1 PG Order 351 of 23rd Dec 2019

2 [https://www.gp.gov.ua/ua/news?\\_m=publications&t=rec&id=263990](https://www.gp.gov.ua/ua/news?_m=publications&t=rec&id=263990)

3 [https://www.gp.gov.ua/ua/news?\\_m=publications&t=rec&id=288057&fp=10](https://www.gp.gov.ua/ua/news?_m=publications&t=rec&id=288057&fp=10)

4 Letter from OPG dated 22.01.2021 addressed to EUAM Ukraine

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# BALTIC RIM ECONOMIES

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KRISTINA KVIEN

# The steadfast partnership between the United States and Ukraine

Expert article • 2911

In January, Americans celebrated the resilience of our democratic institutions when President Biden swore an oath to protect the U.S. Constitution against all enemies, foreign and domestic. The President's words were especially resonant in Kyiv, simultaneously underscoring the values we share and the challenges we face alongside the people of Ukraine.

The arrival of a new administration, of course, prompted questions from our partners about how the U.S.-Ukraine relationship might change. President Biden has been clear that "America's alliances are our greatest asset, and leading with diplomacy means standing shoulder-to-shoulder with our allies and key partners once again." Secretary Blinken, in his first call with Foreign Minister Kuleba, emphasized the priority the United States places on Ukraine's sovereignty, territorial integrity, and Euro-Atlantic aspirations and pledged continued economic and military assistance. I am confident our relationship will deepen and grow stronger as we work together to bring peace and prosperity to Ukraine, and I am proud to be leading our Embassy in Kyiv during this critical time.

Ukraine faces dual challenges that are as daunting as they are complex, even more so against the backdrop of the worldwide challenge of COVID-19. Externally, Ukraine is fighting against Russian aggression on multiple fronts, including Russia's occupation and attempted annexation of Crimea, the Russia-led conflict in the Donbas, and cyberattacks and disinformation spread both from Russia's territory and through Russia-directed Ukrainian proxies.

Internally, the fight against corrupt and vested interests is equally important. Their primary goal is their own personal enrichment, achieved by any means possible. We also see some vested interests joining with Russia to sway representatives in the Rada and spread anti-Western narratives through their media holdings and social media.

Defeating these forces will require strengthening institutions that can hold accountable those who subvert the will of the Ukrainian people. Weakening their hold on Ukraine's economic and political systems will not only unlock prosperity for the Ukrainian people, but also reinforce Ukraine's Euro-Atlantic orientation by rooting out false information.

While the United States is clear-eyed about the challenges, we also remain optimistic about the promise of progress. We work side by side with President Zelenskyy, other Ukrainian officials, and civil society representatives to support Ukraine's trajectory as a prosperous democracy, secure in its internationally recognized borders. We remain committed to working alongside our Ukrainian partners as they build strong and resilient institutions and carry out reforms to strengthen the rule of law and defeat corruption. These steps will help attract more international economic and commercial partnerships, secure Ukraine's economic growth, and strengthen Ukraine's resilience in the face of external pressure.

The battle against COVID-19 across the globe is further proof of the critical need for strong partnerships among allies and partners. For that reason, the United States is providing health and humanitarian assistance in Ukraine to help prepare laboratory systems, identify and monitor cases, support technical experts, bolster risk communication, and more.

The support of Ukraine's Euro-Atlantic partners stands in sharp contrast to the actions of Russia and its proxies. Russia has not only invaded the Ukraine, but actively pursued an aggressive information war by spreading disinformation in order to drive a wedge between Ukraine and its Western strategic partners, reverse Ukraine's reforms, and turn Ukraine away from its westward trajectory. Ukrainians have paid for Russia's aggression with their lives, with more than 13,000 killed in the Donbas and more than 1.5 million displaced from their homes. The economic damage is inestimable.

The United States response to Russia's aggression remains as clear and determined as ever. We will never recognize Russia's attempted annexation of Ukraine's territory, and we will continue to impose costs on Russia as long as it continues on its destructive path. Further, our Minsk-related sanctions will remain in place until Russia fully implements the Minsk agreements and withdraws from the Donbas. Our Crimea-related sanctions will remain in place until Russia returns control of the Crimean Peninsula to Ukraine. We will never accept anything less than the full restoration of Ukraine's territorial integrity.

We acknowledge that fighting two wars simultaneously – against Russian aggression and against the vested interests that want to keep Ukraine's wealth for themselves – is extraordinarily difficult. We support Ukraine because we see a country that, despite its difficulties, shares our commitment to a government by the people and for the people, to the rule of law, and to institutions that will stand up to challenges, be they foreign or domestic. Those shared values are the foundation for our continued work with the President and Prime Minister, the Rada, independent institutions, and civil society to achieve the Ukrainian people's desire – expressed so dramatically in the Revolution of Dignity seven years ago and enshrined in Ukraine's constitution – to create for Ukraine a prosperous and secure Euro-Atlantic future. ■



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# Ukraine – Finland cooperation: The prospects

Expert article • 2912

**O**n February 26, 2021 Ukraine and Finland celebrate 29th anniversary of the establishing diplomatic relations. However, the history of close ties between our nations started more than 100 years ago. We have gone through this long century of challenges and turbulences with dignity and commitment to democratic values and freedoms. It is a great honor for me to represent Ukraine in the country, which is one of the role-models in world for social development, security, education, innovations and even high standards of healthy ways of life.

My meetings with Finnish officials have proved that our countries are close friends and partners. Ukraine – Finland partnership is based on shared responsibility for European and international security, sustainable development and environment protection. These are our core priorities, which are ingrained in all our joint endeavors and initiatives within bilateral cooperation and international organizations.

Ukrainians highly value Finland's unwavering support for sovereignty and territorial integrity of Ukraine. We need to consolidate further international efforts in defense of rules-based order and be strong enough in the face of hybrid threats and challenges for the security of our societies.

Pandemics of COVID-19 has crucially changed international landscape, putting the resilience of our societies as an utmost priority for the much closer international cooperation. It's a moment when we need to find pragmatic ways for unlocking all available opportunities for economic growth.

Economy first approach is a motto of my team in Finland. We look into the future with optimism. A wide range of unique opportunities are unfolding now before business communities of Ukraine and Finland. We started to work with Finnish authorities to elaborate a mechanism to ensure full access of Ukrainian and Finnish business communities to information about potential for trade and investment, research and development collaboration, as well as to facilitate direct B2B interactions.

We look forward to close dialogue with Finnish companies and business associations. Among most attractive spheres of cooperation we see agriculture production, digital and green energy solutions, joint projects on low-carbon hydrogen production as well as participation of Finnish companies in national and local investment programs and projects. I strongly believe, that success stories of Finnish investments in Ukraine like Konecranes will inspire others to follow the path.

I'd like to stress on progress of institutional modernization in Ukraine and Ukraine's integration to the European Union. Even though the outbreak of COVID-19 has put certain restrain on practically all spheres of life throughout the world, Ukraine continues to implement essential reforms. Among signs of the success are opening free wholesale and retail electricity market in 2019-2020, breakthrough in natural gas market liberalization in 2020, opening land market in July 2021, a new legislation on significant investments protection and incentives approved in December 2020 and other steps to bring

national legislation in line with the EU law, norms and standards as required by the Association Agreement between Ukraine and the European Union.

Along with improving business climate, digitalization and simplification of main processes of doing business there is a regional dimension of opportunities. The decentralization reform in Ukraine is on-going and creating a wide range of opportunities for engagement of foreign private companies to implementation of local and regional investment projects.

It is also critically important that Ukraine – Finland development cooperation is fully in line with the UN sustainable development goals for 2030. It's a real driver for reforms in Ukraine in spheres of education and energy efficiency.

In August 2021 Ukraine with all our international partners and friends will celebrate the 30th anniversary of Ukraine's Independence. That's an excellent opportunity to boost cultural exchanges to help Ukrainians and Finns rediscover each other. In the post-COVID people-to-people contacts, including cultural and recreational tourism will be crucial for rehabilitation after long lockdowns and teleworking.

To make business and travel plans in advance, as Finns like, I invite everyone to explore Ukraine's brand new official website Ukraine.ua. This digital platform will help to get first impressions of Ukraine and discover its opportunities for investing, studying and traveling. ■



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MYKHAYLO KOMARNYTSKYI

# Ukrainian public diplomacy in the XXI Century: Evolution and practice

Expert article • 2913

In the context of forming foreign policy in the global information space and deepening the processes of information and economic integration of states, an important component of Ukraine's foreign policy and national security is the creation of a positive image and promotion of state interests in the international arena. There is a need to determine an effective mechanism for informing the world community about current events in Ukraine within modern globalization and geopolitical conditions. The process of European integration, which is a strategic vector of Ukraine's policy in accordance with the Association Agreement between Ukraine and the EU, also needs a new model of communication and information support.

The popularization of Ukraine in the world is an important step on the path to European integration and a qualitative guideline for the internal transformation of society, an indicator of fundamental democratic values. Today, the sphere of public diplomacy in Ukraine is at the stage of formation and there is a gradual process of its institutionalization:

- in the field of public administration by establishing the Department of Public Diplomacy within the structure of the Ministry of Foreign Affairs of Ukraine in 2015. Its key tasks include developing public relations with non-governmental organizations and the media from other countries; implementation of cultural and information projects about Ukraine abroad and coordination of activities of other executive bodies in these areas;
- in the sphere of civil society by the adoption of the strategy of development of public diplomacy through the professional network "Global Ukrainians" in 2017, which involves most active leaders from Ukrainian foreign students community, NGO's and diaspora.

The analysis of the data of the effectiveness of public diplomacy in Ukraine after the Revolution of Dignity highlighted several problematic issues that need a comprehensive solutions: 1) the fragmentation and incoordination of the actions of the Ministry of Foreign Affairs and the Ministry of Culture and Information Policy of Ukraine indicate the absence of a systematic (general) state policy/strategy in the field of public diplomacy (including cultural and digital diplomacy); 2) absence of systematic actions by the state in the field of public diplomacy. This issue is mainly taken care of by volunteers, public organizations and representatives of the diaspora. Undoubtedly, "volunteer" or "citizen" diplomacy plays a huge role in the process of promoting the interests of Ukraine's foreign policy. At the same time, volunteers cannot replace state institutions, which are primarily responsible for the development of the strategy and its clear implementation. In the absence of such government guidance and strategic management by the state, it is almost impossible to avoid a situation where the strategies of the diaspora and volunteer organizations begin to compete with each other; 3) the thematic area of disseminated information about Ukraine is mostly devoted to the history and past glory of the Ukrainian people, its traditional culture, while modern Ukrainian culture is mostly ignored by the government, which significantly complicates the perception

and understanding of modern Ukrainians. The outlined priority tasks and problematic issues form a new subject field for research for the Ukrainian academic community, including the development of the Strategy of Public Diplomacy in Ukraine, which should formulate conceptual principles and priorities of Ukrainian public diplomacy.

The main difficulty for the traditional presentation of public diplomacy as a tool for communication between the government and the foreign community is that public diplomacy is based on the unification of the state with the valuable resources of national actors. This encourages states (Ministries of Foreign Affairs) to develop coordination strategies to involve national actors in the formation of platforms to promote image and values, around which there may be synergies in involving the foreign public.

Analysis of the current state of development of public diplomacy in Ukraine allows to reasonably identify two priority areas for the development of public diplomacy in Ukraine: development and implementation of long-term image strategy of the state on the principles of proactive management and organization of coordination of activities of numerous state and non-governmental subjects of public diplomacy. An integral part of public diplomacy should be the synergy of the public and NGO sectors and the improvement of the mechanism of coordination of their interaction, so that public diplomacy does not remain only a declaration and does not appear only in the name of state structures. Finally, in order to solve the problems of ensuring the effectiveness of the system of public diplomacy, the subjects must effectively interact in the prescribed manner with other state bodies, local governments, associations of citizens, institutions and enterprises as well as international organizations. ■

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# Why Ukraine's business community has high hopes for the Biden presidency

Expert article • 2914

US President Joe Biden visited Ukraine six times during his eight years as vice-president in the Obama administration. Throughout this period, he consistently and outspokenly championed the East European nation's efforts to reform and eradicate corruption.

Disappointingly, Ukraine has backpedaled significantly since the curtain came down on the Obama administration in January 2017. But President Biden now has an opportunity to continue where he left off. This means reinforcing US support for Ukraine in order to get the country back on the reform track. Over the next four years, Biden can play an historic role in helping Ukraine eliminate corruption and free itself once and for all from oligarch control.

Ukraine's transformation is arguably long overdue. Ukraine is not a poor country, but its people are among the poorest in Europe. Following decades of government mismanagement and cronyism, millions of Ukrainians have left their homeland to work abroad. Foreign direct investment remains pitifully low.

The process of de-oligarchization, launched amid much fanfare in 2015 with the express purpose of reducing the political influence of Ukraine's oligarch class, has long since ground to a halt. Instead, oligarchs continue to lobby for laws that give unfair advantages to their businesses. They own the country's mainstream media and dominate its fledgling democracy. According to a recent investigative report, one particular Ukrainian oligarch alone currently holds sway over a hundred members of parliament, or almost a quarter of all the country's MPs. This makes it extremely difficult for international investors to compete.

Ukraine's dysfunction plays directly into the hands of the Kremlin, which is determined to prevent its neighbor from becoming a model in the wider post-Soviet region for the transition from authoritarianism to democracy.

Russia has been waging a hybrid war against Ukraine since 2014. This ongoing offensive includes everything from military operations and cyber-attacks to economic measures and relentless waves of deliberate disinformation. Unsurprisingly, Moscow frequently finds common ground with Ukraine's oligarchs, allowing them to form an unholy alliance in order to derail reform efforts.

Biden's predecessor, Donald Trump, often appeared to be interested in Ukraine for all the wrong reasons and did not visit the country during his four-year presidency. The hope now is that a new page will be turned in the US-Ukraine relationship, and that the Biden administration will help Ukraine make up for lost time.

The top priorities of the Biden administration's Ukraine policy must be to curtail Russian aggression, reduce corruption, and contain the oligarchs. A Three P's approach towards reducing corruption would be a tremendous start, with an emphasis on preventing, publicizing, and punishing corrupt conduct. Nobody should be above the law.

What Ukraine's shady oligarchs fear most of all is US Justice. One Ukrainian oligarch is currently being investigated by a US federal grand jury for money laundering. Another is fighting extradition to

the United States on bribery and racketeering charges. They know that the US is strong on the rule of law. This is what most Ukrainians themselves strive towards.

The most difficult part of any successful Ukraine policy will be the task of handling Russia. This year marks three decades since Ukraine declared independence and the Soviet Union collapsed. According to Russian President Vladimir Putin, the fall of the USSR was the greatest geopolitical tragedy of the twentieth century. Russia still seeks to reverse the verdict of 1991, and categorically refuses to entertain the idea of a successful and democratic Ukraine that is no longer within the Kremlin's sphere of influence.

As the Soviet Union disintegrated, Ukraine became the world's third-largest nuclear superpower. In 1994, it voluntarily gave up its nuclear arms and acceded to the Nuclear Non-Proliferation Treaty in exchange for security assurances from the United States, Britain, and Russia. Moscow has since torn up these promises by invading Ukraine, firstly in Crimea, and then in the Donbas region of eastern Ukraine. The United States must now review the assurances given in 1994 and step up.

Despite the disappointments of the past three decades, there are ample reasons to be optimistic about Ukraine's future. Over the past thirty years, many US and international companies have proven successful in Ukraine. Iconic brands such as Oreo cookies, Nespresso coffee machines, Mercedes, BMW, and Volvo automobile parts, and even the wheels on London underground trains are all made in Ukraine. Ukrainian IT companies are global competitive, while the country hosts R&D centers for many of the world's leading tech brands. Even in today's challenging environment, it is possible to thrive in Ukraine.

These success stories are just the tip of the iceberg. Ukraine's potential is huge, and it also ranks among the most strategically important nations on the planet. The American Chamber of Commerce believes in Ukraine. The business community is now pinning its hopes on President Biden to back Ukraine during what promises to be a decisive period in the country's independent history. ■

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MARTTI J. KARI

# Will the Biden regime bring peace to eastern Ukraine?

Expert article • 2915

Ukraine remains on the frontline of the confrontation between Russia and the West. Russia is waging a war of attrition in eastern Ukraine and showing no signs to retreat. The war has cost over 14,000 lives and displaced millions of Ukrainians. The Minsk peace agreement from 2015, which aimed to establish a ceasefire and a path to peace, was a victory for Russia. Russia's goal is to persuade Ukraine to accept the autonomy of the self-declared "Donetsk and Luhansk people's republics" (the so-called DPR and LPR, respectively), gain leverage to influence Ukraine's domestic policy, and stop Ukraine's movement towards NATO and EU memberships.

Yet since 2015, the implementation of the Minsk agreement has been in a stalemate. Officially, Russia recognizes the separatist regions as Ukrainian territory. In practice, the Kremlin is trying to prevent their reintegration to Ukraine. According to the Minsk agreement, Ukraine will gain control of its eastern borders and the separatist regions will have a special status and self-government. According to Ukraine, the elections of these self-government bodies should be held after Ukraine has gained control of the borders. Russia's interpretation of the Minsk agreements and the Steinmeier formula, introduced in October 2015 to implement the Minsk agreement, is that the elections will be first and after that Ukraine will regain control of the borders. The Steinmeier formula has been the backbone of the Normandy format negotiations. The participants of the Normandy contact group are Russia, Ukraine, France and Germany. To facilitate the diplomatic resolution to the war, Ukraine, Russia and the OSCE established the Trilateral Contact Group (TCG) in May 2014.

Russia has tried to shift the peace process away from the Normandy group to the TCG and reposition itself as the mediator of the conflict. Russia is attempting to give the representatives of the DPR and the LPR equal status to the Ukrainian negotiators in TCG's working groups and to take the role of a facilitator. Russia is promoting the narrative that the war is a civil war, and attempting to demonstrate that it is not the aggressor. The goal is to get the West to lift the sanctions and to wage information warfare in Ukraine so as to divide the Ukrainian nation into Russians and Ukrainians.

Since spring 2019, Russia has distributed more than 200,000 Russian passports to Ukrainians who reside in or have emigrated from the separatist regions. The Kremlin wants to transform the separatist regions into an area Russia can use for its armed forces, with the excuse that they are protecting the interests of Russia and its citizens, as is stated in the Russian Military Doctrine in 2014. It seems that Russia will not end its support to armed formations of the DPR and LPR or to withdraw Russian forces from the occupied territories.

The Kremlin's tactics in the country's vicinity have been to establish bridgeheads for political or military operations, and then to freeze the situation and wait for time to work in Russia's favor. These tactics have been proven to work in Abkhazia, South Ossetia and Transnistria.

At the end of 2020, President Putin stated that Russia would continue to increase its support in the Donbas region. It seems that the Kremlin wants to keep Ukraine in the Russian sphere of influence and to distance Ukraine from NATO and the EU using the tools of hybrid warfare. One possible scenario might be the Abkhazia scenario. It means that the DPR and LPR might declare themselves as autonomous regions. As the end of 2020 we saw the first signs of the next step towards the autonomy of the Donbas region and of a new phase in the conflict. The head of the DPR announced the development of a doctrine called "Russian Donbas," the aim of which is the integration of Donbas into Russian cultural and economic space.

