

international edition

The Ukrainian Week

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15,000,000 REDUNDANT PEOPLE IN THE OLIGARCHIC SYSTEM



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IS THE KEY SOURCE OF MASSIVE UNEMPLOYMENT
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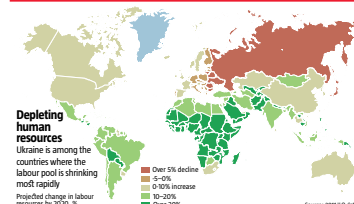
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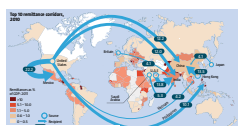
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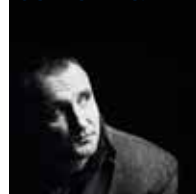
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1 September

Most duty-free stores and cafes at the Boryspil airport are closed down. One of the reasons is a problem with licensing documents

5 September



Ukraine nominates *Firecrosser*, a Ukrainian drama by Mykhailo Il-lenko, for an Oscar

7 September



Ukrainian Media Holding representatives interfere with the distribution of Issue 36 of *Ukrayinsky Tyzhden* focused on media manipulation

Wag the Dog

The party in power is afraid of losing control of parliament when most MPs are focusing their efforts on conducting pre-election campaigns. The work schedule for the first week of the last session of the Verkhovna Rada was more reminiscent of a meeting demanding the efficient “approval” of decisions that have been prepared in advance and the equally rapid closing of the VR. On 4 September, it worked for 18 minutes, rested on the 5th and after the approval of a series of legislative decisions on 6 September, was closed once more for almost two weeks – until 18 September.

Representatives of the party in power did not disguise the fact that they are afraid of parliament being used as a platform for the disclosure of information about the actual state of affairs in the country. On 4 September, in response to the minority's recall of draft laws, Volodymyr Oliynyk from the Party of Regions threatened it with the forfeit of its right to use the rostrum on Wednesday – Opposition Day. His arguments reflected his ignorance of the essence of the parliamentary system: “...some of you may possibly want to use the rostrum not to introduce draft laws, but to talk,” – said Mr. Oliynyk resentfully – “but in my view, the opposition has lost this one, because our task is a legislative one, and when the opposition says that the government doesn't listen to it or support it, then it's necessary to appeal to the people, in other words, go out and talk about draft laws ...” Under conditions of a total cleanup of the information space and the compli-

cation of the opposition's access to voters by means of other channels, at this time, the party in power is clearly more afraid of this very propaganda-informational function of parliament than anything else.

In general, a progressive fear of openness and transparency is being seen on the part of government representatives, which is exceeding the limits of what is reasonable. If previously the necessity to respond to inconvenient questions caused only the president to panic, then last week, it became clear that the problem has also spread to other representatives of the regime. More specifically, a vivid example of this was the cancellation of Government Day in parliament, which is traditionally designated for Friday. On 6 September, on behalf of Our Ukraine-Peoples' Self Defense Bloc and BYuT, Arseniy Yatseniuk requested a report on the state of affairs in Ukraine from Mykola Azarov. Alarmed about an “official crime” – the disclosure by government officials of information of a phrase uttered by him at a meeting of the Cabinet of Ministers: “things are not going badly, but very badly”, – Azarov decided not to tempt fate. And in view of the fact that he would have to explain what he was talking about live on Rada TV Channel and state radio, he avoided answering inconvenient questions by cancelling Government Day.

Paraphrasing the above-mentioned Volodymyr Oliynyk, the Party of Regions uses the Verkhovna Rada as its personal tool. Among the most resonant decisions – the approval of three



draft laws, which are allegedly supposed to stimulate investment activity in priority branches of industry, but in fact revive special economic zones, which in 2000-2005 were already a tool for the evasion of taxes by the enterprises of chosen people. The law on changes to land legislation was no less demonstrative, with its propagation and procedural violation. At nearly 10

HISTORICAL DATES

1 September 1898

Polytechnic Institute opens in Kyiv



9 September 1913

Aviator Petro Nesterov performs the first ever loop the loop above the Syrets field in Kyiv



10 September 1941

Soviet special services shoot all inmates in Kyiv prisons without any court verdict



8 September



A rally to support TVi takes place in Kyiv. Local authorities ban similar rallies in several other cities

9 September



Vitali Klitschko defends his World Championship title in the fight against Manuel Charr

12 September



The Tax Administration arrests TVi's accounts



p.m. (!) the voting cards of 242 pro-government MPs voted once more in favour of law No. 10034 On the Introduction of Changes to Some Legislative Acts of Ukraine Regarding the Separation of State and Communal-Owned Lands. Among other things, this law deprives local self-government bodies of the right to manage land plots designated for farming, which will now be

concentrated in the State Agency of Land Resources of Ukraine. As anticipated by several experts, land plots can now be sold to the oligarchs in the inner circle of the government.

Presumably, at least until the election, the work of the Ukrainian parliament will be restricted to voting on order for "necessary" decisions, which will alternate with periods of the

switching off of the "talking shop" for long periods, so that opposition MPs are not addressing: "issues that don't pertain to them" and don't violate the sterility of the information space, which is completely controlled by the government either directly, or through the oligarchs dependent on it.

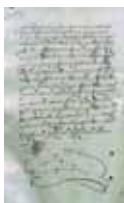
Oles Oleksiyenko

14 September 1939



Ihor Sikorsky's first helicopter VS-300 takes off in USA

16 September 1658



Representatives of the Polish-Lithuanian Commonwealth and the Cossacks sign the Treaty of Hadiach to elevate the Cossacks and Ruthenians to a position equal to that of Poland and Lithuania and create the Commonwealth of Three Nations

19 September 1991



The Kyiv-Mohyla Academy re-opens in Kyiv

Odd Men Out

Ukraine's tycoon-controlled model of economy, where most people are simply not needed in their country, pushes Ukrainians to seek work abroad on a massive scale

Author:
Oleksandr
Kramar

Most migrant workers are people who have shed their soviet paternalist illusions about any possibility that the state, or any other organization, is able to solve their problems and realized that they should build their own lives. A comment on a migrant forum says: "It's better to show your child that parents want to gain something in life and work should be paid and appreciated better than it is here (in Ukraine – **ed.**)! Surviving on subsi-

dies and raising a kid as a miserable person with a slave mentality is the easiest way." People go abroad because they have no way to support their families with the salaries offered at home; education is uncompetitive in their homeland and gives no foundation for successful self-expression; they cannot accumulate initial capital to start their own business; and there is no well-paid demand for professionals, which makes personal fulfilment next to impossible.

In one way or another, all these factors stem from the tycoon-controlled model of Ukraine's economy where oligarchs and the government closely tied to them are interested in keeping the labour force cheap and prefer to develop export-oriented raw material industries, such as steelworks, the chemical industry and lately to a greater extent, farming.

According to the International Labour Organization (ILO), Ukraine has nearly 6.6mn unem-

Ukrainian labour migrants in the most popular countries

The Ukrainian Week's estimates based on open sources



Major investors of the oligarch-controlled economy

The periods when the current governing team was in power before 2004, and after 2010, saw private transfers exceed FDI growth. As the investment climate worsened, migrant workers turned into virtually the only source of foreign currency inflow into Ukraine



ployed, including people employed in the informal sector such as household farming or seasonal work, as well as those on unpaid leave, which is 30% of all the economically active population in the country and over 56% of that in rural areas. With the addition of the 0.9mn people forced to work part-time, unemployment hits 7.5mn. For most of them, as well as some of those who work full-time, yet have monthly wages that are close to minimum, their formal 'employment' does not fulfil its key function. They cannot support their family. As a result, nearly 1/3 of the Ukrainian population, rather than 2-2.5% by official statistics or 8-9% according to the ILO, have no work that can keep them above the brink of poverty. This pushes Ukrainians to go abroad to work en masse.