Russia has benefited from the fact that the EU has become increasingly tired of the Donbas crises. The EU has aimed to settle the conflict, prevent its escalation, and avoid a large-scale conflict with Russia. The US under the Trump administration has not paid much attention to the confrontation with Russia in Donbas. Now the situation has changed. Ukraine is expecting greater support from the Biden administration in countering Russian aggression. Ukrainians think that Biden does not support Putin like Trump did, and will not "trade" Ukraine. The Biden administration considers Russia's aggression against Ukraine as a violation of the European security order. Success in Ukraine would make the country an example of how countermeasures can succeed against Russia's hybrid interventions. The Kremlin is probably worried that Biden will increase both military and political support for Kiev. The Bosnian war, for example, continued for three years despite the sanctions on Serbia and the EU peace efforts until the United States took the lead in 1995 to end the war. Time will tell if history will repeat itself in Ukraine. ■



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# UK-Ukraine trade deal

Expert article • 2916

The jury is still out on the economic impact of Brexit, but Ukraine emerged late last year as an unlikely early beneficiary of Britain's EU exit.

The UK and Ukraine signed an historic Political, Free Trade and Strategic Partnership Agreement on October 8, 2020 as London looked ahead towards the country's post-Brexit future in 2021. UK Prime Minister Boris Johnson hailed the agreement as proof that Britain was Ukraine's "most fervent supporter." It marks a new chapter in bilateral UK-Ukraine relations and includes an ambitious free trade component that could see economic ties strengthen considerably.

The trade element of the new UK-Ukraine Agreement envisages preferential treatment on a range of goods and services. It is based on the 2014 EU-Ukraine Association Agreement. Around 98% of Ukrainian goods will now receive greater access to the UK market, with tariff quotas maintained in most cases. This agreement will allow Ukrainian exporters to boost exports significantly this year as Britain left the EU. For instance, the current quota for Ukrainian tomato paste exports to the EU is 10,000 tons. This will remain intact, while the new British agreement will open the way for an extra 2,000 tons of Ukrainian exports to the UK. There are also plans to expand current UK quotas in the coming years as Ukraine negotiates improved terms with the EU.

Freer trade with Ukraine will make a significant contribution to the UK's food security. Britain is a major food importer and the new agreement means British consumers will benefit from a wider variety of affordable, high-quality Ukrainian products. Ukraine produces a great number of relatively inexpensive food products that are bound to appeal to British shoppers, including everything from honey to walnuts and a wide variety of fruit and veg.

There is clearly room for growth. According to Gov.UK, trade between the UK and Ukraine was worth a modest GBP 1.5 billion in 2019, or around USD 2 billion. Top UK goods exports to Ukraine were aircraft, medicinal and pharmaceutical products, and cars. Meanwhile, key Ukrainian exports in the opposite direction included cereals, iron and steel.

The signed trade agreement is a win-win for both nations. British Prime Minister Boris Johnson has demonstrated his commitment to expanding Britain's global footprint after Brexit, while Ukrainian President Volodymyr Zelenskyy has scored arguably his first major foreign policy victory since he assumed office in May of 2019.

This success comes against a backdrop of grim international economic forecasts. According to an IMF report released in June, global output is set to contract by 8% this year, representing the biggest drop since World War II. Meanwhile, global trade volumes will fall by 10% as a result of coronavirus-related disruption, according to the World Trade Organization.

Politicians in many countries have responded to these challenging conditions by advocating protectionist policies. Some have also sought ways to reduce reliance on imports from China. This creates considerable opportunities for Ukraine, which is advantageously located on the eastern border of the European Union with convenient trade connections to EU member states, the UK, and countries throughout the Middle East and North Africa.

The coronavirus crisis has amplified existing pressures on global trade. Since 2017, the Trump presidency has marked a shift in US policy away from trade liberalization, leading to the rise of economic nationalism elsewhere. This has been bad news for developing economies like Ukraine, which are traditionally particularly vulnerable to restrictions on exports. The deteriorating international picture makes the recent breakthrough in UK-Ukraine trade ties even more welcome.

Looking ahead, the Ukrainian leadership should look to integrate the country's economy into global supply chains and producing value added products for export. Much of Ukraine's export economy remains concentrated in raw materials, but value-added products offer the promise of far higher revenues.

Significant efforts are also required in order to educate the Ukrainian business community about the opportunities created by trade deals such as the new agreement with the UK. There has already some progress in this direction following Ukraine's Association Agreement with the EU, but much more can be done. Likewise, Ukraine must look to do a better job of selling itself internationally and needs to invest in a far more prominent presence at international trade-related events.

The UK-Ukraine Strategic Partnership Agreement is a great stepping stone in this direction. Kyiv must now pursue similar mutually beneficial deals with other countries. Ukrainian exporters have made considerable progress since 2014 in expanding their horizons, but there is still huge untapped potential. A bigger role in the global economy will help fuel Ukraine's economic growth and attract investment, while also significantly strengthening Ukraine's geopolitical position. ■

*The article was partially published in UkraineAlert blog of the Atlantic Council.*



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ARTO LUUKKANEN

# Dilemma of political transition in New Post-Soviet Ukraine

Expert article • 2917

**A**ccording to Bible, Moses had a possibility to deliver his last speech for his people when they were approaching to "The Promised Land". After this, he ascended Mount Nebo to view the horizons of Canaan but could not follow his kin.

This same dilemma troubles the present leaders of the New Ukraine. Ukraine is now on the threshold of a mission impossible; it is trying to liberate itself from the Russia's political influence.

In order to survive Ukraine seeks desperately new friends from Europe and overseas. The situation is difficult; Ukraine suffered severely in the economic crisis of 2008 and it is still recovering. Furthermore, Putin's Russia is waging a war against East-Ukraine using pro-Russian thugs and cronies at Donetsk. Ukraine bleeds, shakes and trembles – but alas – it is marching forward.

The question follows; what is the political path of Ukraine? Are the old political leaders and parties able to travel to the "promised land" of peace and prosperity or does the Ukraine need new leaders and political movements to attain solid allies and finally make a lasting peace with Russia? Is President Volodymyr Oleksandrovych Zelensky only a transitional leader or does he represent a new kind of a political leadership in Ukraine?

## Transition of 1950's and 1990's

The history of Ukraine gives us many examples of political transitions. Just to mention few, Stalin's death in 1953 gave Ukrainians a possibility to "semi-national" re-birth. It is indeed a paradox, since ideas of "Thaw" did not touch Ukraine as such – only the party. Surprising enough, it was the communist party inside Ukraine, which was promoting the idea of national cadres inside Ukraine.

The liquidation of Ukrainian intelligentsia in 1930's had made a devastating effect and the communist party had lost many of its local Ukrainian workers but after Stalin's death it was elementary to find local people to work for the party. Only after Stalin's death, the local cadres were able to make modest attempts to reclaim their national identity. The condition was: one could be a Ukrainian communist but only as a member of the people of the Soviet Union.

The prize of this project was the full obedience to Moscow and to its political line. The Communist Party of the Ukraine was able to organize its Eighteenth Congress of the CPU in 1954 in which it acknowledged its loyalty to the general party line and to the new leadership. Thus doing it, the Ukrainian leadership could continue its semi-independent policies. In the Nineteenth Congress of the CPU 1956, this line was intensified and Ukrainians were appeased by donating Crimean peninsula to the Ukrainian SSR. Moreover, native communist Oleksii Kyrychenko was promoted as a first secretary of the CPU and later he was promoted to Moscow and it was mentioned that he could be the potential successor to Khrushchev.

As mentioned earlier, the secret of this "communist national transition" was the unconditional loyalty to new leader. As a token of the "national-mindedness" during the 1950's and 1960's the Ukrainian ethnic communist secretaries such as Oleksii Kyrychenko (June

1953–December 1957) and Mykola Pidhoryni (December 1957–June 1963) or Nikolai Viktorovich Podgorny (from 1957 to 1963) were able to conduct unofficial Ukrainianization of the CPU. Only from 1976, the second secretary of the Ukraine was supposed to be an ethnic Russian. The peak of the Ukrainianization was the rule of party leader Petro Šelest in Ukraine.

Second transition to national rebirth was the crisis of 1990's when Ukraine reclaimed its independency. As the archival sources testify even the Ukrainian KGB was very rapidly able to accept new political values of national independency after August 1991.

The pace was so fast that the last leader of the communist UKGB – Nikolai Mikhailovich Golushko underlined that the Ukraine should take good care of the atomic weapons inside Ukraine. According to one report, Golushko believed that if Ukraine wanted to keep nuclear weapons, it should consider the reduction of their amount to the amount agreed with the new Russian Federation. However, as the experts had already stated "the transporting arms to Russia could be economically difficult" and, if exported to Russia, would have "negative consequences for Ukraine's independence" (!). Therefore, experts had suggested the creation of a special joint "union" command center. The tasks of this joint military headquarter should then be defined in accordance with the new federal treaty. Golushko also pointed out that Ukraine has the opportunity to make such weapons on its own territory, even independently (!).

## Transition of 2020's

The latest transition period of Ukraine started with the revolution of dignity (2014 - Революція гідності). The contemporary situation is an interesting mixture of good symptoms and alarming signals. The much-needed political and economic reforms made a good start when president Zelensky took the helm. In addition, the local election in autumn 2020 had a pacifying effect to the society. Moreover, the banking law in May 2020 was a success.

However, the progress has stalled. The fight against corruption has not been successful enough. A real transition of Ukraine from the premises of the Soviet legacy and Russian Imperial past can happen only and if the state and political system of the Ukraine are able to find real solutions to this problem.

The question is dire – whether the regime of Zelensky resolves this question or it will go the dustbin of history together with persons such as Poroshenko, Yanukovich and Kuchma. Zelensky may see the horizons of "Promised Land" but is denied to go there. ■



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JOHANNES REMY

# Ukrainian government adopts a softer line on history policy

Expert article • 2918

History remains a disputed issue between Ukrainians as well as with the neighbouring countries. Considering the Russian government's reluctance to accept Ukraine as a nation genuinely separate from Russia, disagreements with Russia are hardly surprising. Because of the Russian proxy war against Ukraine, much of the past remains relevant for today's politics: the switch of the allegiance of the Ukrainian Cossacks under the Hetman Bohdan Khmelnytsky from Poland-Lithuania to Muscovy in 1654, the gradual curtailment and final abolition of the Ukrainian autonomy in the 17th and 18th centuries, the imperial Russian restrictions on literature in Ukrainian 1863-1905, the Ukrainian revolution and the short-lived independence 1917-1920, the man-made famine 1932-1933, and the Second World War. However, there are controversies over history also with Poland. Ukraine itself remains divided especially concerning the country's participation in the Second World War: while most Western Ukrainians perceive the war through the Ukrainian strivings for independence and see the Ukrainian nationalists as the true defenders of the country, many in the other parts of the country identify more with the Soviet's Union's war against the Nazi Germany.

The Ukrainian government's active involvement in history politics began in 2003, still under Leonid Kuchma's presidency, when the parliament voted to define Holodomor, the 1932-1933 famine in Soviet Ukraine as a genocide against Ukrainians. While not all historians accept this thesis, there are arguments to back it: up to 3.9 million inhabitants of Ukraine perished in the famine, and at least many of them could have been saved, if the Soviet government practised different policies. During the presidency of Viktor Iushchenko (2005-2010) Ukraine actively campaigned for international recognition for Holodomor as a genocide. Today, seventeen countries recognize the genocide, including the United States, Canada, Mexico, Poland, Lithuania, Latvia, and Estonia. The memorization of Holodomor enjoys wide support in Ukraine and is less divisive than the memory of the Second World War.

In 2015, after the Revolution of Dignity and during the presidency of Petro Poroshenko, Ukraine enacted the decommunization laws. They listed various organizations in the 20th century as "the fighters for the independence of Ukraine," including the Organisation of Ukrainian Nationalists (OUN) and the Ukrainian Insurgent Army (UPA) which OUN dominated during the Second World War. They also banned the behaviour disrespectful to these organizations. However, no one has been prosecuted under these laws. The laws also stipulated for the removal of communist monuments and renaming of the streets and municipalities which carried the names of the communist heroes. Furthermore, the laws banned public display of communist and Nazi symbols. Some people have been sentenced for displaying communist symbols in their clothing.

The decommunization laws evoked criticism in Poland and Israel. The Poles criticized the ban on disrespect regarding UPA, because in

1943-1944, it organized an ethnic cleansing of Poles in the Volynian and Galician provinces of Western Ukraine. In Israel, the glorification of the Ukrainian nationalists was criticized on the ground that they participated in the Holocaust. However, many Western Ukrainians support the positive perception of the OUN and UPA. They can back their position with the fact that the nationalists' relations with the Nazi Germany were rather complicated and included not only co-operation, but also mutual fighting and German repressions against the nationalists. However, the OUN's and UPA's involvement in atrocities against civilian population is well proven in scholarly research: at most, its scope and details can be disputed.

The decommunization laws were prepared by the Ukrainian Institute of National Memory, the government agency established in 2006 following the model of a similar Polish agency. During Petro Poroshenko's presidency, the Institute rather actively promoted the glorification of Ukraine's wartime nationalists. However, soon after Volodymyr Zelensky's election as president in 2019, the Institute's leadership was changed. The Institute's new director Anton Drobovych has publicly admitted that the members of OUN and UPA did commit crimes against humanity, while he at the same time refused to condemn them as organizations. The Institute of National Memory now emphasizes freedom of historical research and dialogue between various views. The decommunization laws, including their controversial historical clauses, remain in force, but the government is now less intent on pushing one ideologically inspired interpretation of history. In a country with radically different perceptions of history, this is a rational and hopefully, a beneficial approach. ■

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VICTOR RUD

# Ukraine invades Russia, recovers lost lands

Expert article • 2919

In 1721, Tsar Peter I visited France, and in the Cathedral of Reims was shown the Gospel written, strangely, in a Slavic language. His hosts explained.

Nothing subverts Western response to Russia's invasion of Ukraine as the oldest of all reality reversals – a “1000 year history of Russia” beginning in Kyiv, and “Ukraine is a historic part of Russia.” Had Russia invaded Poland or the Baltic states, Western reaction would not have been as feckless—and not because of their NATO status. Ukraine is “different.” During the 2012 U.S. presidential campaign, although candidate Mitt Romney identified Russia as America's greatest geopolitical foe, even he then wrote in the *Wall Street Journal* of the legitimacy of “Russia's influence in Kyiv.” This breeds Western ambivalence that emboldens Putin's war against the West.

Ukraine was never on Western radar for the same reason, despite being the fulcrum in the formation and fall of the USSR. The U.S. State Department in 1948: “Any long-term U.S. policy must be based on their [Russian] acceptance and their cooperation. The Ukrainian territory is as much a part of their national heritage as the Middle West is of ours.”

In 1935, English journalist Lancelot Lawton explained to the House of Commons:

“The deliberate policy of Russia was to avoid and discourage mention of Ukraine abroad. From the Middle Ages down to the eighteenth century Ukraine figured largely in European literature. But after the first half of the nineteenth century the West was made to forget that there was or had been such a nation.... That so little has been heard of it is not surprising, for suppression of the Ukrainian nationality has been persistently accompanied by obliteration of the very word Ukraine, and concealment of the very existence of Ukrainians. It constitutes one of the major political deceptions of history.”

That there were descendants of Kyivan Rus' rulers in the Moscovite state is scarcely determinative. They were also in Poland, Lithuania and elsewhere. For centuries, however, Russia's precursors rejected any Kyivan legacy, in 1169 plundering and destroying Kyiv to an extent barely duplicated by the Golden Horde a hundred years later, with periodic devastations afterwards. For more than half a millennium Russia and Ukraine existed in separate political, social and cultural worlds. Pavel Sumarokov, a Russian traveler to Ukraine, wrote in 1803: “Here are different faces, different customs, different dress, and a different system; and I hear a different language. Is the frontier of the empire here? Are we entering another state?”

Seeking a respectable pedigree for its empire, Russia later changed course, rejecting centuries of rejection. A former colonial outpost now asserted a proprietary claim to the center. Although now Kyivan Rus' birthed “Russia,” the latter claimed dominion over the former. Rus' became last, as Ukraine became “little Russia.” Russia's indebtedness to Ukraine was reversed, with Ukraine now the debtor.

After Lenin's 1917 coup d'état, émigré Russian academics

transplanted the new imperial catechism to the West. Successive generations of Western savants absorbed to their innermost core the canonicity of Russia's continuum from Kyivan Rus'. Harvard University's Edward Keenan was a rare exception who dissected the “Kyiv heritage myth,” writing that in Moscovy “in sacred and secular buildings, in the naming and dedication of the churches, in the inscriptions and the chronicle account of the construction—there [was] not so much as a hint or allusion to the Kievan legacy...an astonishing and total absence of any reference to Kievan symbolism or nomenclatures...the absence of reminiscences of Kiev. These people were not even thinking of Kiev. Another striking and unnoticed manifestation of this discontinuity or historical amnesia is to be found in the naming practices of Moscovite courtiers...what is astonishing against the background of received wisdom about this culture, is the absence of specifically Kievan names.”

Keenan was not enough. Former US national security advisor and Secretary of State, Condoleezza Rice, a lauded Russia expert, wrote that for Russia “losing” Ukraine was like the U.S. losing the original 13 colonies. And Henry Kissinger in 2014 waved off Russia's invasion: “Ukraine is an integral part of Russia,” in lockstep with Russia trumpeting the existence of Ukraine as “a disorder of the mind.”

Applying Russia's 180-degree somersault of historical sequencing to other contexts:

Romania was part of the Roman Empire (adopting its name as Russia appropriated “Rus’”), and can claim Italy as the beginning of Romanian history. Today's Italians are simply “little Romanians.”

With a seat in Aachen (in today's Germany), Charlemagne ruled much of today's France and Germany. Germans are therefore “little Frenchmen.” Or the opposite, since the German term for France is “Frankreich.” realm of the Franks, a Germanic tribe. American history begins in London, and Englishmen are “little Americans.”

William the Conqueror, a second-generation Viking from France, invaded England hence Englishmen are Frenchmen. . . or the opposite. Since Vikings hailed from Scandinavia, Englishmen are really Danes, Swedes, and Norwegians. Or the latter three are really English . . . or French. No. They are “little Russians,” since Vikings were instrumental in the expansion of Kyivan Rus'.

We dismiss such disorders of the mind yet unwittingly march in the phalanx of Russian дезинформ. It's at the highest levels. Thus, for newly-appointed U.S. CIA director and former ambassador to Russia, William Burns, NATO membership for Ukraine is a “serious mistake” due to Russia's “deep historical attachment” to Ukraine; we must be “mindful of Russia's interests and sensibilities.”

Reflexive control works. Ask Sergei Naryshkin: “The lessons of Russian history teach moral conduct in politics.” Naryshkin is head of the Russian Historical Society. . . and of the Foreign Intelligence Service.

Kyiv's Princess Anna brought the Gospel to France for her marriage to Henry I in 1051, generations before the founding of



Expert article • 2919

Moscow. She was a daughter of Yaroslav the Wise, one of most prominent rulers of Kyivan Rus', himself married to the daughter of the Swedish King. The Tsar and entourage shrugged, and looked blankly at their hosts and at each other. They were clueless. ■

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PETER DICKINSON

# Putin is doomed to enter Russian history as the man who lost Ukraine

Expert article • 2920

The hybrid war between Russia and Ukraine is now in its eighth year and remains one of the most misunderstood geopolitical events of the twenty-first century. Ever since 2014, the complex and unconventional nature of this conflict has provided fertile ground for disinformation and made it difficult for international audiences to appreciate the gravity of the situation unfolding on Europe's eastern frontier.