Under the current tycoon-controlled economic model, 13-15mn people, including families of people who have no decent earnings, are essentially unneeded in Ukraine. This is because the servicing of export-oriented raw material monopolies does not take much human labour and remains cheap. Any development of new industries might offer better salaries yet it is blocked by the ruling oligarchs and the government that depends on them. Both parties simply prefer this status quo to any other. As to the government, it prefers it this way because millions are forced to seek employment in the public sector where salaries are way lower than the real subsistence level.

In 2011, private money transfers from abroad exceeded USD 7bn, or 4.3% of GDP. This was much higher than the growth of FDI which was only USD 4.55bn over the same year. Interestingly, the periods when the current governing team was in power be-

fore 2004, and after 2010, saw private transfers exceed FDI growth. As the investment climate worsened, migrant workers turned into virtually the only source of foreign currency inflow into Ukraine. In reality, their true contribution to the support of the state's finances could be much more significant.

HIDDEN BILLIONS

The most popular destinations for Ukrainian migrants in the EU include Poland, Czech Republic, Italy, Spain and Portugal. France, Benelux countries or Northern Europe are less popular while South-Eastern Europe, except for Greece, is hardly of any interest at all. Germany, the biggest and so far the most stable economy, is also no longer a priority destina-

**UNDER THE CURRENT
TYCOON-CONTROLLED
ECONOMIC MODEL, 13-15MN
PEOPLE ARE ESSENTIALLY
UNNEEDED IN UKRAINE**

tion as a result of its proactive campaign against illegal migrants.

Based on open sources and conversations with migrant workers, *The Ukrainian Week* has found that average migrant workers with families still in Ukraine, except for those who go to do seasonal work for two to three months a year, typically try to transfer an average of EUR 4,000-6,000 back home annually. Those who have no family or have their family with them abroad often do not transfer anything or a mere EUR 1,000 per year. People who go for seasonal work abroad usually save up to EUR 2,000-3,000 over three or four months and also bring it back home.

Counting exactly how many Ukrainians are working abroad is a challenge. Estimated numbers can range from 4.5 to 7mn people. In 2008, Caritas International estimated the number of Ukrainian migrant workers in the EU at 1.7mn and 2mn in Russia. In fact, however, all these numbers are often overestimated. Perhaps, they include Ukrainians who work abroad at present and those who have worked abroad in the past. According to the National Academy of Sciences' Institute of Sociology, only 13.5% of those polled in 2010 said some of their family members had worked abroad and this number peaked in 2006 at 15.7%. The total number of households in Ukraine is approximately 16.6mn.

It is known, however, that labour migration has been massive in rural Western Ukraine. Estimates there show that more than 10-15% or 0.6-0.9mn of the local economically active population work abroad. With a similar number in Central Ukraine, except Kyiv and its suburbs, it has fewer labour migrants who travel to work abroad rather than move to Kyiv to work. Thus, from 0.9 to 1.3mn people from Central and Western Ukraine work abroad on a permanent basis. Despite high numbers of labour migrants in some depressed areas of South-Eastern Ukraine, Russia being the most popular destination for them, labour migration is less widespread there compared to other parts of Ukraine.

Thus, the total number of migrant workers who permanently work abroad is currently estimated at up to 1.4-1.8mn people.

**FOREIGNERS AMONG
HOMEBOYS**

According to the International Organization for Migration (IOM), most Ukrainian migrant workers abroad are employed in construction (54%), housekeeping and caretaking for children and old people (17%), agriculture and trade (9% each) and industry (6%). This structure of employment made them particularly vulnerable to the crisis trends the EU has been experiencing. Ukrainian labour migration to Portugal, one of the most migrant-friendly EU member-states, peaked on the break of the 1990s and 2000s, but almost halved by 2009, going

down from 70,000 to 38,000 according to official data.

A similar scenario occurred in Spain where most Ukrainians looked for work in construction which had been developing rapidly before the 2008 crisis, yet plunged to almost the lowest in Europe after it. Clearly, not all Ukrainians left the Pyrenees but the Ukrainian labour migrant community there shrank considerably. Recession caused the same process in Greece.

The gap between nominal salaries in Ukraine and Western Europe has shrunk over the past decade. As a result, fewer people feel the need to go abroad in search of a well-paid job, while some migrant workers have returned home for one reason or another.

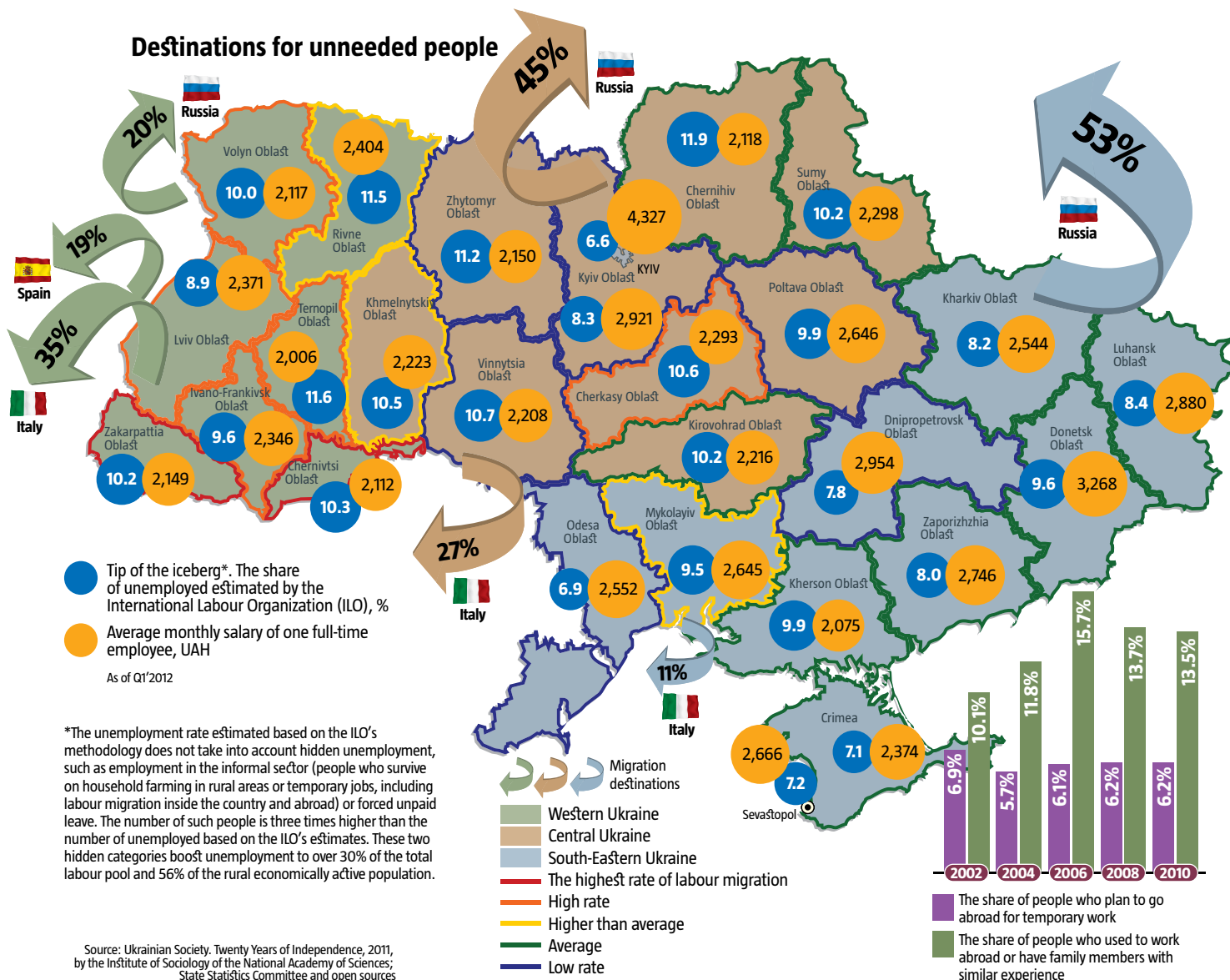
An average monthly salary in Ukraine in 2000 was USD 43 and that has gone up to USD 350 today. It has not become much easier to survive on that money in Ukraine because prices, especially