This confusion is no accident. On the contrary, Russia's tactics have been specifically designed to create a veneer of plausible deniability while blurring the traditional boundaries between war and peace.

Despite these deliberate distractions, the historic significance of the confrontation is slowly but surely coming into focus. Eight years on, it is now increasingly clear that Putin's decision to attack Ukraine was a catastrophic blunder. Far from preserving Russia's grip over Ukraine, it has produced the biggest shift in the European balance of power since the fall of the Iron Curtain and the collapse of the USSR.

To fully grasp the gravity of the changes that have taken place in Ukraine since 2014, it is necessary to explore the country's long and troubled relationship with Russia prior to the outbreak of hostilities. Tensions between Ukraine and Russia are nothing new. Indeed, a significant minority within Ukrainian society has always resented Russia's role as imperial overlord. However, the two countries shared a common history stretching back centuries and remained bound closely together despite their nominal post-Soviet division into separate states.

Throughout the first few decades of the post-Soviet era, Russia continued to exert unparalleled influence over Ukraine. This was evident in everything from the political and economic spheres to religion and popular culture. Ukrainian channels queued up to screen Russian TV series, while ambitious Ukrainian celebrities dreamed of making it big in Russia.

Moscow's interest in Ukraine was twofold. The country played a key role in Russia's own national story, with Kyiv regarded as the mother city of Russian civilization and Ukraine as a whole seen as central to Russian national identity. This closeness also meant that any Ukrainian attempts to embrace European democracy posed a direct and existential threat to Russia itself. If democracy could be made to work in a country as allegedly indistinguishable as Ukraine, then it was merely a matter of time before the Russian public began calling for a similar transition.

Of course, Ukraine was never quite as culturally close to Russia as many in Moscow liked to believe. Despite centuries of relentless Russification, Ukrainian national identity remained distinct from its Russian counterpart. These differences would become progressively more pronounced after 1991 as post-Soviet Ukraine began to find its feet and grow in self-confidence as an independent state.

Nevertheless, there was nothing preordained about the collapse in bilateral ties that has taken place since 2014. With different

handling, it is quite possible that Ukraine and Russia could have forged a meaningful partnership that would have benefited from the many obvious synergies between the two countries. The man most directly responsible for this failure is Russian President Vladimir Putin.

Soon after Putin came to power in 2000, it became clear that he intended to rehabilitate the Soviet era. The first giveaway was the resurrection of the Soviet national anthem, which took place just months after Putin's appointment had been confirmed via his first election victory. This marked a shift from earlier post-Soviet attitudes towards the past and put Russia on a collision course with other ex-Soviet states that were seeking to shake off the Soviet legacy. Ukraine's size, wealth, shared history, and close proximity to Russia meant that it was always going to be at the heart of Kremlin efforts to reverse the verdict of 1991.

The first major confrontation between post-Soviet Russia and Ukraine occurred in the run-up to Ukraine's 2004 presidential election and set the tone for the coming decade. Putin chose to intervene directly in the campaign, visiting Kyiv amid much pomp and pageantry on the eve of the first round. During this ill-advised trip, he gave a long TV interview and lectured Ukrainians on the need to support his preferred candidate. This hubris backfired spectacularly. It outraged millions of previously apolitical Ukrainians and was to prove a major factor behind the Orange Revolution, which erupted weeks later. The uprising in Ukraine sent shock waves through Russian society.

Many believe that Putin's 2004 humiliation in Ukraine was the major turning point of his reign. From that moment onward, the Russian dictator grew increasingly hostile to the entire Western world. Meanwhile, his policies towards Ukraine were often openly aggressive, albeit without any actual military component.

Disillusionment with the dysfunction of the authorities who had been brought to power by the Orange Revolution led to a revenge victory for pro-Russian forces in Ukraine's 2010 presidential vote. However, it is important to stress that by this point, the mood in the country had shifted to such a degree that the new Kremlin-friendly government felt obliged to publicly declare their support for further European integration.

When the pro-Russian government of Viktor Yanukovich eventually reneged on its campaign trail commitment to sign a landmark Association Agreement with the European Union, Ukrainians once more took to the streets in protest. The 2013-14 Euromaidan Revolution was to prove a major turning point in Ukraine's post-Soviet development and a watershed event in the relationship with Russia.

Moscow responded to the protests with an unprecedented information war that raged in Russia, Ukraine, and throughout the international media. This proved insufficient to rescue Yanukovich, who was eventually abandoned by his former colleagues following a massacre of protesters in Kyiv and fled to Russia.

The Kremlin was not prepared to accept Ukraine's European choice. Instead, Putin ordered the military takeover of Crimea. The sense of disbelief in Kyiv at this unlikely turn of events was palpable.

Moscow's general hostility was no secret, but the idea of Russia using its armed forces against Ukrainians remained barely conceivable.

The wave of shock that initially paralyzed Ukrainian society gave way to resolve when Russian forces expanded their operations from Crimea into southern and eastern Ukraine. A series of Kremlin-coordinated local uprisings were crushed by the Ukrainian security forces and volunteers, with military clashes eventually breaking out in the southeastern Donbas region of Ukraine, where support for the ousted pro-Russian government had been strongest.

The military component of the conflict was at its peak from spring 2014 until the first few months of 2015. Since then, the front lines have remained fairly static, with a steady trickle of casualties from sporadic sniper fire and occasional artillery engagements. However, this traditional armed confrontation is only one aspect of a much wider hybrid war.

Far beyond the front lines in eastern Ukraine, Russia deployed a range of informational, economic, sabotage, and cyber weapons in a bid to destabilize Ukraine. The Kremlin has created fake separatist movements in different regions of Ukraine or sought to fan the flames of existing social tensions. Russian agents have been implicated in staged terrorist attacks designed to discredit Ukraine and cause rifts with the country's international allies. The pressure has been both intense and relentless.

Many expected Ukraine to cave in, but Ukrainian society proved far more durable than anticipated. As the conflict entered its eighth year, Ukraine had done much to address the challenges created by Russian aggression.

During the early years of the confrontation, Kyiv banned Russian media outlets and social media platforms. More recently, the Ukrainian authorities shut down a number of pro-Russian TV channels operating in the country and allegedly funded by the Kremlin. Many of Russia's biggest pop stars are banned from entering Ukraine, while Ukrainian TV channels no longer fill their schedules with Russian content.

Russia's ability to influence Ukraine via the dominance of the Russian Orthodox Church was dealt a major blow by the 2019 establishment of an independent Orthodox Church of Ukraine and the parallel revocation of the spiritual authority previously enjoyed by the Moscow Patriarchate.

Moscow's trade embargoes initially hit the Ukrainian economy hard, but a strong recovery began in 2016 as Ukrainian businesses sought out new markets. By 2019, China had usurped Russia as Ukraine's biggest trading partner, while trade with Russia had fallen to historically low levels.

As well as free trade, Ukraine's Association Agreement with the EU also brought the considerable dividend of visa-free European travel. Since the EU opened its borders to Ukrainian citizens in summer 2017, record numbers have traveled across Europe. This has added to the sense of broadening horizons that has gripped Ukrainian society since the country's Euromaidan Revolution and the outbreak of hostilities with Russia in 2014.

Ukraine has paid a remarkably high price for this progress. The conflict has killed over 13,000 Ukrainians and forced millions to flee their homes. This has traumatized the entire nation, but it has also served to significantly strengthen Ukrainian identity.

The volunteer movement of 2014, which saw tens of thousands of Ukrainian mobilize to plug the gaping holes in the country's ramshackle military, was to have a huge impact on Ukrainian attitudes towards issues of identity. In many ways, it was the moment when independent Ukraine belatedly passed the statehood test.

Russia now finds itself facing a Ukraine that is unrecognizable from the chaotic and divided nation of 2014. Despite the economic woes of the past seven years and the disappointments of a faltering reform process, there has been swing back towards support for Ukraine's pro-Russian political parties. Instead, forces that were once capable of winning presidential elections and securing parliamentary majorities are now reduced to support levels of around 20%. Meanwhile, polls consistently indicate that any future referendum on NATO and EU membership would result in landslide "yes" votes.

Many in Moscow had hoped the victory of Jewish Russian-speaker Volodymyr Zelenskyy in Ukraine's 2019 presidential election might signal a move towards reconciliation and a rejection of the more strident Ukrainian demands for Euro-Atlantic integration. These hopes have proven misplaced. While Zelenskyy initially adopted a far less confrontational tone than his predecessor, he has been unable to reach any meaningful compromises with the Kremlin. In the final analysis, there is simply no middle ground between Ukraine's quest for a European future and Moscow's insistence that the country return to the Russian orbit.

This leaves Putin with few realistic options. He cannot admit his mistake and retreat from Ukraine without provoking a domestic crisis that could conceivably bring down his regime. A continuation of the current status quo is far more likely, while a further escalation cannot be ruled out.

Regardless of which route the Russian leader chooses, it is difficult to see any way back for the Kremlin. Russian influence in Ukraine has fallen to levels not witnessed in over three hundred years, and responsibility rests firmly with Putin himself. He had hoped to enter Russian history as the leader who restored national pride following the Soviet collapse, but he now looks destined to be best remembered as the man who lost Ukraine. ■

**PETER DICKINSON**

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VLADIMIR DUBROVSKIY

# Zelenskiy against Kremlin: A stormy year ahead

Expert article • 2921

Two years ago the strongest accusation that Poroshenko's propaganda made against Volodymyr Zelenskiy was that he is going to surrender to Russia. His blazing incompetence, his origin from a Russian-speaking circles, career in show business dependent on the Russian market, and peacemaking rhetoric seemed to support this accusation. Moreover, Ihor Kolomoyskiy, whose "puppet" he allegedly was, at that time had turned around from his image of Putin's enemy #1 and became fiercely anti-Western. The propaganda went so far as using the image of "Poroshenko against Putin" on billboards set across the country before the run-off, with innuendo that Ze was just an enemy's avatar. Even some respectable observers openly named him a Russian proxy, and presented his election as a special operation of the Russian secret service.

This was untrue from the very beginning, although electing an ignorant novice the president of a country at war was indeed a deadly risky move; and his naïve peacemaking could have indeed been dangerous. Still, an unbiased observer should have taken into account Ze's strong patriotic statements and harsh rhetoric against Putin's Russia – Ze certainly loves Ukraine, although, perhaps, not in a way the mainstream Ukrainian artists would like. But whatever are his deep beliefs, the logics of political and institutional interests now makes Ze confronting the Kremlin and its Ukrainian proxies in a way harsher than Poroshenko ever dared.

Just as predicted, Zelenskiy has freed himself from once strong Kolomoyskiy's influence. The oligarch has never got his PrivatBank back (and Ze personally arrived to the parliament to persuade the MPs to vote for the law totally prohibiting such a move); neither has he obtained any major compensation, as he insisted; and recently Olexander Dubinskiy, the US-sanctioned MP strongly associated with Kolomoyskiy, was expelled from The People's Servant (PS) party – also with direct involvement of its actual leader.

However, as also was predicted, Ze failed to become a strong arbiter between various oligarchs. He lacks a reliable "vertical", does not have full control over the law enforcement, and his main (and pet) asset – popularity – is the TV's hostage. A handful of TV channels controlled by the oligarchs still remain the main source of information for the most of population, hence a grip over political ratings' neck.

It played out recently when heating prices increased, mostly because of the market reasons along with monopolies' markup pricing. Viktor Medvedchuk's three TV channels inflated public anger a lot and helped his pro-Kremlin party to spark protests. The government reacted by freezing the prices, which further worsened relations with the IMF. The situation politically benefited Medvedchuk – a Putin's crony who used to promise cheap Russian natural gas and present the West as an enemy. But – perhaps, the most importantly – the pro-Kremlin force gained at the expense of the presidential one, and overran the PS in January polls. In the immediate response to the collapse of his ratings and those of his party, Zelenskiy crashed

on Medvedchuk's puppet Kozak, the nominal owner of the channels, and effectively shut three channels down. Looks like the first step in climbing over the oligarchs.

However, it may turn futile because, and this is the most important, Ze, unlike his predecessors, critically lacks control over the judiciary. However odd it sounds, formally independent judiciary and law enforcement proved to be a bad idea in contemporary Ukraine because of rampant corruption and Mafia-style informal institutions that penetrate these vital state bodies. Normally, a healthy judicial and law-enforcement corpus heals itself when being left to its own devices – and this was the reason behind the West's insistence on their independence. But when it comes to Mafia-like institutions, independence only makes them more robust and tighter controlled by their godfathers, including Medvedchuk and Andrey Portnov. Both represent Kremlin – and "the Old System" rooted in the Russian/Soviet institutional heritage. Corrupt judges and "law-enforcement" officers lose the most from heading westward, towards the rule-of-law – and it makes them Kremlin's natural "fifth column".

Both Kremlin's hands shook one another when the legally invulnerable Constitutional Court, upon the appeal of MPs tied to Medvedchuk and Kolomoyskiy, ruled the Western-build anti-corruption system unconstitutional in November. This was the first episode in the battle, and the battle is not over yet. Shutting down the pro-Kremlin TV channels is likely to start the next episode, and there are many more to come. Ze is poorly equipped for this combat, but here he deserves support from both the West and the civil society – provided that it will bring integrity, real independence and the rule of law to the judiciary branch. With a weak arbiter like Ze, it seems to be feasible.

But why Zelenskiy, not Poroshenko, clashed with Ukraine's main enemies, Medvedchuk and the judicial Mafia? This is because for his predecessor, Putin's crony was not a real rival, rather a sparring-partner, and the corrupt judiciary was a necessary, convenient and obedient tool. However, for Ze both are his personal rivals and existential enemies. In reality, this simple interest proved to matter more than all patriotic rhetoric. ■

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PASI ERONEN

# Eastern Ukraine under foreign rule looks towards history that never was

Expert article • 2922

**A**fter a bumpy ride through no man's land separating unoccupied Ukraine from its eastern lands violently and illegally torn away from it, visitors arriving in the so-called Donetsk People's Republic are taken decades back into a simulated, twisted version of Soviet times, but under Russian flags and run by security services with local collaborators.

Visitors are greeted from the first steps by a dizzying mixture of Stalin cult, Second World War euphoria, and increasingly overt telltales of the region's true rulers. At the same time, the decay of the society under its current rulers is visible everywhere. Crumbling infrastructure, tales of rampant corruption, daily force-feeding of disinformation, limited selection in the local stores, and even more limited opportunities for young people are plaguing the ordinary people trapped inside this costly attempt to retain at least a facade of an empire.

On Lenin Square, in the middle of downtown Donetsk, a massive statue of Lenin still stands untoppled, looming over the citizens of the so-called People's Republic making their way across the square to their daily errands. Next to the Lenin statue sits a commercial building hosting a long-broken video screen and a Sberbank logo, almost as a reminder of the numerous ways control over a region, or even a whole country, can be wrested in the modern world. Standing even taller than Lenin, the central flagpole next to the statue has a flag hoisted on it. Instead of the so-called People's Republic's black-blue-red tricolor, a Russian flag flies highest in the central square of Donetsk.

In the space of a few years, Russian flags have become prevalent in Donetsk. At first, after solidifying control over the region, the flags were flown during parades and days of celebration such as Victory Day. But slowly and surely, the flags became permanent. Creeping russification is not limited to hoisting flags; the local population is also under pressure to change their Ukrainian passports into those of Russia. After the most grandiose plans of forcefully creating an imaginary land called Novorossiia to satisfy ideologues and the ruling elite's geopolitical fantasies got thrown into history's dustbin, leaving behind only fading graffiti, a slower process of illegal integration continues.

A similar kind of slow cooking process continues against the minds of local residents. The everyday living environment is littered with pieces of propaganda following the old Soviet playbook. Militants who lost their lives during the battles with government forces, or alternatively were removed from the playing field by their former backers, are featured in billboard posters dedicated to their so-called heroism and remaining silent about their war crimes. Former leaders of the so-called republic, who were blasted to eternity, have their bronze busts erected next to the Second World War memorial in an attempt to tie them to the past heroes. In a similar fashion, Donetsk has received Hero City status from the current rulers, trying to elevate it to the status reserved during Soviet times for cities like Moscow and Volgograd. River and reservoir banks and entire walls of central

downtown buildings carry messages praising the regions' and the people's allegiance to Russia.

The local economy is tightly integrated with that of Russia. The only currency officially accepted in the local stores and restaurants is the Russian ruble. Logistics chains from Russia to Eastern Ukraine bring in not only civilian and commercial supplies, but also continuous flows of military assets and personnel. The war-torn local economy does not offer many opportunities to the local populace, forcing many to seek opportunities in Russia, or to join the ranks of the local militias out of desperation. At times, opportunities turn out to be a mere mirage, leading people to be subjected to human trafficking, or to become casualties of war. Most of the coal mines, the region's past pride, are closed, or running at severely diminished capacity under questionable ownership. The stolen coal runs through Russia and, according to investigative journalists, makes its reappearance in European markets, making us complicit in supporting the illegal economy and indirectly also propping up the criminal regime.

The so-called people's republics illegally established in Eastern Ukraine would not survive without substantial Russian administrative, economic, and military help. In the Kremlin's eyes, the areas in Eastern Ukraine, like those carved out earlier from Moldova and Georgia, serve Russian interests despite the high diplomatic, political and economic costs of retaining them within the Kremlin's orbit, not to mention the immense human toll on both active participants in conflicts and civilians, who continue to perish to this day.

While the rest of Ukraine is making its at times bumpy and, for some commentators, even frustrating journey to embrace the Western family and its values fully, the Eastern provinces and the Crimean Peninsula violently separated from the rest of the country are on a diverging path. Instead of looking towards a better future and moving forward, these parts of the country look back at glorified version of a history that never was, denying their inhabitants any chance of a better life. ■



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MATTHEW SCHAAF

# Six years after Maidan, how free is Ukraine?

Expert article • 2923

Large swathes of Ukrainians took to the streets in late 2013 and early 2014 to defend their dignity and human rights against encroachment by an increasingly authoritarian leader. Not only had President Yanukovich presided over major declines in human rights and fundamental freedoms in Ukraine, but he had also sold the country out to Russia in the view of many. The Revolution of Dignity, as the 2013-2014 revolution came to be known, was in response to these abuses.

In 2013, just before the Revolution of Dignity, Ukraine was rated as Partly Free in Freedom in the World, Freedom House's annual report assessing the condition of political rights and civil liberties around the world. Given the numerous abuses detailed in the report and by many others, the Partly Free rating was not a surprise. Yet, six years after the revolution, Ukraine is again rated as Partly Free, this time in Freedom in the World 2021. In fact, Ukraine has been rated Partly Free in Freedom in the World since its independence, except for the period 2006-2011, between the Orange Revolution and the Revolution of Dignity, when it barely made it into the Free category.

How is it possible that a country, apparently so determined to break with its past that its people tossed out an authoritarian leader, elected new ones, and launched deep reforms, is still considered as free as it was before the first and second revolutions? Part of the reason, according to Freedom in the World 2021, is that corruption remains endemic, with efforts to combat graft meeting persistent resistance and experiencing major setbacks. The war with Russia and the occupation of parts of Ukraine also loom large due to their major impact on social, economic, and political life. Without a doubt, reforming the judiciary, getting corruption under control, and ending the war will go a long way towards improving the lives and human rights of millions of people in Ukraine.

The freedom of Ukraine's residents is also stifled by an ongoing plague of violence. This violence, taking place outside of the conflict zone, is largely uncontrolled and is aimed at punishing people and discouraging them from expressing themselves, or sharing ideas or information. Since Ukraine's independence, journalists have been targeted with such violence, while more recently, other communities have become targets. Freedom in the World 2021 notes how journalists continue to experience violence and intimidation, with the courts and law enforcement failing to protect journalists' rights or prevent impunity for crimes against them. There is little accountability for those responsible for the persecution of investigative journalists, attacks on journalists, or dozens of other incidents in which muzzling the media was the primary goal. Like many human rights challenges, this is a problem not just of imperfect laws, but also of a lack of political will to take these threats seriously and marshal the resources to ensure accountability for attacks on journalists. Year after year, new commissions are convened and promises made focused on better protecting journalists with little impact on this frightening dynamic.

Violence and threats against journalists have contributed to censorship and self-censorship. Among journalists, 98% reported censorship in one form or another of topics perceived to be unpopular among the public or against the interest of the state according to a 2019 survey by ZMINA Human Rights Centre. Censorship also affects ordinary people. Sharing opinions on contested topics like identity, corruption, or LGBT+ rights, or being a civic activist – activities central to democratic discourse – increasingly leads to threats of or actual violence. The phenomenon of doxing, or the publication of personal information online (such as the location of a person's home) in an implicit encouragement of harassment and vigilante violence against them, is also on the rise. While doxing may have started with the infamous Myrotvorets initiative, which began doxing journalists in 2015, this tactic continues to this day, especially on the Telegram messaging platform. New doxing targets include students and other people targeted for expressing allegedly "anti-Ukrainian" views, supporting women's or LGBT+ rights, or sharing views considered to be outside of the mainstream.

Make no mistake, Ukraine has made important strides in human rights since the Revolution of Dignity. While many reforms are contested, the country is moving in the right direction. Yet unchecked violence because of what people think or say is preventing Ukraine from transforming into a democratic and pluralistic society where everyone can live a dignified and free life. Taking violence seriously and prosecuting those responsible should be at the top of the agenda for human rights reforms. ■

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YANA PRYMACHENKO

# Babyn Yar Holocaust Memorial between third memory boom and hybrid war

Expert article • 2924

**O**n 23 April 2020, the historian community was shaken by the statement of Professor Karel Berkhoff, a leading expert on Holocaust in Central and Eastern Europe and the former chief historian of Babyn Yar Holocaust Memorial Center (BYHMC). He expressed his deep concern about the future of the BYHMC project after Ilya Khrzhanovskiy, a scandalous Russian film director, was appointed art director of BYHMC and the entire original managing team was replaced. Professor Berkhoff stated that he could no longer lend his public support to BYHMC due to ethical considerations as well as the need to defend his professional reputation.

A few days later, the media leaked a draft presentation of the Babyn Yar museum concept proposed by Ilya Khrzhanovskiy's team. The draft announced a heavy use of multimedia, deep fake technology and other controversial methods based on Stanford and Milgram's experiments in order to plunge the visitors into the tragedy's atmosphere. This concept heralds the third memory boom as described by Andrew Hoskins who predicted that "the museum can only survive if it becomes media archaeological and [...] oppose[s] the simple construction of linear narratives".

But there is more to it. According to Karel Berkhoff's opinion, the new BYHMC project may turn the museum into an attraction. Such radical gamification contradicts the basic principles of the International Memorial Museum Charter demanding to evoke empathy with the victims as well as to integrate historical experience into historical contexts.

The other problem is that the major donor of BYHMC is a group of Russian oligarchs Mikhail Fridman, German Khan, Pavel Fuks. Though they were born in Kyiv and had close relatives killed in Babyn Yar, there are concerns because of their close ties with the Russian authorities. The only Ukrainian donor of BYHMC is the Ukrainian oligarch Victor Pinchuk. It is obvious that after the annexation of Crimea and aggression in Donbass, Russia tries to use this sensitive topic in its hybrid war against Ukraine.

The whole situation divided the Ukrainian Jewish community as well as experts into two camps: supporters of the BYHMC project and its opponents. Both camps agree that Ukraine, where 1.5 million Jews were killed during the Holocaust, needs a Holocaust Memorial. Babyn Yar as one of the main sites of Eastern Europe's Jewish tragedy seems to be the most suitable place for such memorial. The main debate is about what kind of memorial Ukraine and the world need and where it should be built.

The opponents of BYHMC point out at least three reasons against this project. The first one is theological. Jewish traditions prohibit any construction on the territory of a cemetery. The second problem is a political and ethical one. The untransparent private funds as well as close ties of the Russian oligarch funders to the Kremlin cause a great concern among the broad public. Furthermore, do we really need a Holocaust Disneyland or the Westworld amusement park from the

eponymous series where visitors would get thrills from reliving the experience of the members of the SS Einsatzgruppen?

And the third problem is primarily connected with the previous one. The substantial Russian presence in BYHMC project is an avid example of a colonial approach where Ukraine is treated like an object denied the right to its own vision of history by the former empire with tacit support of the international community.

On 6 February 2019, the opponents of BYHMC project presented the national concept of Babyn Yar memorialization prepared by the working team of experts from the Institute of History of Ukraine at the National Academy of Sciences of Ukraine.

The team of the Institute of History of Ukraine is completely opposed to the idea of any new construction on the territory of Babyn Yar as well as to the idea to single out the so-called "Holocaust of Bullets" from the generic history of the Holocaust in Europe. They believe that such artificial division is a step back into the post-Soviet symbolic space and the realm of the "Russian world" project. The future museum should present the Ukrainian as well as European contexts of the Holocaust and be inclusive in representing the narratives of all the victim groups of Babyn Yar (Jews, Soviet POWs, Roma, Ukrainian nationalists, patients of Pavlov's mental hospital and others). As a result, they insisted that Ukraine actually needs two separate museums, the Holocaust Memorial and the Babyn Yar Museum.

In 2020, 800 Ukrainian intellectuals signed a petition expressing their concern and asking President Volodymyr Zelensky to step in and support the national project while 300 Jewish Ukrainians addressed the broad public with their criticism of the current BYHMC project. The BYHMC responded that the leaked concept was preliminary and published an official version in early 2021. It incorporated elements of the national project but left in place all the controversies.

On 29 September 2020, despite this vocal criticism, the Ukrainian government and BYHMC signed a memorandum of understanding and cooperation. It is expected that the building of BYHMC starts this year. But without a public consensus and clear vision of the concept of the future memorial there is a real concern that the tragedy of Babyn Yar can be instrumentalized to divide and polarize Ukrainian society.

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# Ukrainian Defense Reform

## continuous effort

Expert article • 2925

**D**efending the state against external aggression is the most important task not only for the Ukrainian defense sector but for the whole nation as well. It is difficult to reform the state's defense system while waging a war at the same time.

In 2020, several important steps in the reform of Ukraine's defense sector were achieved, despite the temporary upheaval caused by a significant change in staff. The new Minister of Defense, A. Taran, has taken the reins of the Ministry of Defense. The reforms have, as it were, started anew. Personnel changes were made among those responsible for the reforms. Priorities were redefined and deadlines for achieving the goals were altered.

Some reforms are progressing very clearly while others are not. For example, several important command and control (C2) decisions taken in the first half of last year were overall positively assessed by the Alliance. However, information about the subsequent outcome/implementation of those decisions seems rather inconsistent. In this context, the Minister of Defense has recently introduced a Comprehensive Functional Review of the Defense Management System in the Ministry of Defense and the Armed Forces. This effort should assist in identifying roles and responsibilities. But for the time being, C2 looks complex and confusing to understand and use. Not only the command structure itself remains unclear. It is also the case for many other technical details.

The recently approved law on new military ranks was meant as a step forward and a departure from the past. Its full implementation was rendered impossible by the lack of the necessary executive decisions. Admittedly, some worries are linked to adjusting the ranks to the NATO nomenclature in the context of old habits and sentiments persisting for many decades, especially without losing sight of the need to continuously sustain motivation during wartime.

In June 2020, the North Atlantic Council recognized Ukraine as an Enhanced Opportunities Partner. Ukraine is now one of six such partners, alongside Australia, Finland, Georgia, Jordan and Sweden. Ukraine will be able to benefit from a tailor-made relationship with NATO, based on areas of mutual interest. This includes enhanced access to interoperability programmes and exercises, and enhanced sharing of information, including lessons learned.

In September 2020, a new National Security Strategy was adopted. The new strategy sets out fresh goals to achieve sufficient result, in the shortest possible time, in terms of the interoperability of the Armed Forces of Ukraine and other elements of the security and defense sector with the relevant allied structures. It requires a significant intensification of reforms that must be implemented in order to meet the NATO membership criteria in the execution of the Annual National Program under the auspices of the NATO-Ukraine Commission, and, ultimately, receive an invitation to and join Membership Action Plan (MAP). Thereafter, the Military Security Strategy is on track for implementation in early 2021. Together with the national security

strategy, these are two critical strategic documents as some time has passed since the previous edition. It is high time to adopt them and redefine the principles of Ukraine's security, its strategic environment and its surroundings.

These are the flagship changes introduced in Ukraine's defense system over the past year. In the extremely dynamic political context, dozens and hundreds of minor and major changes occur in many areas every day. Kiev's ambition to join the NATO MAP in the near future, maybe even in 2021, comes to the fore. Of course, it does not depend on anyone's aspirations, but on how the reforms in Ukraine are assessed, not only in the sphere of defense, but also with regard to the functioning of the entire state. Not only the armed forces join NATO. The entire state does.

In this context, discussions on improving internal management within the state become extremely important. Undoubtedly, imperfect laws and practices do not weigh as much as an actual and current threat of losing independence. On the other hand, the integrity and cohesion of a state certainly affects its defense and development capabilities. After all, besides effective defense, democratic values are the most important dimension for the Euro-Atlantic family.

Is Ukraine winning the war against corruption? This is a very open question. Consequently, the defense and perhaps the sovereignty of Ukraine - or at least the support of the West for it - depends on the "purity" of governance in a way that no one can question.

When assessing last year's reforms of the defense system, one may be tempted to state that there may be too much caution in introducing changes, as well as a tendency to over-regulate each sphere of defense activities, so as not to spoil current posture, or additionally weaken, even periodically, own defense capabilities.

Additionally, there are always too many appealing priorities in such situation. There is also a tendency to so-called deliverology, i.e. implementation without quality control, in order to achieve the apparent quick-wins.

In this context, there are tangible discrepancies between the reform's two major players i.e. the Ministry of Defense and the General Staff. Each of these institutions defends their own positions and views. The discrepancies concern the scale, the depth and the scope of reforms as well as their progress.

The Armed Forces are carrying out the burden of the reforms, while MOD pragmatically and academically works on the lines of effort, legislation, education and organization as it grapples with the daily challenges. Reform is combined with tremendous pace, pressure and expectations from the public and supreme authorities, operational problems, COVID-19, reform fatigue, etc. The non-competitive improvement of civil-military relations is of course a necessity. Situations like this can weaken civilian democratic control over the military.

It is also important that the entire Euro-Atlantic community has an insight into the real progress of reform and a picture of possible

problems in order to observe and support the achievement of Ukraine's long-term goals in line with the Annual National Program. As the picture and the progress of reforms become clearer, NATO nations will be able to provide consolidated and impartial support on possible ways of improvement for major aspirations in the defense reforms and beyond.

Last year allowed for the formulation of a number of recommendations that could be used in the military (or even political) process of advancing the defense reform. The most important of these is the better use of the NATO ministerial level (e.g. QUINT) to verify and stimulate Ukrainian defense reforms.

It is vital to more actively involve Western countries in the process of formulation of various Ukrainian strategic documents, so that they are consistent with the Euro-Atlantic *raison d'état* and the security situation on the eastern flank of NATO and the EU.

When implementing defense reforms, both in the conceptual and executive phases, various forms of cooperation would constitute a significant advantage, because the Ukrainian side is interested in solutions other than those left by its post-Soviet heritage. This assistance may consist in providing selected documents, academic education, internships at the MoD (and other ministries and institutions) and bilateral visits. The ongoing work on the Strategic Defense Bulletin (SDB) is a great opportunity. However, the active use of consulting opportunities in the preparation of the SDB can be added to the arguments in favor of the MAP. Accordingly, it will be necessary to intensify the efforts put into the preparation of the SDB with the maximum involvement of advisors, if possible.

The burning issue is to establish industrial contacts supporting the reforms (including with defense industry state monopolist UKROBORONPROM) before it becomes dominated by some unwelcomed external influences, which is already happening. It is also necessary to try to conclude agreements with the strong arms industry of NATO and EU countries in order to establish cooperation, for example, in the field of production and repairs. It seems that the recent announcements that the transformation of UKROBORONPROM may become effective even a year after the adoption of the relevant law are too optimistic. So far, there have been many unsuccessful attempts. It is difficult to change a company that has done little in 20 years.

The Euro-Atlantic involvement in the work of the newly created Resistance Center would also be helpful. This would give our countries an insight into the Ukrainian military experience (LL). As part of multilateral and bilateral contacts, we must provide substantive, material and personal support.

In connection with the above, and in the context of other reforms (e.g. logistics, military medicine, joint exercises and interoperability), the LITPOLUKRBRIG in Lublin (Poland) can be a very good testing ground and enabler, not to forget its operational tasks.

Some countries have doubled their financial commitment to Ukrainian reforms this year; but just as it is important to support resources, it is important to support Ukraine with expertise and substantive advice. Consideration could be given to expanding the involvement in e.g. trust funds or staff allocation, organizing joint exercises, training, internships, etc.

At the same time, supporting Ukraine's anti-corruption efforts, including the demonstration of Western planning, programming, budget transparency and public procurement solutions, would also constitute a commitment appreciated by our Ukrainian partners, one that would involve relatively little costs, but could potentially trigger a huge change in mentality.

Ukraine's status as a partner with enhanced opportunities and the continued and ongoing reforms do not prejudice any decisions on Ukraine's membership in NATO. Allies continue to encourage and support Ukraine in its reform efforts, including in the security and defense sector, in civil control and democratic oversight, and in the fight against corruption. There is no turning back from the reform aimed at meeting the NATO membership criteria, adjusting the Ukrainian security and defense sector to NATO standards and strengthening democratic civilian control. ■

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BOYE GARDER LILLERUD

# Ukraine-Norway military cooperation: A short overview

Expert article • 2926

**M**ilitary relations between Norway and Ukraine have deep historical roots. The earliest recorded relations between Norway and Ukraine date back more than a thousand years. Norwegian Vikings traded with Kyivska Rus' and for many decades served the Kyivan princes. The most famous example being the marriage between King Harald Hardråde ("Hard Ruler" and the founder of Oslo) – who in modern terms was the Minister of Defence of Prince Yaroslav the Wise – and the Prince's daughter, princess Jelisaveta in 1045 – who then became Queen Ellisiv of Norway.

Following a long 900-year hiatus, the relations between Norway and Ukraine have developed substantially since Ukraine regained its independence in 1991. Norway recognized Ukraine as a sovereign state on Christmas Eve in 1991 and diplomatic relations were established a few months later. Military relations were not, however, significant the first decade of the 1990s as Norway – and Ukraine – was coming to grips with the dissolution of the Soviet Union and the subsequent reorganization and reduction of armed forces on both sides of the former Iron curtain.

In early 2000, the Norwegian MoD launched a project to support the transition of redundant naval officers in the Russian Northern Fleet from military service to civilian life. It was the perceived success of this program that provided the impetus to see if a similar project could benefit the redundant officers of the former Soviet Black Sea Fleet on Crimea in 2003. This was, for all practical purposes, the starting point from which all modern day Norwegian-Ukrainian military cooperation efforts would evolve from. There are two distinct time periods to be reckoned with: Before and after the Revolution of Dignity in 2014.

## Pre-2014:

The idea that strengthening peace, international security and confidence through military cooperation is not novel. For it to work, however, there needs to be both political will and an overarching plan. In 2003, Norway and Ukraine possessed both.

Originally, the bilateral military cooperation plan was divided into two distinct parts. Firstly, cooperation in the military-political sphere, which was aimed at promoting regional security with other European countries. This included ministerial visits, staff talks and regular exchanges of views about challenges to European Security at the political level. Secondly, within the military-technical sphere the driving focus was sharing of experiences in reforming armed forces, participation in Partnership for Peace (PfP)-related activities, as well as several smaller projects related to judicial questions, military education, medical services and special operations. But the flagship project was always the "Norway-Ukraine Project", funded by the Norwegian MoD and executed by the Ukrainian NGO International Foundation for Social Adaptation (IFSA) in partnership with NORD University in Bodø.

The project itself is based on the professional retraining of former military servicemen and providing them with civilian specialties which are in demand in the Ukrainian labour market, as well as assisting them in adapting socially to the conditions of civilian society. It has been – and continues to be – a project which shows real results. It helps to reduce the impact of negative social effects of economic reforms and the reforms of the defence sector in Ukraine. Most of the graduates have succeeded in adapting to a non-military life, either by creating a family business or by increasing their professional competitiveness in order to get civilian jobs.

Between 2003 and 2020, 11,720 people have participated in the project, including 1,401 veterans of the Anti-Terrorist Operation/Joint Forces Operation (ATO/JFO) in Donbas. Since the beginning of the project, it has involved 39 Ukrainian cities and more than 20 higher educational establishments in Ukraine. The project is currently funded by the Norwegian Ministry of Foreign Affairs.

## Post-2014:

Following the illegal Russian annexation of Crimea and intervention in Donbas, Ukraine has fundamentally ramped up its military cooperation with NATO and other Western countries. Norway has from the very first moment been a strong supporter of Ukraine's sovereignty and territorial integrity within internationally recognized borders. Crucially, Ukraine has chosen a path that will require reforms and adaptation in many areas; not only militarily, but also politically, economically, and socially.

To support the reform effort, the military cooperation followed a three-pronged path: bilaterally, in the framework of the Nordic-Baltic Assistance Program (NBAP), and within the NATO framework. A common thread for all the cooperative efforts is that they aim to be mutually beneficial, sustainable, and finite. Three areas of military cooperation deserve to be mentioned in this context. Despite not being about "bullets and missiles" per se, they are fundamental prerequisites for a well-functioning defence sector. Additionally, they tap into particular areas of expertise of the two countries.

Firstly, military education and academic research is an area where the exchange of knowledge is mutually beneficial. The Norwegian MoD has provided training, equipment, and funds to support the implementation of Advanced Distance Learning (ADL) in Ukrainian military education establishments. The efforts of digitizing education are supported by the Jefferson Institute and is done in cooperation with the National Defence University of Ukraine (NDUU). Similarly, a research cooperation project between the NDUU and the Norwegian Defence University College (NDUC) in the field of "hybrid warfare" provides a platform for academic collaboration on the unique Ukrainian experiences from the conflict in Donbas.

Secondly, there is currently a project to increase emphasis on merit- and integrity-based professionalism in the Ukrainian MoD. The

Expert article • 2926

project aims to enhance the levels of human resource management competence among officials, strengthen the legal frameworks, administrative procedures, and practices, as well as create synergies that may benefit other parts of the Ukrainian public administration. The project goal is fully in line with key priorities of the Ukrainian government, NATO and EU guidance. It is coordinated by the Centre for Integrity in the Defence Sector (CIDS) in the Norwegian MoD.

Thirdly, the more military-technical cooperative activities and assistance projects are decided on a case-by-case basis. Their scope and variation is therefore greater, but mutual benefit is also a key factor here. Norway has, for instance, contributed mentors in the field of planning and procedures during the annual multinational “Sea Breeze” exercises in the Black Sea. Ukrainian officers have participated in the Allied Winter Warfare Course that takes place in Norway. Norwegian officers have participated in the multinational exercises “Rapid Trident” and so on.