euro in Ukraine in the early 2000s is often at least EUR 5-10 now, yet nominal earnings of migrant workers in the EU have not increased that significantly. Thus, some of them who have returned home see no sense in going back, while young people know the cost of life in Ukraine and prefer migration for permanent residence to developed countries as the income/price ratio is much better in Europe compared to Ukraine.

Experts observe that migrant workers who return home from the West go through strong emotional stress caused by the sharp contrast between their life abroad and at home, as well as the low level of culture in Ukraine. They are appalled by the way the government in

1.4-1.8mn PERMANENT MIGRANT WORKERS TRANSFER EUR 5-10bn EVERY YEAR THROUGH VARIOUS CHANNELS TO UKRAINE

for food, good education and accommodation have also escalated. Meanwhile, the purchasing capacity of salaries paid abroad has shrunk greatly. What had cost one



Ukraine treats its people after having been treated with more respect in the EU, and by the disproportionate salary/price ratio here. Actually, they once again encounter all the factors that had once encouraged them to leave the country. As a result, most of them eventually start searching for work abroad again.

NEGLECTED POTENTIAL

In reality, the partnership of the state and one-time migrant workers should be one of the drivers of Ukraine's modernization and European integration. Migrant workers nearly always return home with some benefits, such as knowledge of foreign languages and market psychology, self-reliance and contacts in Western countries, familiarity with European culture, including business, and many other things. If provided with the proper business environment and incentives from the state, they could invest the money earned abroad into their own small businesses at home.

For this, the government needs to unblock and facilitate Ukraine's European integration, as well as ratify the Association Agreement and seal agreements to legalize Ukrainian migrants with European states where they work. It should create a comfortable environment for these people to come home to. In the first place, this includes the simple legalization of funds earned abroad and advice on investment options for former migrant workers. Today, many of them literally dig their money into the ground building huge houses - currently the key investment for Ukrainian migrant workers - which will be extremely costly to maintain after the government cancels subsidies for utilities and gas and electricity rates go up. As a result, they are unlikely to live in their mansions.

Migrant workers should be encouraged to invest their earnings into their own businesses with low interest loans worth, for instance, 1:1 to the amount of the earnings invested. The regions that are the major suppliers of migrant workers to European markets should be allowed to temporarily exempt all new businesses from taxes.

Meanwhile, the government is largely trying to fill the budget

deficit caused by abuse of public funds through public procurements, the reluctance to stop tax evasion by Ukrainian oligarchs and big business, and the obvious and hidden subsidizing of industries or enterprises they control.

Authorities expect migrant workers to voluntarily report and pay flat tax and contributions to the Pension Fund which will cost them several hundred euros a year, eating up a large chunk of their transfers home. No wonder that only 614 people volunteered to contribute to mandatory state pension insurance in June 2012, according to Maria Plaksiy, Head of the Pension Fund's International Cooperation Department.

Meanwhile, the most powerful oligarchs seem to be quite cynical about this. "I think it will all come once we have accomplished the main thing..." said Dmytro Firtash, President of the Employers' Federation of Ukraine, at its meeting on March 27th in Lviv. "It's important to prevent things like MMM¹ in Ukraine where a man worked hard all his life, earned USD 15,000, returned to Ukraine, invested it - and lost it all. We should create the proper environment here." However, the problem is that people have no trust in this government. Its approach to small and medium-sized business only makes it more distant from civilized standards.

Even private investors from the EU are cautious about investing in Ukraine as they fear that their embassies will fail to protect their interests. In that case, how can Ukrainian migrant workers, who have no protection from whatever the government may prefer to do to them, risk investing all their earnings into a business in Ukraine? Obviously, Ukraine's huge investment and modernization potential can open through cooperation of the authorities and migrant workers only when the current government is replaced by a new one interested in Ukraine's real integration with the EU and the import of European business and legal practice into Ukraine. When that happens, most Ukrainians who now work abroad will have a chance to play a significant role in the process. ■

¹ MMM was one of the largest Russian Ponzi schemes of the 1990s organized by Sergei Mavrodi.

New Non Fiction from the EU



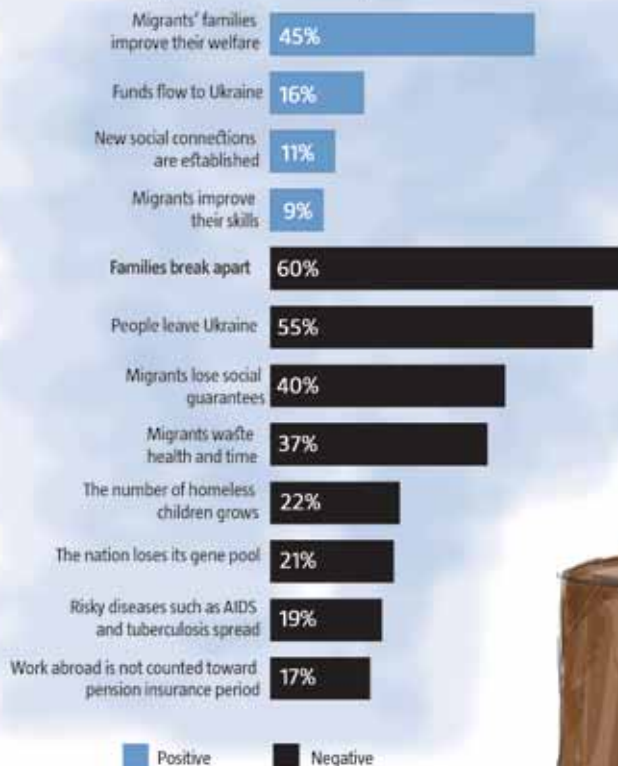
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Long-Distance Love

Labour migration is changing the way Ukrainians build their relationships

The impact of labour migration



Source: A 2007 survey of Ukrainians by La Strada-Ukraine. Those polled could choose several options



Author:
Valeria
Burlakova

Every year, thousands of Ukrainians travel abroad as migrant workers in search of better jobs. Often, the families they leave behind are tested to destruction. Many families have been ruined for the chance to buy an apartment with euros, dollars or rubles earned abroad, and children often pay the highest price for their parents' high-class gifts: being left all alone during the critical stages of childhood.