To conclude, military cooperation between Norway and Ukraine is diverse and multifaceted. Both countries remain invested in several fields of cooperation, including knowledge transfer, good governance, integrity-building and anti-corruption efforts. ■

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ROMAN HORBYK

# Mobile phone: Connecting soldiers?

Expert article • 2927

“One day, I went out to the field with a guy who had to broadcast coordinates. I cleared the field, he set it up, then I checked with the map and saw we had come to a wrong area. He says, ‘I know’. And then the area where we were supposed to be is shelled. He says, ‘Got it?’. I say, ‘Got it.’ And then a new strike hits but this time very close to us! And the guy goes nuts: ‘What bastard took a phone? I’ll kill ya!’ And a young soldier comes forward and says, ‘I just called mama’. In five minutes we were gone, and the place was pulverised”.

This is just one story from a series of interviews with Ukrainian veterans I carry out within my current research project at Södertörn University. One day in a soldier’s life, one tiny episode in the Kremlin’s hybrid war against Ukraine, still ongoing, now in its seventh year. This war has sent powerful ripples around the Baltic Sea region and Europe since 2014, but one aspect remains overlooked: how different this war is because everyone has a mobile phone in their pocket that they carry everywhere, even on the battlefield.

Bruno Latour came up with the actor-network theory to explain how technology changes our lives. He proposes that devices are actors just the way we humans are (although lacking an own will, of course). Both human and non-human actors combine to create networks with higher capabilities. Thus, a man and a man with a gun are two very different things. Add a mobile phone to the mix – and you get something different still.

The separatists were early in weaponising mobile communication. Even in 2014, they created their own GSM operator using the Swedish-made equipment they looted from Ukrainian mobile companies and hacked to install pirated software. Hundreds of base stations were erected, and 40 km of optic cables laid to detach Donbas from Ukrainian networks and connect it to the Russian ones.

The omnipresence of mobiles created what George Ritzer would call a prosumption environment, where consumers of content also become producers, on the frontline. The (pro-)Russian paramilitaries seized the opportunity. The web was barraged with “war porn”: photos and videos of killed, dying and captured Ukrainian soldiers. To wit, they were shot twice: first with a gun, then with a camera. Brutal interrogations were filmed. Parents were getting calls from mobiles picked from the corpses of their sons by their killers, and these conversations were recorded and publicly posted online.

For the Ukrainian army, mobiles provided a convenient battlefield tool due to outdated communications systems available in 2014. Soldiers were asking volunteers to supply them, among other essentials, with used mobile phones. They soon discovered mobiles were a mixed blessing: easily wiretapped, a handy artillery target, and a distraction under fire with calls from kin that not only brought home to the frontline but also plunged the families in the immediate trauma of war.

In July 2015 the Ukrainian parliament banned all use of mobile phones, cameras, radio receivers and computers by soldiers in the warzone but allowed commanders to permit such use if necessary. In practice, mobiles remained the most reliable communication tool and, despite the ban, the widespread use continued.

Since 2014, Ukrainian Armed Forces have gone a long way in improving their communication ability. This was partly achieved

by using civilian and dual-use equipment such as Tooway satellite stations, trunking technology, and radio stations. However, the use of these communication means is still limited, and many units lack a reliable communication system. Particularly lacking is SDR (software-defined radio) equipment that can turn any laptop into a secure radio station, and hackproof nonLOS (non-line-of-site) communication systems. Moreover, the enemy forces are using cutting-edge Russian military technology to secure their own communication as well as to jam and disrupt that of the Ukrainian army. This disadvantages the Ukrainian military, leading to loss of life and greater threats of a full-scale invasion. The soldiers relay orders and reports from the frontline on the mobile, which increases its presence on the battlefield, endangers the personnel to artillery fire, and invites wiretapping.

What are the lessons, then, for European countries, particularly in the Nordic and Baltic regions where much of communication equipment is produced? To learn from Ukrainian experience and introduce clear regulations around mobile phone use by the military. But also, to take a greater responsibility and ensure that their equipment cannot be used if looted. Also, the Ukrainian military needs up-to-date equipment and training for personnel. Including Ukraine in the ESSOR project, where Finland and Poland participate, would be a win-win solution. To assist the Ukrainian military in building a fully functional and secure communication system based on the cutting-edge technology (non-lethal by definition) would save lives, reduce the grey zone in modern warfare, and be a strong contribution to the security of the Baltic and Nordic regions, as well as of entire Europe.

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# Energy and the Eurointegration of Ukraine for the European security

Expert article • 2928

**T**he Ukrainian policy on energy sector development significantly affects the security situation not only in Ukraine but also in Eastern Europe. Reflection on energy reforms in Ukraine and the development of integration processes in this region confirms this view.

Achieving independence, Ukraine had inherited not only a powerful energy sector but also a Soviet model of energy policy. Ukraine's political leaders in the early 1990s did not dare to abandon the Soviet tradition of populism and had not rejected the Soviet style model of governance. Ukraine avoided the path of reform, chosen by Eastern Europe and the Baltic countries, which liberalized energy markets and moved to market regulated pricing on energy supply.

Ukraine had chosen the Russian model of energy management, which assumed the partial privatization of energy assets while maintaining state regulation and control. The model set state-subsidized prices for the households and compensation the losses of energy suppliers, which were privatized by some groups.

The introduction of the model had resulted in the limited investment attractiveness of Ukraine's energy sector, a steady reduction in energy production, especially natural gas, aging of Ukraine's energy assets, rising energy intensity, and non-competitiveness of the Ukrainian economy. At the same time, attempts to satisfy certain groups of voters led to a steady increase in state budget expenditures on subsidies. The populist model of governance also made it possible to explain state support to certain energy companies, friendly to political leaders. An example of this was the continuous growth of government spending on the support of inefficient coal industry, which over time exceeded state spending on medicine and education in Ukraine.

The introduced model of energy policy has been useful for personal enrichment as well as getting electoral support due to the "rent extraction" from energy industry. With the decline of Ukraine's economy, steadily rising world energy prices, such policy inevitably led to the need to find additional sources of support. Only Russia, which provided resources at low prices in exchange for political concessions, could be such a source.

For a long time, Ukrainian governments agreed to make political concessions to Russia. Ukraine had agreed to allow the Russian Navy to stay in Ukraine for 25 years in 1997 (in exchange for writing off the debt for consumed natural gas), and then to extend the stay of the Navy until 2042 in 2010 (in exchange for a discount on the price of natural gas), to the sale of many energy assets to Russia, to promise introducing the Russian language as a second state language in Ukraine or to refrain from integration with EU.

At the same time, the populist Russian model of energy governance was one of the most effective tools for keeping Ukraine under Russian control. The period of Russia's influence, primarily due to its influence on energy policy, lasted for more than 20 years. However, the gradual growth of the pro-European aspirations of the Ukrainian people created a new situation. The majority of

Ukrainian citizens had required changes and reforms in the country's governance, including in the energy sector.

By joining the Energy Community Treaty at the end of 2010, Ukraine had embarked on a long and difficult process of reforming the energy sector in line with European legislation. At the beginning of this process, Russia was convinced in its ability to suspend Ukraine's transformation process, trying through the pro-Russian lobby to force Ukraine to abandon EU aspirations or reject provisions of EU energy legislation (as an example could serve the attempt of Russia to sign new gas supply contracts at the end of 2011).

Russian attempts to block the European integration course resulted in a sharp dissatisfaction of the people of Ukraine with actions of the Ukrainian authorities, which in late 2013, under pressure from Russia refused to sign the Association Agreement with the EU. Ukrainian society, in particular, the most active part, demonstrated its readiness to defend its pro-European choice and goal - to change the model of governing the country.

Paradoxically, but it was the Russian hybrid aggression against Ukraine that had ended the period of exploitation of the post-Soviet model of government, and forced Ukrainian leaders to abandon the "rent extraction" model. In the period of 2014-2019, Ukraine had accomplished so many changes in energy policy that was not capable for all the previous 25 years.

Ukraine had adopted the legislation that implemented European models of energy markets, had established institutions for energy market regulation and pricing principles, had started a process of refusing from in-kind subsidized prices policy to financial mechanisms to support vulnerable consumers.

Ukraine realized a number of infrastructure projects and concluded agreements to start integration of Ukraine's energy industry into the EU energy market, such as: opening technical and legislative opportunities for free trade in natural gas with EU countries (which allowed Ukraine to refuse from gas supplies from Russia's Gazprom in 2015); signing agreements with gas network operators of the EU countries; launching the process of integration of the grid power system of Ukraine into the ENTSO-E; implementing the program to diversify the supply of nuclear fuel for Ukrainian NPP.

These changes are in fact the new stage of energy policy of Ukraine and an example of a new security configuration in Eastern Europe. Thus, at the end of 2020, a completely new model of relations on the gas market of Ukraine was established. Ukraine has moved to market pricing principles for all consumers and has opened the gas market to suppliers from EU countries. Ukraine has introduced the possibility for EU countries and companies to use Ukrainian underground gas storage facilities and supply gas to EU and Ukrainian markets during peak periods, as well as mechanisms for the transit of Eastern European countries through its territory (mainly south-north direction). The first contracts on deliveries of natural gas from LNG terminals in the Baltic and Mediterranean Seas have been concluded.

Expert article • 2928

In fact Ukraine has abandoned the utilization of the Russian energy policy model, overcome its dependence on natural gas supplies from Russia, and integrated into the European gas market based on EU principles and legislation.

However, it should be noted that the reforms in the energy sector are not easy for Ukraine. The transformation of relations in the gas sector was successful due to the availability of the patriotic and market-oriented leaders in legislative, governmental, and corporate circles of Ukraine, strong support of Ukraine's partners worldwide. That stimulated Ukraine to transform relations in the energy markets and have helped to overcome the resistance of both certain groups of influence, which tried to preserve the opportunities for rent extraction, and certain groups of society, accustomed to subsidies.

A long period of hybrid aggression certainly leads to the tiredness of society to continue a process of painful, unpopular changes. The inefficiency of government could cause public dissatisfaction and suspend further transformation in other areas (the electricity market for example). Global challenges and internal problems of the EU reduce the readiness of the leaders of the EU countries to support Ukraine in its transformation path.

However, these problems should not be decisive in the long run. The crucial strategic goal is the integration of Ukraine into the European principles of governance and society values. The example of the transformation of the gas supply sector, as a result of Ukraine's success in reform, is evidence of how the security situation in Europe can change, in the case of integration of the entire energy sector of Ukraine. ■

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NATALIYA TERAMAE

# Between freedom of speech and national security

Expert article • 2929

**O**n February 2, an unprecedented incident happened in Ukraine. The National Security and Defense Council of Ukraine (NSDC) decided to impose 'personal special economic and other restricted actions (sanctions)' against MP Taras Kozak and the legal entities owning the licenses of the following TV channels – 112 Ukraine, NewsOne, and ZIK. The decision was approved by President Volodymyr Zelensky. Providers switched off the channels from satellite and cable broadcasting, however, they continued to stream on YouTube. Minister of Culture and Information Policy Oleksander Tkachenko planned to ask the company to block the channels' pages, because they 'are not mass media or regular broadcasters, but a part of Russia's propaganda war against Ukraine'. Sanctions will last five years.

The above-mentioned TV channels have been heavily criticized for their pro-Russian position and are seen as a threat to national security especially during the ongoing Russo-Ukrainian war. However, the government's decision has alarmed the national media sphere. Let's see why.

Even though the banned channels are owned by Kozak, they are reportedly controlled by Viktor Medvedchuk, MP from the Opposition Platform - for Life (OPFL), a party known for its pro-Russian alignment. Medvedchuk is an experienced politician known for supporting Russia's interests in Ukraine to the extent that he has been nicknamed 'Putin's kum'. Kum is what parents call the godfather of their child, but it is also a term used to describe a person acting in another's favor. Allegedly, Putin became godfather to Medvedchuk's daughter in 2004.

Medvedchuk has been shaping the Ukrainian media sphere for decades with the help of censorship and propaganda. He was the head of the Presidential Administration of Leonid Kuchma from 2002-2005. That period in Ukrainian journalism is known for temnyks – instructions sent by the Presidential Administration to the national media. As a result, the main TV channels started to produce similar content favoring the authorities, criticizing the EU and marginalizing opposition leader Viktor Yushenko, who was seen as a threat to Russian influence in Ukraine. Later, Russian political technologists acknowledged their input in creating temnyks.

In general, the closing of these channels was received positively in Ukraine. Following the NSDC decision, a joint statement was released by Ukrainian NGOs countering disinformation. It said the closures 'do not constitute an attack on freedom of speech. These channels constitute tools of foreign influence operations, and therefore a systemic threat to information security of Ukraine'. Among the 10 signatories were Ukraine Crisis Media Center, StopFake, Detector Media and Euromaidan Press.

In contrary to statements made by Ukrainian media professionals, international journalistic organizations condemned the sanctions. The European Federation of Journalists and the International Federation

of Journalists talked about 'an extra-judicial and politically motivated ban and a blatant attack on press freedom that must be urgently reversed'.

Thus, the way the sanctions were imposed is a point of contention for both Ukrainian and international organizations. Was it done according to law? Is this the beginning of state censorship? Finally, is it indeed defense of national security or just a political game in light of future elections?

As the Law on Sanctions states, 'sanctions may be applied by Ukraine against a foreign state, foreign legal entity, legal entity under the control of a foreign legal entity or a non-resident individual, foreigners, stateless persons, as well as entities engaged in terrorist activities'. Since Kozak is a Ukrainian citizen, he can avoid enforcement of the law and the NSDC decision can be appealed in court, say critics. Members of the Council said that 'the law allows the imposition of sanctions against Ukrainian citizens. They can be appealed but it will be quite problematic'. As of February 12, the Supreme Court of Ukraine has received three appeals.

Also, experts point out that the key problem in the ongoing case is the lack of a clear legal framework to define what are propaganda media. 'At the same time, we have to acknowledge that the state during its independence has not taken the necessary actions to separate propaganda from media. Thus, even the right decision might cause opposition due to the dubious method of its implementation', - said The Independent Media Trade Union of Ukraine (IMTUU).

Serhii Guz, head of IMTUU from 2004-2008, talks about the need of legal consequences for any kind of propaganda: 'In the first place there is an urgent need to define the term pro-Russian propaganda to clearly distinguish between criticism of government actions and subversive activities against the state. Then the state must enact all current regulations that prohibit incitement of hatred in society.'

Russian propaganda is a heavy weapon of the so-called hybrid Russo-Ukrainian war targeting people and institutions not only in Ukraine but around the world. Since independence, a circle of experienced media experts were formed. Since the outbreak of war, the importance of civil society has increased dramatically. However, as we see, there are still weak links in the legislation of the information sphere that urgently need to be strengthened. ■



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# Television as a critical infrastructure of Ukraine

Expert article • 2930

Ukraine's legislation on the protection of critical infrastructure is unsystematic and imperfect. Laws and regulations do not provide full answers to questions, which should be classified as critical infrastructure. The new trends in the world and the challenges facing our country are driving the development of a legal and regulatory framework for the protection of critical infrastructure. The legislator is gradually expanding the criteria by which facilities should be considered as critical infrastructure. However, the criteria are not clear and unambiguous. Over time, the legislator has identified more facilities, including telecommunications networks, as critical infrastructure. At the same time, through telecommunication networks, television and radio organizations disseminate television and radio programs, the content itself, which is the product of their activities. The content itself (a product of the activities of the television and radio companies received by the consumer) under Ukrainian law is not part of the critical infrastructure, despite the fact that it is because of the content that the public opinion is affected.

It is an undeniable fact for the entire world that the Russian Federation is an aggressor country whose armed troops have invaded the territory of Ukraine. Obviously, the Russian Federation is waging a hybrid war against Ukraine. In the occupied territories, among other things, telecommunications networks had been illegally seized, the currency of the occupying country had been introduced, the Ukrainian language had been forced out of the public space and people's access to the Ukrainian media had been restricted. The mass media under the control of the aggressor country disseminate in the territories temporarily outside the control of Ukraine content that is aimed at manipulating public opinion, overthrowing State power, and harming Ukraine's State sovereignty. Through the Russian media in the temporarily occupied territories, people are also being forced to view the suspension of European integration processes and the movement of Ukraine in NATO, the legitimacy of the so-called LPR and DPR, and the need to federalize Ukraine.

Through controlled television channels, the aggressor is also trying to manipulate public opinion in the rest of Ukraine. To this end, the Russian Federation uses television channels through which it disseminates its own propaganda. These include not only the numerous television channels of the aggressor country but also several Ukrainian television channels belonging to oligarchs affiliated with the Russian Federation. These are ZIK, "112 Ukraine" and NEWSONE.

The Ukrainian authorities are aware of the reality of information threats from the Russian Federation, not only according to the statements of individual officials and politicians. In particular, article 7 of the Law «On the De-occupation of the Donbas» defines the need to ensure the information security of Ukraine, to ensure the development of the information and telecommunications infrastructure in the territory of Ukraine adjacent to the temporary-occupied territories by the Russian Federation. In October 2020, the Cabinet of Ministers of Ukraine adopted Decision 1109 «Some Questions of Critical Infrastructure Facilities», which approved the Procedure for Assigning

Objects to Critical Infrastructure Facilities. Because of these legislative changes, telecommunications networks should be placed in the first category of criticality and clear rules should be established for their owners, to make it impossible to use these networks to wage a hybrid war and endanger state sovereignty. At the legislative level, it is useful to define that the critical infrastructure is not only telecommunications networks, but also television and radio programs, which are the product of the activities of television and radio organizations.

With each passing year, the percentage of people who get information about events in Ukraine and the world from TV channels, however, undoubtedly, the influence of TV channels on public opinion in Ukraine is extremely large. The State must exercise control over the activities of television and radio companies so that their activities are not intended to deliberately manipulate public opinion in the interests of certain oligarchs or to harm the interests of the State; have not infringed upon State sovereignty and territorial integrity. However, such monitoring should not be aimed at violating journalists' rights to freedom of expression and interfering with the editorial policies of a television channel.

The assignment of content distributed by telecommunications networks to a critical infrastructure and the establishment of clear rules for owners of television and radio companies will enable the State to control. To ensure that the activities of the television and radio companies are not carried out to the detriment of the State sovereignty of Ukraine and to counteract the information attacks of the aggressor country in a timely manner. And when, because of the annexation or temporary occupation of a territory, a State is unable to protect telecommunications networks, it does so by imposing licensing conditions and, in the case of non-compliance, by sanctions could prevent the use of critical infrastructure to the detriment of Ukrainian statehood.

A positive and exemplary example of a State response should be the decision of the National Security and Defence Council of Ukraine of 2 February 2021 On the use of personal special economic and other restrictive measures (sanctions) issued by the Decree of the President of Ukraine 43/2021 of February 2, 2021, which imposed personal sanctions on Taras Kozak, owner of three television channels: ZIK, "112 Ukraine" and NEWSONE. As a result, the broadcasting of these media was suspended. ■



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OKSANA SYROYID

# Privatization disorder: The cause of oligarchic monopolies and the undermined rule of law

Expert article • 2931

The property right is a fundamental human right which ensure the rule of law. The state determines the rules of how its citizens and communities shall access the resources. The income that citizens and communities receive, to the greatest extend, depends on these rules. Citizens pay part of their income as a tax to the state or community, defining the welfare of the community and society. The rules of access to the resources also define the level of independence and distancing of public authorities from the influence of individual owners. The more resources are concentrated in the hands of certain individuals, the more influence they have on public institutions – the Parliament, government, courts or local governments and more opportunities to establish rules in their own interests. The independence of institutions affects, in its turn, the observance of all other human and civil rights and freedoms in society.

The property right is natural, derived from the need to protect human life and well-being. Therefore, in a democracy, the right to property is understood as the real ability of a person to own his property without hindrance and the ability of the state to protect this property right by law and court.

During the years of Soviet colonization of Ukraine, the understanding of property and responsibility for its possession was depleted. And from the beginning of Independence of Ukraine until today, a positivist interpretation of property rights has been preserved. The law emphasizes that property rights are “public relations concerning the possession, use and disposal of property, regulated by law.”<sup>1</sup> This means that the decisive factor for the protection of property rights is not its nature, but the whims of the legislator.

This approach has negatively affected and still affects all processes related to the exercise of the property rights, including access to private property, management of private property, protection of the owner and liability of the owner. Moreover, gaps in property laws, together with their positivist interpretation, appeared to be the preconditions for the establishment of monopolies in Ukraine and became a major source of corruption in the judiciary.

Free of charge privatization, in particular the privatization of housing, land and state enterprises was and remains detached from the idea of acquiring property rights with all the consequences of its implementation.

The privatization of the housing was carried out through the free transfer of housing and ancillary premises to citizens.<sup>2</sup> At the same time, during the privatization, the ability of citizens to maintain the housing that was transferred to their ownership was not taken into account. Moreover, the state has legally reserved the opportunity for local authorities to intervene in housing management. In addition,

the joint ownership of land around apartment buildings is still not regulated.<sup>3</sup>

Privatization of state-owned enterprises was carried out without any understanding of the critical value of certain industries or enterprises for the lives of people and society.<sup>4</sup> Despite the adoption of the laws “On Restriction of Monopoly and Prevention of Unfair Competition in Entrepreneurship” and “On the Antimonopoly Committee of Ukraine”<sup>5</sup>, antitrust regulation do not actually work. There is a lack of understanding of the proper criteria for monopolies or monopoly position, as well as the lack of authority and independency of the antimonopoly committee.

Instead, the ground for the smooth formation of monopolies was laid at the legislation. In 1995 the presidential decree<sup>6</sup>, and later in 1996 the law of Ukraine<sup>7</sup> introduced the concepts and grounds for the establishment of “financial-industrial” groups. These decisions actually legitimized the organization of vertical and horizontal monopolies. At the same time, privatization is carried out in the absence of clear requirements for investment agreements or criteria for liability for violation of such requirements.

Privatization of land has become a separate cornerstone of distorting the understanding of private property. Land and subsoil deposits were not considered as self-sufficient assets that provided a profit and were simply granted for supplementary use. The land tax was introduced in 1992<sup>8</sup>, but due to numerous exemptions it was hardly paid. Following the introduction of budget decentralization in 2015, it was expected that cities would be interested in collecting land tax. But in many cities, land is still seen as a gift to entrepreneurship.

Naturally the practice of rent payments did not develop in the best way. Rent payments constitute a miserable part of revenues to the state budget in both absolute and relative terms. In addition, proper regulation of transfer pricing has never been established. Considering that Ukrainian monopolists export a lot of raw materials and the products made of them, the lack of transfer pricing regulation allow them to hide incomes in offshore jurisdictions.

Therefore, the free transfer of housing to citizens without the obligation to maintain residential buildings distorted their perception of ownership and responsibility for its management. It also contributed to public tolerance for the uncontrolled access of others to the private property. And the processes of non-transparent privatization or seizure of other people's property did not cause disapproval or resistance in society.

The lack of criteria for privatization and its hand management provided selected individuals with access to the most attractive assets and natural resources, preliminary critical infrastructure facilities.

The de facto absence of land tax and low rent for subsoil



The de facto absence of land tax and low rent for subsoil deposits use, as well as the lack of real investment requirements and privatization criteria allowed industrial owners generate abnormal profit. Moreover, the lack of antitrust safeguards encouraged them to form vertical and horizontal monopolies.

The strong monopoly position of specific individuals or groups of individuals has given them uncontrolled tools to influence society and state institutions and today constitutes the main obstacle to the establishment of the rule of law in Ukraine. ■

1 Law of Ukraine "On Property", dated 27.04.2007, VVR, 2007, N 33, p.440 Article 2, URL: <https://zakon.rada.gov.ua/laws/show/697-12#Text>

2 Law of Ukraine On Privatization of the State Housing Fund / Vidomosti Verkhovnoi Rady Ukrainy (VVR), 1992, № 36, p.524, Article 3, URL: <https://zakon.rada.gov.ua/laws/show/2482-12#Text>

3 More on consequences of housing privatization can be read in the article by Alona Babak "Institutional formation and development of property relations in the management of residential buildings", International Scientific Journal "Internauka". Series: "Economic Sciences" // № 10 (42), 1 vol., 2020

4 Law of Ukraine On Restriction of Monopoly and Prevention of Unfair Competition in Entrepreneurial Activity / Vidomosti Verkhovnoi Rady Ukrainy (VVR), 1992, N 21, p.296, URL: <https://zakon.rada.gov.ua/laws/show/2132-12/ed19920218#Text>

5 Law of Ukraine "On the Antimonopoly Committee of Ukraine" / Bulletin of the Verkhovna Rada of Ukraine (VVR), 1993, No. 50, Article 472, URL: <https://zakon.rada.gov.ua/laws/show/3659-12/ed19931126#Text>

6 Presidential Decree "On financial-industrial groups in Ukraine", URL: <https://zakon.rada.gov.ua/laws/show/85/95#Text>  
7 <https://zakon.rada.gov.ua/laws/show/437/95-%D0%B2%D1%80/ed19951121#Text>

8 Law of Ukraine "On Payment for Land" / Bulletin of the Verkhovna Rada of Ukraine (VVR), 1992, N 38, Art. 560, URL: <https://zakon.rada.gov.ua/laws/show/2535-12#Text>

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# Ukraine: an emerging investment destination in Europe

Expert article • 2932

Over the course of the past few years, Ukraine has proven to be a dynamic country sharing European values that is improving its investment environment in order to compete globally and create new business opportunities. The Ukrainian Government undertook key structural reforms such as reforming the land market, relaunching privatization of state-owned enterprises, introducing a new Law on Concession, enhancing the transparency of public procurement, simplifying business regulations, stabilizing and restructuring the banking sector, adopting Law on Inland Water Transport and launching Diia City Project aimed at creating favorable conditions for boosting Ukraine's IT sector. Thus, the business climate improved significantly, which allowed Ukraine to jump up 48 ladders in **the Doing Business ranking** since 2014 and occupy the 64th place worldwide.

While the entire world is facing the covid-19 pandemic challenges, Ukraine has laid the grounds for better conditions to alleviate the consequences of the coronavirus pandemic, taking into account the continuity of the implementation of reforms agenda. Furthermore, this new reality presents Ukraine with a unique opportunity to reshuffle business activities and become better integrated in the global supply chain economy by constantly improving its business climate.

Ukraine has already made a great leap forward by introducing better conditions for doing business and lucrative incentives to investors. According to the law **On State Support for Investment Projects with Significant Investments**, Ukraine will provide a number of incentives for large investment projects, in particular:

- tax incentives (exemption from the income tax, customs duties and VAT when importing new equipment into Ukraine);
- simplified provision of land necessary for investment project;
- construction & reconstruction of related infrastructure at the expense of the state;
- consolidation of investor guarantees through the conclusion of a direct agreement with the Government of Ukraine for **15 years**.

State support will cover up to 30% of investment made and will be provided for investors who are going to invest more than **20 million euros**, as well as to create at least 80 new workplaces.

The project implementation period should not exceed **5 years** in such sectors of economy:

- processing industry (except for production and circulation of tobacco products, alcohol, and alcoholic beverages);
- extraction for further processing and/or enrichment of minerals (except for coal, crude oil and natural gas);
- waste management;
- transport, warehousing, postal and courier activities, logistics;
- education and science;
- healthcare, art, culture, sports, tourism, resort and recreational industry.

UkraineInvest will continue to be a reliable partner for business representatives and will play an active role by providing assistance

to investors willing to apply for the state support and implement their investment projects in Ukraine.

In order to meet investors' need in accurate and reliable information, UkraineInvest team elaborated the **UkraineInvest Guide** (<https://ukraineinvest.gov.ua/guide/>) which is set to become a starting point for international investors to enter Ukrainian market. The Guide provides the business with the most relevant information in the regulatory policy, as well as includes the most attractive investment projects together with public-private partnership and privatization. Analytical data is updated on a regular basis, so that the business community can get access to the most up-to-date information from any place in the world at any given moment.

Currently, there are 22 privatization projects included in the Guide, the cost of which is considerably lower compared to the price of such facilities construction from scratch. In total there are 3,733 state-owned enterprises in Ukraine as of today, out of which nearly 1,000 companies will be auctioned. In 2021 the State Property Fund of Ukraine plans to hold auctions for 51 strategic privatization objects. Auctions will be held via Ukraine's highly praised ProZorro state procurement platform that allows for open and competitive tenders. On March 30, 2021, the Parliament of Ukraine passed a bill to resume privatization of large state owned corporations. This creates a unique opportunity to acquire assets, scale and diversify businesses and pave the way for future successful operation in Ukraine.

Overall, the Government's broad-scale process is aimed at strengthening Ukraine's investment potential and ensuring getting the message out about its emerging. As a part of these efforts, UkraineInvest as a governmental office is committed to ensuring a client-centered, results-driven engagement with existing and potential investors, providing customized "one-stop" services, helping to get reliable data about doing business in Ukraine. In case you would like to get more information, please do not hesitate to contact us and visit our Website <https://ukraineinvest.gov.ua/>. ■



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ANDRII BOROVYK

# Realities of Ukraine and progress of anti-corruption reform

Expert article • 2933

Ukrainians have strived to protect their territorial integrity and national security for almost seven years. Pro-Russian forces have a significant representation in Ukrainian politics, the anti-Ukrainian narrative is actively spread in the national information space. Still, society has continued to demand reforms and the fight against corruption.

Since 2014, Ukraine has conducted several reforms. Yet, it is anti-corruption reform that plays a leading role in ensuring the country's successful development and security as corruption destroys the state from within and makes it vulnerable to influence from the enemy.

In Corruption Perceptions Index 2020, Ukraine gained 3 points and now holds 117th place on the list with a score of 33. The progress was made due to the High Anti-Corruption Court (HACC) launching, the restart of the National Agency on Corruption Prevention, and changes implemented during the "turbo mode" of the Parliament in Autumn 2019. However, the nature of CPI 2020 means it does not consider the events in the last months of 2020, which set back anti-corruption efforts. Ukrainians do not consider the government an effective fighter against corruption but declare their readiness to act.

Our figures are significantly lower than the average for the EU (64 points), and lots need to change for the situation to improve. Ukraine aims for EU membership, and it requires many sustainable reforms, including fight against corruption. The events in Ukraine since September 2020 suggest that anti-corruption reform is currently stagnant.

The influence of oligarchs and old elites on the decisions made in all government branches is significant, still. This "group" owns considerable media resources, parasitizes on state-owned enterprises, and has an enormous impact on state policy. Influential oligarchs use allies in government and law enforcement agencies for their benefit.

Ukraine is in the state of information war with Russia and confrontation with pro-Russian forces within the country, battling against the Kremlin's disinformation and propaganda. Pro-Russian members of Parliament use anti-Ukrainian rhetoric in the informational space — sowing doubts, misunderstanding, and fear to manipulate society.

Some positive developments have occurred during the past month. The National Security and Defense Council of Ukraine accused 112 Ukraine, NewsOne, and ZIK TV channels of preaching pro-Russian rhetoric. The channel's owner Taras Kozak is an ally of pro-Russian MP Victor Medvedchuk. As a result, President Volodymyr Zelenskyy enacted the sanctions against Mr. Kozak and blocked the channels. Later sanctions were imposed against Viktor Medvedchuk and some of his companies, the reason is opened investigation against him on financing of terrorism.

With the change of leadership in the State Property Fund of Ukraine, which is responsible for the privatization process, reforms in this area have accelerated significantly. In 2020, more than EUR

90 mln were allocated to the state budget. Privatization is one of the methods to turn state-owned enterprises from a feeder for corrupt officials and oligarchs into full-fledged players in a market economy.

The HACC, which aims at high-ranking officials potentially engaged in grand corruption, continues to stand out against the judiciary's uninspiring backdrop as a whole. As of February 2021, more than 60 sentences, including a few with actual imprisonment, had been issued.

The positive steps outlined above happen concurrently with risks that can slow down the anti-corruption reform: delay in implementing judicial reform, pressure on anti-corruption institutions, and interference in their work. Other threats include attempts to disrupt achievements of public procurement reform and an increased number of attacks on activists.

Transparency International Ukraine provides recommendations to prevent these risks. Implementing them will contribute to reducing corruption in the following years. Introduction of transparent and accountable management of public assets is needed. The outdated Register of State-Owned Facilities, the weak legal framework in the management of state property, the prohibition of sales of the large State-Owned Enterprises during the quarantine, and a lack of control limit the efforts in curbing oligarchic influence in Ukraine. Implementing changes in the sector will increase national confidence in the government. The government needs to support independence of anti-corruption institutions and competitive selection of its heads. The reform of the judiciary is urgent; corruption and internal solidarity remain part of it.

Despite the pandemic, and because of the weakened economic situation in the country and the world, the above-mentioned steps are vital more than ever to weaken oligarchs' influence while empowering true business development and advancement of civic and media freedoms. ■

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VICTOR LIAKH

# The anti-corruption and economic effect of e-services in Ukraine

Expert article • 2934

Public service provision in Ukraine has long been associated with corruption, bureaucracy and a lot of time spent. That inconvenience was an advantage for the numerous intermediary service providers who used to make money on the collection, filling and submission of the documents.

The Government of Ukraine has set itself the ambitious goal of making all administrative services available to citizens and businesses via a single web-portal Diia by 2024. Having defined the priorities, the Ministry of Digital Transformation and various stakeholders have merged to reduce bureaucracy and improve the quality of services, in terms of time spent and availability. Different electronic services were introduced in Ukraine in recent years.

Business registration became one of the first services on this web-portal. Now, entrepreneurs in Ukraine are able to register a sole proprietor enterprise, make changes or close it online. The Ministry of Digital Transformation and its partners including the E-Governance for Accountability and Participation (EGAP) program, implemented by East Europe Foundation with the support of Switzerland, are continuously making efforts to simplify e-services for entrepreneurs.

With that in mind, the number of lines to fill in to open the enterprise has reduced from 58 to 12. Currently, 15 minutes is the average time of form completion on the Diia Portal, and Ukraine has one of the fastest business registration procedures in the world. In 2020, due to the pandemic and the convenience of new e-services, the percentage of entrepreneurs who opened an enterprise online was 49%, meanwhile, in 2019, it was just 5%.

Another great example is the revolutionary service eMalyatko for the parents of newborn children which allows them to receive 9 different services based on the life event of the baby birth by filling in just one application form online. Service development was inspired by the relevant experience of Canada, Serbia and Australia, however, the results are even better than expected because now eMalyatko is the most comprehensive service (9in1) for the parents of newborns in the world. According to the latest surveys, 95% of users are satisfied with the service quality.

But what about the economic and anti-corruption effect of e-services in Ukraine?

Better Regulation Delivery Office (BRDO) has prepared the report on anti-corruption and economic potential of e-services, upon the request of the Ministry of Digital Transformation and East Europe Foundation within the USAID- and UK aid-funded TAPAS project as well as Swiss-funded EGAP Program.

To evaluate the economic effect, researchers calculated the difference between the costs of old (paper) and new (electronic) service procedures. When it comes to the anti-corruption effect, the research used measurements with the involvement of more than 1,000 direct users. Open-source data on the amounts of bribes were also included in the statistics received in the survey.

The study demonstrated that the introduction of administrative

services in the online format had a considerable economic effect. If all users had received the analyzed services online, their costs would have been reduced by UAH 495 million, or by 63% compared to offline format costs (from UAH 790 million to 295 million). In absolute terms, the annual savings are approximately 514 man-years because over half (58%) of costs for administrative services are related to the user's time.

The anti-corruption effect is also impressive. The annual potential savings on bribes is UAH 841 million, which is even more than the economic effect, and the real, annual savings amount to UAH 32 million. Two-thirds of reported cases of possible corruption are related to the customary (offline) provision of administrative services. In addition, the vast majority of users (78% of those who answered) believe that corruption is lower, including 52% who believe corruption is significantly lower. In general, the proportion of users responding negatively is less than 1%.

This survey confirms that e-services in Ukraine make a positive economic influence and play an important role in defeating corruption.

Soon, Ukraine will digitalize residence registration which is especially essential because currently, one-third of Ukrainians don't live in the places where they are registered and about 1 million citizens don't have residence registration at all.

Also, In 2021 Ukraine has begun to implement a «paperless regime», which means starting from September public authorities will no longer require citizens to provide paper certificates or other documents to receive public services. Hopefully, these changes will help root out corruption and digitalization will contribute to powerful economic development in Ukraine. ■

VICTOR LIAKH

President  
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OKSANA HOLOVKO-HAVRYSHEVA

# Does consumer protection matter for the approximation agenda in Ukraine?

Expert article • 2935

After the collapse of the Soviet Union Ukraine, as many post-Soviet countries, faced the need to develop a legal framework for the relations with the European Union as one of the key global actors on the international arena. Being treated by the EU at first as the post-Soviet country belonging to the post-Soviet bloc, Ukraine manifested a constantly growing interest for deepening the relations with the European Union. After the Partnership and Cooperation Agreement was signed in 1994 and entered into force in 1998 the country for the first time undertook a unilateral obligation to adapt its domestic legislation to the EU rules and standards. After the EU-Ukraine Association Agreement was concluded in 2014 and entered fully into force in 2017 Ukraine's obligation on adjustment of the domestic legislation to the EU acquis became more intense, thus the need to develop a coherent approach to deal with the rapprochement of legislative and regulatory practices to the EU standards became even more acute.

The national legislative and approximation practices are based in terms of constitutional regulation on Article 9 of the Constitution of Ukraine which determines the correlation between international treaties, to which Ukraine is a party and which are duly ratified by the Ukrainian Parliament, and acknowledges their status as a part of the domestic legislation. At the same time the Constitution of Ukraine stipulates that if an international treaty contradicts it, the latter can be signed only after the relevant constitutional amendments take place. This constitutional provision shapes until today the domestic practice of the implementation of international treaties in Ukraine, including the EU-Ukraine Association Agreement and gives floor for the debate on the correlation of international law and domestic law, since the enforcement of the international legal rules in Ukraine in different fields, e.g. human rights, causes a lot of controversies both in practical and theoretical terms, since a coherent approach towards such fundamental issue is not achieved yet neither by state policies nor in academic environment. Moreover, the Ukrainian Constitution does not recognize the direct applicability of the international rules, thus the enforcement debate is closely linked to question of the direct effect and direct application of international law in the country. Even being amended in 2019 with clauses reflecting the European aspirations of Ukrainian people, including the expectation to become full membership in the EU and NATO, the both the implementation practices for the international legal rules in general and the implementation of the EU-Ukraine Association Agreement did not receive a coherent and transparent structure.