According to La Strada Ukraine, an international centre for

women's rights, labour migration leads to family break-up in 60% of all cases throughout Ukraine, with 73% in Western Ukraine, and 58% and 59% in Eastern and Central Ukraine respectively.

WORLDS APART

"Her way is to the Warsaw suburbs, his is to the concrete of Moscow. Very soon, their love on the phone is bound to die," sings BoomBox, a popular Ukrainian indie funk band. Odesa-born Halyna, 28, admits that she can-

not hold back her tears whenever she hears the song. She is divorcing her husband who has been working in St. Petersburg for several years now. "Dmytro got sacked when the crisis broke out in 2008," she recalls. "I still had my job but how can a family of two live on an average monthly salary? We spent it all on the rent and food." Dmytro could not find a decent job as a software developer in Odesa for a year and his occasional freelance paychecks hardly helped. "I began to shout

at him," Halyna admits. "Once I called him a loser. It was difficult to forget what I was used to and realize that I couldn't buy make up or grab a cab a few times a month. And it was scary to see how my husband was losing his confidence and realize that I no longer believed in him, too."

When Dmytro's friends offered him a job in Russia, he did not hesitate. "I supported his decision," Halyna says. "He rented a small room in St. Petersburg to save more money." Halyna refused to leave the city where her friends and elderly parents lived. "Who needed me there, yet another designer? What would I do there – clean floors in a museum?" she wonders.

Initially, Halyna and Dmytro visited each other at least once a month – plane tickets were expensive and a train ride took 24 hours. Eventually, they saw each other only "once in a while" and chatted less online. "I noticed that one woman from St. Petersburg was posting a lot of songs and messages on his social network page," Halyna recalls. "Jokingly, I asked him, 'Are you sleeping with her?' After a long pause, he said 'Yes.'"

Dmytro apologized many times but his wife no longer trusts him. There is no sense in saving the relationship, she says. "I don't see any prospects for us. He is making a career there and is not planning to return 'so far.' I have my life here, at home." The couple does not have children—often a deciding factor in keeping parents together despite such conflicts.

Many Ukrainian women who work abroad also find new husbands there. "When the post-soviet migration surge began, it was mostly men who went to work abroad," notes Alisa Tolstokorova, an expert in gender issues and problems of migration in transnational families. "Lately, however, more and more women go abroad leaving their husbands and children at home." Adjusting to a new environment and lifestyle and getting used to a different social status – usually one that is lower than back home – is difficult regardless of gender. Yet, women, accounting for 33% of all Ukrainian migrant workers, are much more vulnerable to the

stress caused by these changes, reports International Organization for Migration (IOM).

ABANDONED CHILDREN

"Isolation from one's family can have a serious psychological impact because it makes one feel unstable, abandoned, sad, lonely and emotionally detached all the time. This aggravates the culture shock that female migrants experience," Alisa Tolstokorova notes.

A survey of Ukrainian labour migrants conducted by the Oleksandr Yaremenko Institute for Sociological Research shows that, whenever one or both parents leave to work abroad, 44% of children stay home with their mothers, 35% stay with grandmothers, 14% stay with their fathers, 14% and 12% stay with older sisters and brothers respectively, while 10% and 5%

abandoned and sometimes even refuse to stay in touch with them. When children do not see their fathers and mothers for long periods of time, it has a negative effect on their worldview.

When parents move abroad, the child's surroundings, habits and values change, sociologist Inna Shvab writes in her analytical report titled "The Problems of Labour Migrants' Children." Before parents migrate, children care more about their place in society, the town or city the family lives in, education in a good school and good grades. After migration, they switch to clothes, a glamorous lifestyle and traveling abroad. Good grades often plummet immediately as a result of the lack of parental supervision.

Of course, not all people leave the country alone. Some couples move together, especially to work as housekeepers and gardeners. Labour migrants say that this is virtually the only way to save the family. However, this sort of employment does not offer the opportunity to take children along, so most parents leave them with relatives or neighbours, while teenagers often end up alone, with no supervision from adults. Some parents, especially those who work in construction, take their young children. They live with their parents and do not go to school, which does not bother the parents. "We will buy their school diploma when we come back, and our children will also work abroad just like we do when they grow up, so why do they need an education?" a migrant from Zakarpattia says.

According to the IOM, 56% of Ukrainians go abroad for better salaries and quality of life rather than because of unemployment. Yet most fail to foresee the devastating effect that their absence can have on their families and children.

Sociologists say that labour migration has been one of the factors that affected the way Ukrainians treat their families over the past few years. Every fifth baby is now born out of wedlock, almost twice as high as in the early years of Ukraine's independence. Also, women are willing to have babies at an older age now and more and more families have just one child. ■

Labour migration leads to family break-up in **60%** of all cases throughout Ukraine



ISOLATION FROM ONE'S FAMILY CAN HAVE A SERIOUS PSYCHOLOGICAL IMPACT BECAUSE IT MAKES ONE FEEL UNSTABLE AND ABANDONED

stay with their grandfathers and aunts or uncles respectively. Many children, however, are left without any care from their parents or the state.

"My friend's wife went to Italy," Kyiv-born Olya says. "She left two children with him. One day, he posed for a picture with a TV anchor. His younger son saw the picture and asked him 'Is this my mom?'" Eventually, the family broke apart. The parents divorced but the children stayed with the husband. Often, female migrant workers lose their status of both wife and mother.

"Female migrants are often forced to accept a situation where their children are more attached to strangers despite their frequent trips home, phone calls, letters and videos of their life abroad," Alisa Tolstokorova explains. "Sometimes, kids left with someone who takes care of them start treating them as their real mothers and forget their biological ones." They have a hard time understanding their parents' financial difficulties and motivation for leaving, and they feel betrayed,

Whenever one or both parents leave to work abroad, **44%** of children stay home with their mothers, **35%** stay with grandmothers, **14%** stay with their fathers, **14%** and **12%** stay with older sisters and brothers respectively, while **10%** and **5%** stay with their grandfathers and aunts or uncles

A Difficult Homecoming

Ukrainian migrant workers find it hard to adjust to the environment they find back home, so most go abroad again

Ukrainians work abroad for a variety of reasons ranging from poverty and unemployment to the desire to buy a house, pay for their children's education or accumulate starting capital for a business. They often become hostage to their dreams. Investing in houses and apartments where they will hardly ever live or degrees for their children who cannot get a job later, they continually run out of money and have to earn more and more. After they return home to Ukraine, not all of them succeed in reviving their social connections or using the skills and experience gained abroad. As a result, many migrants who go abroad for a year or two eventually stay there for decades.

DREAMING OF HOME

Halyna Ursuliak left the US for a month-long stay in her native village of Drachyntsi in Chernivtsi Oblast. She orders windows and oversees the laying of tiles and plastering of the façade. Once she spends all her money, she will return to the US. Halyna is building a huge house with an adjoining garage.