Bearing in mind the diverse practices Ukraine applies to the implementation of international legal rules, it needs also to be mentioned, that the legislative and regulatory approximation practices were firstly based upon the framework rules, especially Article 51 of the Partnership and Cooperation Agreement between the European Union and Ukraine (PCA), where the fields of such adjustments were enlisted, however the clarity as to the terms and procedures

for the adaption of the Ukrainian legislation to the EU acquis was lacking. The national approach towards the approximation practices, however started to be shaped merely by active governmental efforts, which started to develop a statutory and secondary legislation in this area already at the stake of the XX-XXI centuries with particular focus on EU law compatibility checks, translation of the EU acquis and institutionalization of the decision-making and control over the implementation of the Ukrainian obligations under the treaties with the EU.

Consumer protection was mentioned among the areas, where the adjustments had expected. The expectations of the parties became more clearly expressed in Article 75 of the PCA, where the compatibility between consumer protection systems was envisaged as the main goal of the bilateral cooperation in the consumer protection matters, including support for the modernization of the consumer protection system of Ukraine, introduction of a national warning system on hazardous products, consumer empowerment and education as particular cooperation topics.

After the PCA conclusion and its entering into force the cooperation in the consumer matters did not occupy a prominent place during the PCA implementation and in the post-PCA approximation agenda. The EU-Ukraine Association Agreement, as a next step in contractual framing of the relations between the EU and Ukraine, contains both detailed provisions on legislative and regulatory approximation in many of cooperation areas, including the consumer protection. The consumer protection matters are regulated extensively in the EU-Ukraine Association Agreement, linking consumer protection, antidumping and compensatory measures, e-commerce, protection of intellectual property, on state aid and consumer protection, pricing on energy and gas markets, cooperation in nuclear energy sector, on the protection of consumer on financial services markets. A special chapter on cooperation in consumer protection (EU-Ukraine AA 2014: Art. 415-418) has been added as well, defining the framework cooperation rules and referring to the Annex XXXIX, which entails a list of the relevant EU consumer acquis to be implemented in Ukraine in most cases within 3 years after the Association Agreement enters into force.

However even having more precisely regulated the cooperation in the consumer protection matters in the EU-Ukraine Association Agreement, there is still not very much progress in this area achieved: the overall progress in aligning of Ukrainian consumer protection legislation to the EU acquis is rated by 42% in 2020, with no remarkable achievement for 2019. The mostly advanced areas, where the Ukrainian legislation is partly aligned to the relevant EU consumer acquis, cover product safety, distance and out-of-premises contracts, including the financial services contracts concluded in a distance format, consumer credits and market surveillance. In the course of the AA implementation Ukraine adopted renewed National Concept of the Consumer Rights Protection in 2017, which expired



in 2020 and seems not to be fulfilled. The National Action Plan for the Realization of the National Concept of the Consumer Rights Protection to 2020 provided indicators for four priorities areas – improvement of consumer rights protection legislation, enhancement of the cooperation among the government, municipal communities, business environment and consumers, information support for consumers and consumer education, where the most important one – the amendment of the Consumer Rights Protection Act (Consumer Rights Protection Act (hereafter – CRPA 1991, Law 1023-XII 1991) is not fulfilled yet.

The factors influencing such a low degree of the compliance of the Ukrainian legislation to the EU consumer acquis are of political, economic and legal nature. In the first case challenges lay both in the lack of political will to pursue actively the consumer protection agenda at the state law combined with a rather weak consumer protection civic activism, ensuring putting the consumer rights and protection of consumers on the political agenda. In the second case the raising consumer protection standards is traditionally linked to the questions of the economic development, so that raising of the consumer protection standards reaches necessary support from the state, consumer society and businesses. The necessary equilibrium has been hard to reach before the pandemic; economic reality during the pandemic makes the situation more sensitive. In the third case the legal peculiarities of the implementation of the EU-Association Agreement are addressed both as mentioned here and in a wider context of ensuring the compatibility between the Ukrainian legal system and European practices of regulating social life.

Ukraine articulates the willingness to negotiate the amendments of the EU-Ukraine Association Agreement, pursuing beyond the political cooperation issues ambitious goals to revise trading quotas, to conclude the Agreement on Conformity Assessment and Acceptance of Industrial Products, to take part at the European Green Deal and to get access to the EU Digital Single Market. All these ambitious plans have to deal with consumer protection issues at their core, since the safety of consumers both in the EU Internal Market and Digital Single Market is a value, upon the EU economic integration is based upon. The safety and well-being of consumers can be effectively ensured if the consumer system functions effectively. Due to political and economic reasons Ukraine seems to deploy rather the a-la carte approach towards rapprochement of the EU consumer acquis, e.g. the Ukraine has been granted the access to the Early Warning System on Hazardous Products in the EU in 2020, it introduced a number of legislative changes in this area, however the systematic approach towards ensuring efficient consumer protection and enforcement of consumer rights is still not debated as a key priority for maintenance sustainable economic development of the country. Thus, there is the time for placing of the consumer protection among key priorities in the political agenda in Ukraine, if the ambitious goals of the Government of Ukraine to foster the cooperation between the EU and Ukraine are to be taken seriously. ■

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# Baltic-Black Sea Education Shield

Expert article • 2936

The Ukrainian education system is still facing major development needs, particularly the need of international policy advisory services and capacity-development assistance. The Baltic and Scandinavian states as well as partner higher education institutions and non-government organizations from North-European countries play a long-standing role in supporting the process of educational reforms in Ukraine. It is enough to mention just two of the number of cases to see evidently this support of education sector in Ukraine. First of all, it is the case of the Finnish-funded project Learning Together which plays a crucial role in the capacity-building process of the New Ukrainian School reform development and helps Ukrainian educators to improve teaching and learning according to the requirements of 21st century. Latvia could be listed as another case of supportive interactions towards modernization of the higher education system in Ukraine.

Ukraine is a partner country to Latvia in development cooperation since 2007. In 2014, Ukraine became the main beneficiary of Latvia's support in its development cooperation policy. In 2015, Latvia started to allocate funds from its development cooperation budget for supporting Ukrainian students in the spring semester at the University of Latvia's European Studies program. Contribution to education is regarded as a long term investment in the development of Ukraine's future leaders.

Each year, the Political Science Division of the University of Latvia's Faculty of Social Sciences (LU SZF), in cooperation with the Ministry of Foreign Affairs of the Republic of Latvia, hosts students from various Ukrainian universities in an intensive training three-month-long intensive module the Young professionals' school: "Studies of the European Union – Internal and Foreign Policy". Students of the Faculty of International Relations of Ivan Franko National University of Lviv have the opportunity to study as part of a one-semester English-language intensive training module in European studies as well.

The European Studies module consists of two integrated parts: Foreign policy (Europeanization: from partnership to EU membership, Modern EU integration processes) and domestic policy (EU Public Administration, Latvian Internal Policy, Strategic Communication and Public Diplomacy). For each module passed, students will receive an internationally recognized certificate from the University of Latvia. The school of young professionals is designed for both bachelor's and master's level students as well as doctoral students who can choose modules based on their academic interests and needs.

The modular program in European studies for Ukrainian students from regional universities (Kyiv, Lviv, Dnipro, Poltava, Kharkiv) has been held for the sixth year in a row with the support of the Latvian Foreign Ministry. This project focuses on mutual exchange of experience, especially on political processes in Latvia and Ukraine, taking into account the peculiarities of Ukraine's European integration process. Another goal of the project is to provide the younger generation with knowledge about the common European heritage and practical skills to adapt to life and study in different European countries, to be mobile, socially capable, able to communicate and protect their rights.

From the beginning until now dozens of Ukrainian students took part in the program of European studies, among them 25 students

of my alma mater Ivan Franko National University of Lviv. Even the COVID 19 crises didn't manage to stop the promotion and development of capacity-building project and co-operation programs in Ukraine. It is very promising gesture of a good willingness and reliable partnership, timely and needed in Ukraine at this moment. A lot of my friends and colleagues in Ukraine are joking that our partners from Baltic and Scandinavian states help us to build a powerful Baltic-Black Seas education shield. A good story should be developed! ■

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# The COVID-19 in Ukraine: The match point

Expert article • 2937

With COVID-19 triggering a social, economic and health crisis worldwide, the capabilities and resilience of governments around the world have been put to the test. While a few countries acted quickly to contain the spread of the pandemic and mobilise work on vaccines, Ukraine's response was hindered by the kind of much more of the same internal quarrel and conflict among vested interests that bedevilled reform efforts long before the pandemic.

Ukraine's real GDP fell by roughly 7.2% in 2020 on preliminary estimates and unemployment rose to 11%. When on 12 March 2020, the government imposed a three-week nationwide quarantine and shut down educational institutions and public events with over 200 people, the rise in unemployment was initially not as sharp as in many OECD countries. However, in a country where the share of informal workers in the economy is estimated at up to 30% and the social safety net is weak, this situation didn't last. By Q4, unemployment had reached 10%.

At the time of writing, countries like Israel have administered approximately 70 vaccinations per 100 population, while Ukraine is still waiting to receive long-awaited vaccines and administer the first jab. On 25 January, Prime Minister Denys Shmyhal announced that vaccinations would begin in February once the first supplies arrived, and health Minister Stepanov confirmed that that vaccination would start on 15 February. In the meantime, while the health and economic crises continue, the ghosts of the past return to haunt Ukraine's hopes of tackling the pandemic.

In early February, the National Anti-Corruption Bureau of Ukraine started investigating possible malfeasance in the procurement of Chinese vaccine at inflated prices. Despite the launch in April 2020 of the online coronavirus procurement map to ensure the transparency of the procurement process, the old practices seem to persist. Since 2014, Ukraine has undertaken a wide-ranging programme of anti-corruption reforms: the legal framework was fully overhauled and new anti-corruption bodies were created, including the National Anti-Corruption Bureau (NABU), the National Agency on Corruption Prevention (NACP), the High Anti-Corruption Court, the Specialised Anti-Corruption Prosecutor's Office, and the Asset Recovery and Management Agency. Yet in the midst of the pandemic, we have seen what appear to be serious attempts to weaken these institutions and roll back some reforms. When in August 2020 the Constitutional Court declared "unconstitutional" the powers of the NACP to control and verify declarations and called for the removal of the NABU Director, light was shed on the well-anchored and powerful forces resisting reform.

Corruption scandals at the very heart of government are not rare in Ukraine. However, in a country where institutions are weak and reform success is measured not by the capacity of the system to transform but rather to the resilience of few reformists to press ahead, these scandals are more than bad publicity: they are the sad reminder of the long path ahead to real transformation. COVID-19 adds a layer of complexity and make one wonder whether the government will

have the capacity to roll-out the vaccination campaign effectively, while making the most efficient use of limited resources to support economic recovery.

The ongoing decentralisation reform offers similar opportunities and risks, and the match point will largely depend on the capacity and determination of the country's leaders to fight the old guard and pursue a long-term strategy. Empowerment of local authorities and continuity are key. The spread of the virus across regions has been uneven. Kyiv and the western Chernivtsi have been hit hardest, while less densely populated areas have suffered less. Despite low turnout (ca 37%) partly due to the pandemic, the significant vote shares for incumbent mayors in October's local elections and the poor showing of the national parties at local level reflect the willingness of voters to see transformation from the grassroots and break with the old tradition of nationally led decisions. Decentralisation thus provides an opportunity to test a new model, one more inclusive, more transparent and more adapted to local realities. For it to succeed though, the new subnational authorities need trust, empowerment and support from the state, transferring budgets and responsibilities and monitoring closely the mid-term outcomes. This is a new job, not only for subnational authorities but also for the central administration. The stakes are high, and the risks are real, but the effects will be perceived much quicker by the population, and the gains will translate quickly into prosperity.

Finally, the COVID-19 recovery will offer an opportunity to move Ukraine from transition to transformation. While governance, investment and corruption should remain at the top of the reform agenda, building a better Ukraine will require the contribution of all, and women ought to be involved in shaping and implementing recovery plans to maximise their chances of success. Gender equality is not just a moral imperative, it is also critical to the creation of stronger, more sustainable and more inclusive economies. A growing body of research suggests that countries where women exercise less power tend to be less successful, and their role in ensuring that post-crisis recovery plans are balanced and comprehensive can be critical.

Ukraine is playing the final set of a grand slam, with the match point approaching. If the government decides once and for all to advance in the European path, as claimed by the population during the Maidan Revolution, and leads slowly but steadily the transformation, Ukraine can aspire at a brighter future. Its digital capacity, its young and well-trained population and its rich soil – to name but few – are assets that are waiting to be finally harnessed for the benefit of all Ukrainians. ■



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# Ukraine is wrong (and right) to prohibit the Russian COVID-19 vaccine

Expert article • 2938

**A**t the beginning of the year, the Economist Intelligence Unit issued a report estimating how long it would take for all countries to achieve widespread coverage of the COVID-19 vaccination in their corresponding territories. Unsurprisingly, the United States and most European countries are expected to achieve such coverage by late 2021. Meanwhile, most countries in the Western Hemisphere, along with Australia, Russia, South Africa, Turkey, Japan, and the Gulf countries, will probably reach it by mid-2022. In Europe, the very few exceptions to this predicted timeline include Belarus and the Balkan countries, which will only catch up with their neighbours by late 2022. Yet, the country that truly stands out on the map, for the wrong reasons, is Ukraine. The eighth-most populated country in Europe, with more than 40 million people, will only achieve widespread vaccine coverage by early 2023.

This unfortunate circumstance puts Ukraine in the same group as Afghanistan, Haiti, Pakistan, Venezuela, and most African countries. And it adds up to the already despairing fact that Ukraine is one of the most affected countries by the COVID-19 pandemic, registering 1.3 million confirmed cases in its territory, including more than 24,000 deaths, as of early February 2021. In such a dire state of affairs, it could be easily expected that the Ukrainian government would be eager to do anything to secure the health of its population. Yet, in late January 2021, the Ukrainian parliament passed a bill which prohibited the use of Sputnik V, the COVID-19 vaccine developed in Russia, which was the first one in the world to be authorised by a public health body for mass use and distribution. Paradoxically, the very same bill expressed the parliament's intention to speed up the approval of all other vaccines. Soon after, Ukraine's President Volodymyr Zelensky announced that mass vaccination would begin on 1st of February 2021. To this day, however, Ukraine is yet to receive a single dose of any vaccine.

There are various reasons for which none of the other vaccines are available in Ukraine. First and foremost, its Parliament and Ministry of Health both reacted very late. Pavel Kovtonyuk, former Deputy Minister of Health, for instance, confirmed that, as late as December 2020, Ukraine had not conducted any effective negotiations for acquiring any of the vaccines available. Only negligence or complacency towards the global health crisis can account for this delay. Second, the peculiarities of the Ukrainian budget. For a cash-strapped economy, such as that of Ukraine, the case for not investing in vaccines until they are developed and approved, is strong. As Volodymyr Kurpita, former head of the Center for Public Health, stated: "it is very difficult for state money to buy a product that does not yet exist and explain to the Ministry of Finance why it should allocate money for vaccines that are only being developed. The Ukrainian budget does not allow paying for the future result of research, which may help in some way, but maybe not".

In an effort to maintain its staunch position against Sputnik V, and to fill the gap left by the lack of any other vaccine, the Ukrainian

government agreed to purchase the one produced by the Chinese company Sinovac Biotech. Puzzlingly, this vaccine has shown varied efficacy results, which go from 50.65% effectiveness in its Brazil trial on over 12,000 medical workers, to 91.25% in its Turkey trial –questionably based on a preliminary analysis of only 29 cases. Still, Ukraine signed a contract to buy around a million doses of the Sinovac vaccine, although the first batches are planned to arrive only from late February onward. Meanwhile, many questions about the vaccination process still remain unanswered. For instance, Zelensky has stated that the vaccines will be free. At the same time, he expressed his support for the development of a market for privately funded vaccination, so that "those Ukrainians who have the means" can get vaccinated in private hospitals. A rhetoric as contradictory as that of the Parliament.

The Ukrainian government's geopolitical concerns, and its own inability to choose and maintain an evidence-based course of action, appear to have taken precedence over the very pressing public health concerns raised by the pandemic. Opting not to buy a vaccine only because of its origin, at a time when dozens of states around the world are carrying out mass vaccinations, has made Ukraine lag far behind almost everyone else. Moreover, unlike their authorities, the Ukrainian public appears to be less concerned about the origin of the vaccine. As a 61-year-old from eastern Ukraine commented: "I don't care where the vaccine is produced as long as I'm sure it is safe. Safety should be the first priority".

The state of war in which Ukraine has been with Russia, since the occupation of Crimea, however, prevents the country from even considering buying the Sputnik V vaccine. As Oleksandr Danylyuk, a former director of Ukraine's national security council, stated: the Russian vaccine "is so politicized it cannot be used. There is no green lighting here. It would be impossible to do it." So, most likely, Ukraine will continue turning its back on a vaccine already proven to be effective, to the detriment of its people's health and lives. ■

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# The impact of the pandemic on business development in Ukraine

Expert article • 2939

**Q**uarantine restrictions, which were introduced in 2020 as a result of the COVID-19 pandemic, negatively affected businesses around the world and in Ukraine as well. From January to March 2020, the proportion of the informal working population in Ukraine was 20.6% and in April rose to 40%. The number of registered unemployed in the 2nd quarter of 2020 increased by 80.32% compared to the 2nd quarter of 2019. During the quarantine period, the enterprises optimized their work as much as possible: some of the personnel were reduced, some were transferred to remote work. The largest number of unemployed during the quarantine period was recorded in the western regions of Ukraine, to which people working in European countries returned. During the quarantine period, small and medium-sized businesses suffered the most.

The conclusion about which types of businesses suffered the most losses during the quarantine period is made based on the analysis of the dynamics of tax revenues in the State Tax Service of Ukraine. Between March and June 2020, cinema tax payments fell by 57.17% compared to the same period in 2019. Tax payments by travel agencies for the same period decreased by 58.65%. The volume of tax payments by enterprises in the hotel business decreased by 53.19%. Tax payments by restaurants and mobile food establishments decreased by 71.11%.

In the following months, however, there was an upward trend in the amounts of these payments. Economic sectors that depend directly on the number of living customers have been hit by their revenues during the quarantine. But there were sectors of the economy that, on the contrary, during the period of isolation, not only kept their profits stable but also increased them. Tax payments by postal operators increased by 29.88%. Tax payments by health-care institutions increased by 6.08%. In the following months of 2020, taxes from hospitals increased. The quarantine period was difficult for the vast majority of enterprises in our country, especially for those who depend directly on the living consumer.

But it is this experience that has taught every entrepreneur that it is necessary to be able to quickly find alternatives to increase incomes. Once the quarantine was lifted, not all businesses were able to recover quickly. Cinemas, for example, have not been able to raise their revenues significantly. The number of visitors to cinemas after the end of quarantine (which is from July 2, 2020) was only 5-10% compared to the same period 2019. A similar situation occurred in the tourism business. Open borders have not helped to restore the past flow of tourists, and our citizens have been slow to travel, one reason being the low solvency of a large number of people. The restaurant business recovered faster. Taxes on restaurants and mobile food increased by 45.25% per month on average. The hotel business recovered more slowly. Tax payments by hotels increased by an average of 21.19% per month. The largest increase in income was in the hospital business, which paid taxes to the state in 2020 by

12.34% more than in 2019. Besides the usual quarantine in Ukraine was introduced in the so-called "weekend quarantine", however, the losses from the implementation were not as serious as anticipated.