"I want to live at home," Halyna justifies her investment. "Even those who own a business in the US say they will work for a little while more and go back home. And when they see how people struggle to survive in Ukraine, they escape to the US again. It helps just to think that they have a home in Ukraine. Whenever people here call me American, I feel insulted. Not an inch of me feels American. We'll return after we finish the house but we still need a lot of money." It was the dream of home ownership that encouraged Halyna and her husband to go to the US and stay there for 11 years. "We couldn't live with our parents, so we rented an apartment in Chernivtsi," she explains. "I used to work at the local outdoor market. I was always cold and still wasn't earning enough money, so

Authors:
Vira Makoviy,
Serhiy Teren

we decided to go to the US to earn money for the house." Their 18-month-old son Stanislav stayed with his grandparents in Ukraine. The next time his mother saw him, he was six years old. Americans do not understand how she could have left her child at home: "I really had a hard time there, but my husband told me that we would work for a year or two more and return home. That's how five, seven and ten years passed. The migrants' greatest fear is what to do after returning to Ukraine. They get used to having a stable income abroad."

INVESTMENT IN EXPERIENCE

Oksana Prokopets' parents who are still working in the US helped her open a store in the village of Drachyntsi where she works as a saleswoman. "I don't want to go to the US again," says Oksana who worked as a housekeeper in a small town in New Jersey. "I have my own house here, and everything else."

Yaroslav Rudnytsky worked at a dairy farm in Denmark for two years

my own hamlet here, a house, solar batteries, a pond and land, so that my children or another farmer could continue my cause after I die. Developing this business takes a lot of effort. In other countries, you can get advice on any matter. In Ukraine, you have to do everything on your own."

Many former migrant workers take a risk and open their own business at home with the money they earned abroad. Oleksandr was among the first Ukrainian software developers who left for the West in pursuit of better income. After working at a London IT company for over five years, he returned to Kyiv in 2009 and opened his company. "I gained new experience abroad, both as a software developer, and a manager, so I decided I could use it to start a software development company at home," he explains. USD 100,000 earned in the UK was enough to grow Oleksandr's business into a company with an annual turnover of USD 50mn. However, he is now packing to go to London again, along with his business. Three months ago, a gang of "cool guys" visited Oleksandr. They said they were sent by "you know who" and made him an offer he couldn't refuse: Oleksandr would transfer 80% of his business to "you know who" and leave 20% and managerial functions for himself.

Oleksandr turned down the offer and the problems the "civilized raiders" promised to create for him. Tax inspectors recently confiscated all his hardware.

Pavlo spent years growing strawberries in the UK. Three years ago, he returned to Vinnytsia Oblast to apply his expertise. He rented several hectares of land to grow strawberries and expected his first big harvest this summer. In May, several tractors drove over his fields. Pavlo is sure that this was done at the behest of a local official whom he refused to bribe

LABOUR MIGRANTS RETURNING HOME WILL NOT NECESSARILY HAVE AN OPPORTUNITY TO USE THE SKILLS THEY LEARNED ABROAD

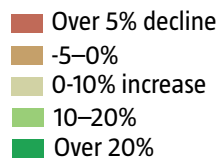
and in Sweden for one year. Now, he applies his Danish and Swedish expertise in Vydumka, a village in Zhytomyr Oblast. He started off renting land for five years and later purchased it. He used to grow carrots and potatoes on his 21 hectares but could not survive on the income, so he switched to forage crops. There is a cattle barn in the middle of the field and Yaroslav sells cheese, sour cream and milk. His dream is to deliver dairy products to urban residential districts as they do in the US.

"I will stay at home for as long as I can," he says. "I want to have

Depleting human resources

Ukraine is among the countries where the labour pool is shrinking most rapidly

Projected change in labour resources by 2020, %



Source: 2011 ILO data

for extending the lease on his land. The official said he would lease it to another farmer if Pavlo did not pay him. Still, Pavlo is determined to fight: he hopes that the authorities in his village will change after the election.

UNEXPECTED DRAWBACKS

Labour migrants who return to Ukraine often encounter unemployment or miserable income – yet again – therefore they risk coming home only when they grow old. “My wife and I worked in Russia for 13 years,” Mykola Artemenko from Smila, Cherkasy Oblast. “The poverty of the 1990s forced us to go abroad. We had to send our children to college and support our parents. We lived one life with no rights, just duties, there, and another life during our brief vacations at home. Whenever we visited our parents, all our friends told us never to go back to Ukraine because life was so hard here. But life in Russia was hard, too—just psychologically. We were nobody in Russia and Ukraine did not need us.”

After a while, the couple returned to Ukraine. The years they worked abroad were not counted toward their pension contribution period, yet they managed to get pensions eventually. “Everything changes,” Mykola’s wife,

Olha, recalls. “We had barely seen our children and our parents had grown old while Ukraine’s economy had hardly improved. It was difficult for us to switch to a tiny pension after having a stable decent income. Despite a degree and many years of experience as engineer, I couldn’t find a job in my town after years of working abroad. The

his earnings in a house he built and got a job at the RivneAzot nitrogen plant. His salary was much lower than in Portugal but he could still live on it. After Dmytro Firtash bought the plant, everything changed, Oleksiy claims. Now, the managers do not treat employees as people. The plant has turned into a ghetto: employees are searched and scolded. Any attempts to resist lead to firing. Once, employees got food poisoning at the local canteen. One of them demanded an investigation. The next day, she had no job. In the years Oleksiy spent in Europe, he got used to being treated decently as an employee and an individual, so he did not put up with the attitude in Ukraine. Now, he is packing again. His former employer in Porto will hire him back.

Labour migrants returning home will not necessarily have an opportunity to use the skills they learned abroad, invest their earnings and start a successful life. Often, this is because of obstacles created by officials and the state. As a result, those who have Western expertise crucial for Ukraine cannot use it in practice. Just as before, they find themselves unneeded. Thus, it is no surprise that more and more Ukrainian children are joining their parents abroad. ■

WORKERS WHO CHOOSE TO COME BACK TO UKRAINE OFTEN ENCOUNTER UNEMPLOYMENT OR MISERABLE INCOME – YET AGAIN

local employment centre offered difficult physical work with a miserable salary.”

Mykola failed to find a job, too, because of age restrictions and high unemployment. He says he would go abroad again, like he did 13 years ago, if he had to: “I don’t regret going there. We paid our children’s tuition, took care of our parents and repaired our house. But almost all men my age have died here, they drank a lot. I’m still alive and I don’t drink.”

Oleksiy returned to his hometown Rivne from Portugal in 2008, right before the crisis. He invested

OLEKSANDR TYMOSHENKO:

“There is no legitimate government in Ukraine.
The only recourse – is replacement”

At the beginning of this year, Yulia Tymoshenko's husband obtained political asylum in the Czech Republic, where he went because of concerns about the possibility of an arrest in connection with the United Energy Systems of Ukraine (UESU) case. By refusing to run for parliament, Oleksandr Tymoshenko has virtually closed the door to returning to Ukraine for a long time. He promised that he would be involved in Yulia Tymoshenko's defence in Europe. *The Ukrainian Week* contacted Mr. Tymoshenko via e-mail.

UW: What are your thoughts on the party list of the united opposition? How do you feel about the fact that many of the people from Yulia Tymoshenko's inner circle have been deprived of the opportunity to run for parliament in the upcoming election?

– The opposition is gaining experience in the battle against Yanukovich's occupation regime, and is undergoing a difficult course for its formation. We are already providing the opposition with a considerable amount of help: our constant public activities and addresses, as well as publications in the press, which reveal the truth about the criminal actions of the current government of Ukraine, also work with the governments and members of parliament of many countries. Western countries are very well aware of what the current Ukrainian government really is and who Yanukovich is. In my opinion, they are already sick and tired of him.

I'm not interested in the party list. The main issue is the election victory and the return to the people of the power that was usurped by Yanukovich. Once more, with all responsibility, I would like to stress that power has been stolen from the people! Voters – citizens of Ukraine did not vote for their representatives in the government with new pow-

Interviewer:
Milan Lelich

ers, with a new form of administration and with new terms of operation. Thus, the vast majority of the population and the opposition consider the current bodies of power to be illegitimate.

In addition, Viktor Yanukovich has actually appropriated authority, having restructured the system of government bodies to 100% control over all branches of power, in spite of the fact that the Constitutional Court of Ukraine had recognized such actions unconstitutional back in 2005.

Thus, the only instrument for the legalization of government bodies in Ukraine and their authorities, is simultaneous early parliamentary and presidential elections in Ukraine, at which the



EUROPEAN POLITICIANS HAVE TO STOP TRYING TO CONVINCE YANUKOVYCH TO BECOME A DEMOCRAT – THIS WILL NOT CHANGE THE DICTATOR

voters will be able to appoint their own representatives to government bodies with the competence, and for the term, specified in valid legislation. This should be subsequently brought in line with standards for compliance with human rights and fundamental freedoms and the prevention of the usurpation of power.

In other words – Ukraine does not have a legitimate government, for which the only recourse is to replace it in its entirety. Everything else is a triviality.

UW: Are you aware of Yulia Tymoshenko's gradual loss of influence over the Batkivshchyna Party, which was demonstratively confirmed after the publication of the opposition's party lists?

– The Batkivshchyna Party is not a Tymoshenko family project. This is not the Party of Regions, where its representatives in parlia-

ment are all “family” members. Yulia Tymoshenko created the party together with her adherents and comrades-in-arms. She was and continues to be its leader. In contrast – Yanukovich did not create his own party. He actually expropriated it, just as he did Mezhirya (his vast estate just outside Kyiv - Ed.), the entire banking system and all power in Ukraine. The opposition lists are the lists of the opposition. Yulia Tymoshenko is the personal enemy of Yanukovich. So as long as she is in prison – Yanukovich is on the throne.

UW: How do you feel about the idea of Yulia Tymoshenko being provided with medical care abroad? Why is it that so little is said about this now?

– I'm all for it. However at this time, in my view, it is not realistic. Yanukovich really does not want to let Yulia Tymoshenko go. He is filled with fear. He is also afraid that this will be seen as a failure on his part.

UW: How have you settled in the Czech Republic? What funds are you living off?

– My departure from Ukraine was the only right decision. Time has proved this, whatever the representatives of the Ukrainian government may say. Had I not left, I could have already been arrested at any time in 2011. Zhenia demonstrated that she is not only a beloved daughter, but also a true fighter with an iron character, firm principles and a good and strong heart! Yes, it's really difficult for her, it's hard to come to terms with the fact that your own mother is being kept illegally behind bars, that she is constantly being treated cruelly, experimented on with video-control, that her every move is spied on. But she will stand this test. As for help, the Czech Republic is the only place from which I am able to do this with maximum effect.

I have already had to live in the Czech Republic before – from 1999 – 2000. So this country is familiar to me. At the present time, I am living in Prague. The Ukrainian regime is pursuing not only our family, but all our relatives, trying to discover any information about my wife. The actions of this criminal group are often not prone to common sense.

A dictatorship is being established in Ukraine, something that has been realized everywhere in the world.

Naturally, I've had to start my life anew in the Czech Republic, but I know what to start with and how. I have significant experience in entrepreneurship, and here, I understand the conditions for conducting business. There are several available avenues – from trading operations to production. It's possible that here in the Czech Republic, I'll be able to embody all the things that I was unable to do in Ukraine for various reasons. In any case, successful businessmen do not leave the Czech Republic, because their business has caught the eye of bandits from a rival criminal political group, in contrast to what is happening in Ukraine.

UW: By what means, and how often do you communicate with your wife and daughter? When was the last time that you were in contact with Yulia Tymoshenko: by phone or in writing? What did you talk about?

– We maintain contact through our daughter and lawyers. But the fact that Yulia Tymoshenko is in prison does not mean that she is isolated, however much the bandit regime wishes for this to be the case. She manages all necessary party processes from behind bars and communicates with people. We have no doubt that the European Court of Human Rights will objectively examine all the issues, and will undoubtedly deliver a fair decision regarding Yulia Tymoshenko.

Yulia Tymoshenko did not violate the law. Different people can think and write about her all they want, criticize or support her, love or even hate her, but she will serve her country in any way she can as long as her heart is beating – at large or behind bars, in politics or outside politics. According to her,

European countries have to assess all the risks of the establishment of a dictatorship in Ukraine. If Ukrainians and democratic countries do not act, a conglomerate of dictatorships and authoritarian regimes will be established on the eastern border of the European Union and NATO, which will change not only the geopolitical map of Europe and Eurasia, but that of the entire world as well. European politicians have to stop trying to convince Yanukovych to become a democrat. They have to understand that this will not change the dictator. ■



Rigging the Election

The party in power has unprecedented opportunities to win the election before it even begins

Author:
Andriy Skumin

Forgers follow one well-known rule: victory in elections comes to those who count the votes, not those who gain the majority. In the upcoming parliamentary election in Ukraine it will be the job of Election Commissions to count the votes. After Arseniy Yatseniuk's Front Zmin (The Front of Change) and Yulia Tymoshenko's Batkivshchyna (Fatherland) voted for the new election law sponsored by the Party of Regions and claimed that they thus prevented possible rigging, their triumph raised much doubt back in the autumn of 2011. *The Ukrainian Week* noticed one novelty of the law which qualified parties that nominated candidates, rather than party lists, as a participant of the election process. This meant that a party could nominate just one MP in a first-past-the-post (FPTP) district and gain certain rights, including that of participating in the selection of election commissions. As a result, a crowd of technical parties would be legitimately involved in the process. In addition to the five parliamentary parties whose candidates are included in election commissions on a mandatory basis (they all nominated 225 people each), and a few major parties that are not in the parliament but will run in the election, almost 80 new parties nominated their candidates to election commissions despite zero chances of getting through to the parliament.

According to *The Ukrainian Week's* sources, the party in power already controls over 2/3 of the Central Election Commission. The novelty, however, also gives it dominating control over first-past-the-post commissions where major rigging may take place in the October election. Thus, 13 out of 18 members of district election commissions, 18 being the maximum possible number of commission members, are elected through

ballot drawing from non-parliamentary parties. On April 19th, 2012, the Central Election Commission set a ballot drawing procedure that runs counter to the Law on Parliamentary Elections in Ukraine. Under the law, the ballot drawing was supposed to take place in every district election commission, as was common practice at the previous parliamentary election. The procedure passed on April 19th, however, sets a list of parties that will take part

in the nation-wide election of election commissions.