Economists estimated that the losses from such restrictions should have been 0.2% of GDP, but in reality, the figure was even smaller. Despite this state of affairs, the uncertainty and inaccuracy at first frightened the entrepreneurs, as many of them, in some areas, we are simply not able to survive the quarantine. For three months of severe quarantine restrictions, adaptive quarantine and, "weekend quarantine" the business of Ukraine has suffered losses, that is both the profits of enterprises, and the staff cuts, and the decline in the standard of living in general, which also affects each entrepreneur, and the economy as a whole.

The employment rate in the 1st quarter of 2020 increased by 1.1% compared to the data of 2019, but in the 2nd quarter of 2020, it decreased by 0.8% compared to the data of 2019, the level of social security in the index "employment rate" did not change significantly from the fact that the actual estimated employment rate of the population exceeds the optimum value of 60%.

In 2021, enterprises begin to recover and increase their staff. Throughout and after the quarantine, the State tried to support both ordinary citizens and entrepreneurs. Reserves of social assistance for the unemployed have been created; relaxation of tax policy, for business; one-off allowance, and much more. Such measures were implemented not only during the first wave of disease but also projects are being developed that will begin with the projected second wave of coronavirus pandemic. Issues of State assistance are topical and important. ■

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# Ukrainian way to provide education in pandemic

Expert article • 2940

The Corona virus Covid-19 pandemic has significantly accelerated the transition of Ukrainian education systems to new teaching methods and tools. In particular, the quarantine restrictions in early spring 2020 brought long discussed problem of overall introducing of online learning to another qualitative level. Educators and teachers began to master actively various programs and platforms of distance learning both for group and individual forms of classes.

However, due to a number of circumstances, distance learning in Ukraine has made rather slow progress and its numerous shortcomings caused arguments among the participants of educational services market, as evidenced by a number of sociological studies on distance learning. The most critical point is considered to be reached just after a couple of months of distance learning, in May 2020, when a petition called "Prohibit distance learning in all educational institutions" was posted on the President of Ukraine website and got support of more than 25 thousand of votes<sup>1</sup>.

Of course, intolerance became very weighty due to some incompetent administrative management and inexperienced users' critics. However, it should be noted that the weakness of distance learning can be partially offset by functioning of a range of online educational platforms with good educational resources like "Prometheus", "EdEra", "iLearn" and others. The main philosophy in this case is who strives – obtains.

The platform of mass open online courses Prometheus is the first and largest free education project for everyone in Ukraine. Its goal is to make training courses from leading teachers, universities and organizations around the world accessible to all citizens.

EdEra is as well a virtual education studio that creates online courses, special projects, interactive textbooks, educational blogs, individual lessons, integration models and various plugging for online platforms.

The free WiseCow is a video lectures database designed to educate Ukrainians for free. The site is divided into topical sections (literature, cinema, art, music, journalism, theater, history, fashion and society), a map section "Cities" providing information of social initiatives in Ukraine and a poster of events.

VUM (Maidan Open University) is a distance platform for civic education which offers more than 30 topics for free learning.

iLearn is a free gamified platform with online training courses, tests and webinars for anyone who wish to study and has successfully passed the External Independent Assessment (so called ZNO).

The mastering of national language is possible with a help of one of 25 branches of online resource - Ukrainian Language Learning Platform. Its team is represented by more than 80 volunteer teachers and coordinators developing author's methods of studying the Ukrainian language based at the best experience of various practices.

Thus, the Ukrainian educational online space has enough educational products placed on various online platforms helping to

significantly improve the learning process. But the matter of fact is their quality and the price for the products and services on some of the platforms. It still makes the tasks for public administration of Ukraine, namely for the Ministry of Education and Science of Ukraine as well as for the Ministry of Digital transformation of Ukraine. ■

1 URL: <https://petition.president.gov.ua/petition/97016> (petition №22/097016-en dated 25.05.2020).

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# Ukrainian education is going digital

Expert article • 2941

**C**OVID-19 boosted digitalization in Ukrainian schools. The current COVID-19 pandemic has shown the vulnerabilities of the education systems around the world. To systematically address the existing gaps, the Ukrainian Ministry of Education and Science has drafted the Strategic Framework for School Education Digitization. The draft was shared with the Finnish Learning Together project and UNICEF Ukraine for technical input and support. The Learning Together project is a four-year co-operation that started between Ukraine and Finland in July 2018 and was joined by the EU in late 2018. As a result of technical partnership between the Learning Together project and UNICEF Ukraine, a joint proposal was delivered to the Ukrainian Ministry of Education and Science and Ministry of Digital Transformation. The proposal introduces a comprehensive digital literacy system "The ICT skills certification system" to support the implementation of the national digitalization strategy.

The overall aim is developing a system allowing assess teachers' and principals' ICT competences. The proposed system is an evidence-based digital literacy program with an embedded ICT skills certification system for the teachers and principals. The program empowers teachers and principals with needed digital skills and motivation to successfully facilitate distance and blended learning. The certification system could harmonize the repertoire of trainings currently available in the field, provide transparency for the competence recognition, and this way support the other ICT skills development projects launched in the field.

The key objective and greatest advantage of the certification system is to recognize and further improve teachers' and principals' education-specific digital competencies. The system provides the teachers' with a clear roadmap for personal development in digital skills and contributes to the quality of teaching and learning practices in classrooms. To the principals, the system provides a similar roadmap for professional development and may bring efficiency to educational administration and management. Moreover, the system provides the stakeholders with a detailed record of the teachers' and principals' digital skills that could be used, for instance, for job recruitment and staff appraisal purposes.

The system is developed in line with European Digital Competence Framework for Educators (DigCompEdu) and the UNESCO ICT Competence Framework for Educators. Based on solid international quality standards, the system is adopted to the Ukrainian national standards for teachers and principal to meet the national policies and requirements.

## Developing ICT skills certification system

In general, the certification is the end-point of a training process. The certification process begins with a diagnostic test where the candidate's digital skills are evaluated. The certification continues via different trainings and testing to finalization. At the end of the certification process, an individual obtains a formal proof of attained knowledge, skills and competences required in the specific job or role in the educational sector. However, as the educational sector is in constant change and educational standards are changed time to time, the certification system is updated continuously to match with the prevailing expectations and needs of the working life.

## Developing badging process

The Learning Together project team and UNICEF Ukraine are implementing the badging approach in the ICT skills certification system. The badging process consists of teachers and principals collecting badges on various ICT related topics, such as, ICT hardware and software as well as ICT in lesson planning, teaching and evaluation. The badge itself is a proof of knowledge, skills and or competencies in particular ICT related topic area.

The starting point in the badge acquisition process is to find out what the trainee already knows. The teacher and principal may have digital skills learned during working in the educational sector, during their pre- or in-service studies or they have self-studied the contents. The diagnostic test shows what the teacher or principal already know, which saves time and money because unnecessary repetitions of studying contents that are familiar to the teacher or principal is avoided. The results of the diagnostic are used to design the personal study program for the trainee.

The badges are grouped under six categories as per the UNESCO Framework and consist of three competency levels: The basic level, advanced level and master level ICT integrator. To reach each of three levels, teacher or principal have to obtain a number of badges. Each level corresponds to a level of credit points. As a result, passing the tests and collecting badges leads to the certification of teachers' and principals' knowledge, skills and competences in ICT. This way the teachers and principals may build their experience record, which could be connected to, if it seems feasible, to their professional growth programs, appraisal procedures, promotions, and/or salary incentives.

## Long-term impact on the Ukrainian school system

The finalized and fully functionalized certification system and badging process can be used as a part of teachers' pre-service, in-service training and volunteer teacher certification. Further, the system has the potential to be used for the VET teacher and principal training.

The long-term goal of the development task is to build the capacity of the teacher education institutions and in-service training centers to prepare the educators for better use ICT in a pedagogically meaningful way in schools. The continuous development of the system ensures that the teachers and principals may receive up to date training and deliver improved teaching and leadership in the school sustainably in the long future. ■



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# Ukraine is a popular and safe destination for travelers

Expert article • 2942

International tourist arrivals increase every year worldwide. The UNWTO (World Tourism Organization) informs that the total international tourist arrivals increased from 25.3 million in 1950 to 1,451 million in 2019. The Worldwide travel trends report published by ITB Berlin states that the share of tourism in the global economy was more than 10.3% of the global GDP, while 1 in every 10 jobs belonged to the tourism industry in 2019. The contribution of tourism to the Ukrainian GDP was less than 3 % in 2019. Despite such a low share, Ukraine is a popular destination among international tourists. The dynamics of Ukrainian tourism branch displayed a definitely optimistic trend: Ukraine was visited by 13.6 million people in 2016, 14.4 million in 2017 and 14.2 million in 2018 according to the State statistics service of Ukraine report. Traditionally Ukraine receives most visitors from neighboring countries (Moldova, Belarus, Russian Federation, Poland, Hungary, Romania).

According to ITB Berlin there was a 3.9% increase in outbound trips forecasted for 2020. According to the already mentioned Worldwide travel trends report all continents had forecasts with positive outlook for 2020 (except the South America with a 3% decline). Growth was expected to continue in Europe and particularly in Ukraine. The survey performed by UNWTO in 2019 has revealed that 47% of respondents believed that tourism would grow by the end of 2020 and 43% of respondents projected the same level as in 2019.

Unfortunately, the Covid-19 outbreak produced a tremendous negative influence on the global scale, driving the worldwide tourist arrivals down by more than 65 percent in the first half of 2020. Also, in the beginning of 2020, the European bank for reconstruction and development was forecasting the number of tourists to drop by 58% to 78%. It will take 3 years to recover up to the level of 2019. The pandemic influence on tourism in Ukraine was particularly devastating.

Despite the pandemic, Ukraine has always been a popular country for spending a vacation. According to the World Tourism Organization, Ukraine was holding the twelfth position in the countries' popularity rating among tourists in 2012. One should take notice that Ukraine has always been a very tourist-friendly country. The experience of such great international events as Euro-2012 soccer cup, Eurovision Song Contests in 2005 and 2017, numerous sports events, musical concerts and art festivals demonstrates the country's capacity to successfully host high-level and large-scale events.

Unfortunately, many foreign tourists have very bad expectations concerning the trip to Ukraine. The reason behind it is a military conflict in the eastern part of the country. Some scholars consider Ukraine as a highly risky choice of destination. Here one of the contributing factors is Ukraine's low rank in the Tourism competitiveness index compiled by the consortium of the following organizations: IATA, IUCN, UNWTO, WTCC. For example, in 2018 Ukraine was 88th among 136 countries. In 2019 the country climbed to 78th due to improvements in security and business standards. Meanwhile, the majority of researchers consider Ukraine as completely safe to travel, with the

only exception constituted by certain territories within the Donetsk and Luhansk regions with ongoing hostilities and a volatile security situation. Tourists who do not travel to these territories have no chance to suffer from the military conflict. The latest studies indicate that risk perception plays a tremendous role in destination choice by tourists. It can be assumed that the estimation by an individual is often more subjective, while objectively, the risk can be very low in probability and rather small in the magnitude of consequences. It is important to note that tourists seek some new and unusual experiences, so that practiced forms of tourism are increasingly diversified and some tourists are not frightened by risks. Based on statistical data of arrivals to Ukraine in 2015-2019 and published research, one can arrive at conclusion on the growth of the number of tourists who want to visit Ukraine being mainly dependent on the political stability and safety and much less on the quality of service.

According to the latest research the hazards most probably faced by tourists in Ukraine in 2019 were of medical nature (infectious diseases, inadequate healthcare) as well as with a criminal background. For this reason, some scholars point out that a tourist-friendly destination is a concept according to which the public safety institutions should play a proactive role in reducing crime rates, thus enhancing the safety of tourists. Despite the fact that Ukraine's economy nowadays faces various challenges, Ukraine takes all necessary steps to improve its safety strategy, being a part of the National tourism development strategy-2026. ■

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# Trends of digitalization process in Ukraine

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The world has entered a new era when the impact of digital technologies is increasingly felt in all sectors of the economy. Digitalization is radically changing traditional industries and sectors. Classic business models are changing, conservative analog processes and operations are going online or losing at competition, in digital world it is possible to formulate personal proposals for each individual customer. Automation and robotics minimize the need for human resources and rapidly increase efficiency and productivity. Radical changes are also taking place in those industries that are considered basic for Ukrainian industry - metallurgy, oil and gas industry, energy, agro-industrial complex, etc.

The "Digital Agenda 2020", created by Ukrainian High-Tech Office, defines the main goals of digitalization in Ukraine as: stimulating the economy and attracting investments; laying the foundations for the transformation of sectors of the economy into competitive and efficient ("digitalization" of business); availability of digital technologies; creating new opportunities for the realization of human capital, development of innovative, creative and "digital" industries and businesses; development and world leadership in the export of "digital" products and services. The document also identifies the necessary steps for the digitalization of Ukraine in the fields of health, infrastructure, ecology, e-commerce, e-government, etc.

According to experts' opinion from the initiative "Digital Program of Ukraine", to reach a GDP of 1 trillion USD in 2030, it will take 3-4 years to actively stimulate the penetration of technology and innovation into the economy of such sectors that could potentially show significant growth, namely: mechanical engineering; military-industrial complex; transport and logistics; agricultural sector; food and processing industry; woodworking; metallurgy.

But now and in the next 5 years in Ukraine there are no conditions for any positioning among the digital leaders - the advanced 20-30 post-industrial countries in the world. Instead, Ukraine can be at least a regional leader in the field of complex and science-intensive engineering services as: programming in the field of industrial high-tech / creation of new software products, including new technologies 4.0; design (electrical, mechanical, electronic, technological, construction, etc.); industrial automation and complex engineering (including commissioning of industrial facilities); development and production of complex, small-batch or unique products.

Special attention should be paid to the creation of industrial clusters with the presence of high-tech areas, such as: robotics; bioengineering; 3D printing; artificial intelligence with a focus on the world market.

However, the development of the digital economy depends largely on the regulatory policy of the state and the creation of favorable conditions for all major stakeholders - innovators, investors, corporations. The field where the state can influence is quite wide - from legal protection to direct funding.

The impact of the Covid-19 pandemic on the global economy could provide additional incentives for companies to make greater use of digital technologies. Another response to the Covid-19 pandemic experience in the medium term is to increase the use of machines, robots and other digital technologies in production processes. By replacing human labor, automation reduces dependence on it. The use of such technologies to increase resilience to crises affecting production is an additional incentive.

Thus, the development of Ukraine's digital economy and society is a crucial factor for the success, competitiveness of Ukrainian business on the world stage, as well as for attracting investment to the country. However, a necessary condition is the state support of digitalization processes without attempts of over-regulation. For the domestic market, Industry 4.0 should be a catalyst for the growth of industry as well as the defense industry. The development of the digital economy and society of Ukraine is a crucial factor for the success of not only all reforms, but also Ukrainian business on the world stage. Today, Ukraine is an important player in the global digital market, but, unfortunately, only as an exporter of IT services and qualified personnel. ■

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# Some myths concerning Ukraine's relations with Russia

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**Myth 1 – The conflict between Ukraine and Russia began in 2014:** The conflict between Ukraine and Russia attracted international attention when Russia occupied the Crimean Peninsula and war broke out in eastern Ukraine in spring 2014. In reality, the conflict began 10 years earlier after an attempt to poison pro-western presidential candidate Viktor Yushchenko. The attempted poisoning sparked widespread protests and a repeat of the second round of the presidential election, in which Yushchenko defeated the pro-Russian candidate Viktor Yanukovich.

**Myth 2 – Economic interdependence guarantees peace:** The EU is built on the principle of interdependence between the countries, and many westerners believe that this principle also works with Russia. However, Russia's Ukraine operation in 2014 shows that Russia is prepared to sacrifice its economic interests in order to achieve its geopolitical goals. One indication of this is the fact that Russia began its Ukraine operation in spring 2014 even though Ukraine was its fourth most important import country. Only China, Germany and the USA ranked higher than Ukraine in 2013.

**Myth 3 – The entire Ukraine is at war:** A surprising number of people in the west believe that the whole Ukraine is at war and all parts of this country – which is nearly the size of France – are unsafe due to military actions. This illusion has reduced foreign tourism and the flow of foreign investments to Ukraine. At this time, there is reason to emphasise that the war is only taking place in eastern Ukraine (Donbass), which accounts for three percent of Ukraine's total land area. In addition to these military actions, Russia has occupied the Crimean Peninsula, which constitutes approximately four per cent of Ukrainian area. It should also be noted that the war is at a standstill: less than 100 Ukrainian soldiers were lost in military action last year. In comparison, coronavirus killed some 100 people in Ukraine each day during late January and early February. The corresponding figures were 3,000 in the USA and 500 in Russia.

**Myth 4 – Ukraine cut off its economic relations with Russia after the war began:** Although Russia's share of Ukraine's foreign trade, foreign tourism and foreign direct investments has decreased since the start of the Ukrainian War, Russia still has a visible role in Ukraine's foreign economic relations. Russia accounts for one tenth of Ukraine's foreign trade and foreign tourism. However, Russia's share of Ukraine's inward FDI stock had dipped to just a few per cent at the beginning of last year. Despite the 7th year of the Ukrainian War, Ukraine's economic ties with Russia are still surprisingly strong.

**Myth 5 – Ukraine has not consumed Russian natural gas since November 2015:** Ukraine stopped importing natural gas from Russia in November 2015. However, the majority of natural gas consumed in Ukraine still originates from Russia, because gas is transported to Ukraine via Slovakia, Hungary and Poland. It is worth noting that in practice Slovakia and Hungary import all their natural gas from Russia while half of Poland's natural gas comes from Russia. It is

also important to remember that, prior to completion of Nord Stream 2, around a quarter of the gas piped from Russia to the European Union travels through Ukraine. When finished, Nord Stream 2 may undermine Ukraine's geopolitical position.

**Myth 6 – A Russian ethnic minority is a security concern for Ukraine:** Ukrainians with a Russian ethnic background made up one-sixth of the Ukrainian population at the beginning of the millennium. At that time, the majority of ethnic Russians lived in the eastern and southern parts of Ukraine. Unfortunately, being an ethnic Russian is too often associated with being pro-Russian. It is important to remember that national spirit lives in a person's mind rather than their tongue. The oligarchs, regardless of their ethnic background, who engage in activities with Russia that conflict with the interests of the Ukrainian State are a much greater risk to Ukraine than its ethnic Russians.

**Myth 7 – NATO membership would guarantee Ukrainian security:** As long as the conflict in eastern Ukraine remains unresolved, Ukraine's possibilities to join NATO are non-existent. In fact, the hasty agitation surrounding NATO membership may cause an expansion of the Ukrainian War because the reason for a problem rarely becomes its solution. The fundamental reason for the Ukrainian War is Russia's fear that Ukraine will join NATO. Regardless of whether that fear is justified or not, Russia acts on the basis of its own beliefs. The war in eastern Ukraine makes Ukraine a hostage of Russia's foreign policy. A solution to this frozen conflict will only be found after Russia accepts the idea that Ukraine does not belong to its sphere of influence. Hopefully, completion of Nord Stream 2 – perhaps even this year – will not encourage Russia to escalate the war in Ukraine.

**Myth 8 – Ukraine is a failed state:** Many of the Russian professors I know have told me that "Ukraine is a failed state". These words can be dismissed as Kremlin propaganda because, despite its many weaknesses, Ukraine has a healthier democratic foundation than its eastern neighbour. If the Ukrainian people – and the country's politicians and oligarchs in particular – continue to stand together, it will be impossible to stop Ukraine's journey to becoming a European state.

[More on Ukraine's economic relations with Russia.](#) ■

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# BALTIC RIM ECONOMIES

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