Thus, on August 25th, the Central Election Commission chose 19 non-parliamentary parties of which only five have come up with their party lists while the rest will be running in the election with FPTP candidates. Most are completely unknown to the public. This raises the assumption that they are technical projects of the administration which it can use to have its people in



DRAWING BY HOR LUVANCHENKO

district commissions. **The Ukrainian Week's** sources claim that the undisclosed quota of the Party of Regions was filled by candidates to district election commissions from parties, such as Russkoye Yedinstvo (Russian Unity) with 221 nominees; Russkiy Block (Russian Bloc) with 223; Rus Yedina (Single Rus) with 225; Narodno-Trudoviy Soyuz (People's Labour Union) with 225; Zelena Planeta (Green Planet) with 225; Soyuz Anarkhivistiv Ukrayiny (The Union of Anarchists of Ukraine) with 220; Liberalna Partia Ukrayiny (The Liberal Party of Ukraine) with 219; Viktor Baloha's Yedyniy Tsentr (The Single Centre) with 43; Oleksandr Rzhavsky's Yedyna Rodyna (The Single Family) with 212; and Dmytro Korchynsky's Bratstvo (Brotherhood) with 225. Following the absurd procedure of the Central Election Commission, The Single Family and the Brotherhood nominated just one candidate to run in the parliamentary election each. **The Ukrainian Week's** source say that all the above mentioned parties, other than The Single Centre, had their nomination applications (totalling over 2,000 district election commission members out of the maximum 4,050) prepared by the lawyers of the Party of Regions and oligarchs close to it. The lawyers were unofficially paid by sources from the party in power. It is common knowledge now that the preparation of the pool of technical parties started over a year ago. For this purpose, old party organizations were involved and new reliable political projects created.

The party in power also has two more quotas in district election commissions that are entirely under its control. They are the quotas of the Party of Regions and Volodymyr Lytvyn's Narodna Partiya (People's Party). Members of the latter are included into the Party of Regions' party list and run in several FPTP districts approved by the Party of Regions. Thus, the Party of Regions will have at least 11-12 members in district election commissions. Their presence may rise to 13-14 out of the total of 18 members in each district election commission due to the varying degrees of their control over the Communist Party

A LOYAL COMMISSION

Iryna Sekh, Head of the Lviv Oblast Office of the Svoboda party, disclosed instructions which the Party of Regions was giving to members of district election commissions that it has under control. The 'guidelines' tell them how to act when the commission is headed by a Party of Regions' man, and when it is not, and when there is no quorum at the commission meeting. In commissions headed by someone disloyal to the Party of Regions, all candidates of the technical staff should be "swept away" during voting for them. In terms of responsibilities, the Party of Regions' representatives are advised to delegated major tasks to loyal people while others should perform the most complicated and second-rate work.

and Natalia Korolevska's Ukrayina-Vpered! (Ukraine – Forward!).

Another question to add to all this is how long opposition representatives will stand. Based on earlier experience, the opposition minority may shrink as a result of indirect pressure on district election commission members. Moreover, the new law prohibits the party that nominates an election commission member from nominating a new representative if the one originally nominated resigns. If the disobedient election commission members from the opposition refuse to resign 'voluntarily', the Central Election Commission may decide to terminate their powers.

Meanwhile, district election commissions ended up with not a single representative of Vitali Klitschko's UDAR (Ukrainian Democratic Alliance for Reforms) or Svoboda (Freedom) parties, two opposition forces that are

most likely to get into the parliament. As a result, the opposition will have no more than 3-4 members out of the 18 possible. Moreover, district election commissions can pass decisions with a simple majority or 2/3 of the members present on the day of the vote; therefore, if 2/3 of the 18 members are not present, a 2/3 majority of those that are there could all turn out to be loyal to the party in power. This means that the Party of Regions will have the tools to select virtually all members of election commissions at polling stations through district election commissions loyal to it; cancel their decisions or deem the election illegitimate in certain polling stations that provide the worst outcome for the party in power. Official observers will not be able to prevent this. The Party of Regions will have enough votes in every district election commission to remove them from any commission meeting. ■



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Strange Familiar Faces

The Party of the Regions' election list proves Donetsk still has considerable influence. The party is transforming into a pro-presidential quasi-bloc

Author:
Andriy Skumin

Though the Party of Regions' electoral list contains no interesting "treasures", intrigue will still surround the political force as observers try to determine the influence internal groups will have as they jockey for position during the campaign. Taisiya Povaliy became the party's campaigning personality. This was rather predictable, due to the Party of Regions call for "public figures" to become involved, and the Povaliy-Likhuta family is known to be connected to today's president. The party is also using its list to attract national minorities. The new language law could become an additional talking-point despite Mykhailo Chechetov's comments that Hungarians and Romanians are merely a bunch of people". The upper part of the party list contains Ivan Popescu, representing the Romanian community, and Ishtvan Haydosh, mayor of Berehove (Zakarpattia) and one of the area's Magyar leaders.

The general course of this year's Party of Regions campaign can be seen in the inclusion of Dmytro Tabachnyk. The current Education Minister has become a symbol of Ukrainophobia, and the party itself uses electoral games to accentuate the language schism in society and to mobilize pro-Russian (anti-Ukrainian) voters. Obviously, Tabachnyk could have been provided with a mandate to soften his removal from the current post. But such a scenario is feasible only if Yanukovich decides to bet on certain tradeoffs in the current election which could help him expand his base in the Centre and in the West of Ukraine. Still, the scenario seems unlikely since the president's anti-Ukrainian behaviour has already gone too far.

FAMILIAR DONETSK FIGURES

Andriy Kliuyev, in his traditional role as head of the Party of Regions campaign headquarters,

was made secretary of the National Security and Defence Council. Consequently, many observers believe his position has



weakened and that he may be pushed out of his traditional domain. In fact, however, his new post provides him with a wide range of opportunities to coordinate local administrative resources during the campaign, if relevant support is given by the president. The upper part of the party list contains few candidates linked to Klyuyev's group, less than 10%, but the presence of Nestor Shufrych there is significant, something of a "slap in the face" to Presidential Administration head Serhiy Liovochkin who had a fight with Shufrych in July

2009. Meanwhile, almost half of the candidates in first-past-the-post districts are linked to Klyuyev's group.

Rumors of Rinat Akhmetov distancing himself from the Party of Regions, based on the ban on political agitation at his enterprises and his refusal to run for MP, seem to be exaggerated. While Ukraine's richest oligarch may be unwilling to appear on the party list in order to keep from being associated with the discredited political force, his representatives will still get around 20% of seats in the upper part of the list.

This will provide Akhmetov with a considerable presence in parliament. Meanwhile, "Akhmetov's quota" of Party of Regions candidates in the first-past-the-post districts is over 10%.

INSIDERS FIRST

So far, only a few representatives of the Dmytro Firtash-Serhiy Liovochkin group can be seen in near the top of the Party of Regions list. Representatives of Serhiy Tihipko and former members of the Volodymyr Lytvyn bloc have similar quotas. The Party of Regions list made available to journalists based on the party session results, and the list actually submitted to the Central Election Commission, differ in the upper part including Ivan Myrnyi, who is close to Dmytro Firtash. On top of the fact that the group could gain some first-past-the-post districts, it also has around fifteen spots on the Party of Regions list. Furthermore, according to *The Ukrainian Week* sources, Dmytro Firtash is funding the campaigns of some independent candidates and/or opposition parties' members. He is counting on them joining his own group in parliament, at least informally.

The Party of Regions list includes many candidates not linked to principal oligarchic groups and who owe their political careers to Yanukovich himself or to certain members and/or friends of the presidential family. As long as Viktor Yanukovich is the key player in the power conglomerate, they will participate in the political process under his complete control, but should he lose that status (or be threatened with such a loss), most of them will be the first to look for new format of their own political future.

NEOPHYTES

The 2012 Party of Regions list also includes several brand new faces. Specifically, these new candidates come on Serhiy Tihipko's quota after he "donated" one of the most successful 2009-2010 projects — Sylna Ukrayina (the Strong Ukraine party) — to the Party of Regions. At the 2010 local election, the party received 5.4% of mandates based on party lists and this apparently became the basis for determining his



Power to trade

The domination of big business owners, all hryvnia billionaires, on top of the Party of Regions' list that will get through to the parliament reflects the administration's ideas about segregating government from business

Estimates by *The Ukrainian Week* based on open sources

*The gap between minimum and maximum estimates of Yuriy Ivaniushchenko's assets comes from the unconfirmed acquisition of a large amount of assets over the past few years thanks to his friendly relations with the president



quota. Five party members were included in the list among the first hundred candidates (Serhiy Tihipko, Svitlana Fabrykant, Volodymyr Dudka, Oleh Shablatoych and Serhiy Viter, though Viter is 96th and unlikely to get a mandate).

In contrast to Tihipko's limited quota, former members of Volodymyr Lytvyn's Bloc were awarded with a particular generosity (the rating of his People's Party ranges from 1.5 to 2%). The upper part of the Party of Regions list includes Ihor Sharov, Oleh Zarubinskiy, Kateryna Vashchuk and Yuriy Blahodyr. Valeriy Smoliy, the director of the Institute of History of Ukraine and No.86, is also said to be Volodymyr Lytvyn's man, despite his earlier attempts to assert himself as a patriotic activist for a long time. The Party of Regions has practically given at least two first-past-the-post districts to former members of the Volodymyr Lytvyn bloc, putting up weak candidates against Serhiy Hrynevetskiy in Odesa and Valeriy Baranov in Berdiansk.

As for Volodymyr Lytvyn, *The Ukrainian Week* sources say that the Party of Regions has provided him guarantees for the use of administrative resource in

order to enter parliament in his first-past-the-post district in Zhytomyr Oblast. These sources say Lytvyn paid for these guarantees with the language law. Showing the Party of Regions' gratitude for that law, Lytvyn's representatives were included in the party list and consequently the Party of Regions may count

SHOULD THE PRESIDENT'S OWN POSITION WEAKEN, THE PARTY OF REGIONS RISKS AN UNCONTROLLED SPLIT AMONG "ITS" MPS IN PARLIAMENT

on the majority of People's Party voters. Its electorate continued supporting the party even after it entered the coalition with the Party of Regions in 2010. Some observers consider former members of Lytvyn's political force to be a potential reserve of the Liovochkin-Firtash group, though in fact they dilute the available Party of Regions "group" structure and enhance its quasi-bloc nature.

Most party switchers who obtained spots on the Party of Regions list may play similar role. These include Yevhen Sihal from

BYuT and other former sponsors of the Batkivshchyna party, namely Mykola Bahrayev, Tariel Vasadze, Andriy Verevsky and others. Volodymyr Oliynyk from Cherkasy Oblast merits a special comment. He had tried to assert himself as a Ukrainian patriot for a long time, and supported the Orange revolution, but later he became a turncoat and is gradually turning into one of the key Party of Regions spokesmen.

The analysis of the list of the Party of Regions list proves Donetsk's influence is growing with the help of new representatives of the power conglomerate. The party in power has practically established a quasi-bloc a la Leonid Kuchma. The Communist Party may be the only political force in the current parliamentary majority that is outside of this bloc. Representatives of the Party of the Regions will have very different opinions as to the strategy and tactics of state policy, especially in light of the potential involvement of "independent" first-past-the-post candidates in the faction. Therefore, should the president's own position weaken, the Party of Regions risks an uncontrolled split among "its" MPs in parliament. ■

Who Really Controls the Donbas?

In their struggle for power, Ukraine's oligarchs formed a fraternity of common political interests, joining forces rather than promoting personal ambitions. Once the ultimate political goal was reached, their egoistic motivations became the priority.

What was previously a team of ruling oligarchs is now splitting into rival groups. The once solid political kingdom is losing some sections of its electorate that stand behind business tycoons.

The discrepancies between different oligarchs within the Party of Regions had been plain to see even before Yanukovych was elected president. They grew stronger after the 2010 presidential election – and for good reason. The fact that Yanukovych decided it was high time to catch up with his oligarch sponsors and began actively increasing the influence of his own group, known as “the Family,” shortly after being elected president fuelled the irritation. This was something the oligarchs should have expected: the “leader” could not possibly tolerate having no real power – money power – while being in a position this high.

Over the past two years, the president's older son Oleksandr Yanukovych has been intensely implementing his business talents. As the Family's business appetites grasped for new territory and industries, they inevitably stepped on the toes of SCM, Rinat Akhmetov's financial and industrial group. The open battle started last year when, surprisingly, the All-Ukrainian Bank of Development owned by Yanukovych Jr. won its first public tender to open a credit line for the Mariupol Production Department of the Water and Sewerage Service. Its only competitor was Akhmetov's PUMB bank. Recent staff changes at SCM may signal Rinat Akhmetov's waning confidence in the people running his business empire as his group's rivalry with Yanukovych's Family mounts. This might explain the recent replacement of Oleh Popov, Supervisory Board Chair, with Amir Aisautov at MetInvest, a group of mines and steelworks of which SCM is a major stakeholder. In April, Akhmetov's son Damir replaced Ihor Syryi on the Supervisory Board.

For years now, Rinat Akhmetov has been trying to walk away from Yanukovych and his Party of Regions. Whenever the current regime makes a fool of itself in politics, it casts a shadow on Akhmetov in the eyes of Ukrainians and the

international community. Therefore, it makes sense for Akhmetov to distance himself from the Donetsk-born president.

The cooling relations with the richest man in Ukraine may steal a large portion of the electorate from Yanukovych and the Party of Regions. Their regular victories in the Donbas have mostly been due to the administrative leverage of oligarchs who support them rather than the local patriotism of the voters. SCM's managers have already banned politics at their child companies; no campaigns or meetings of candidates with the staff during working hours are allowed. Managers may run for public office, but they cannot use company resources for their campaign. Any attempt by employees to “join” the ruling party will get them fired immediately.

This is likely to hit the Party of Regions hard. The damage may be worse than it seems at first sight. In Donetsk Oblast, voters trust Akhmetov more than Yanukovych, while some respect both leaders equally. Yet voters who prefer Yanukovych over Akhmetov are rare. Moreover, Akhmetov, not Yanukovych, was dubbed the most powerful man in Donetsk Oblast in 2009.

Why do people trust Akhmetov more than they trust Yanukovych? Firstly, the richer someone is, the cooler. Secondly, winning public affection in Donetsk Oblast is much easier for a successful businessman than it is for a statesman. The locals praise talented businessmen while distrusting bureaucrats of any rank. They believe that they would respect Viktor Yanukovych more if he were the richest man in Ukraine, and Rinat Akhmetov were the president. And more people would support Akhmetov if he walked away from Yanukovych entirely because he has failed to meet their expectations, while Akhmetov seems to have “nothing to do” with politics. Also, some believe that Akhmetov contributes more to Donetsk more than Yanukovych. Regional football patriotism and cheers for the local FC Shakhtar (Miners) fuel this sentiment. However, most Donetsk voters avoid discussing their attitudes toward Yanukovych and oligarch No. 1 in public. This is Donetsk's typical fear of the government, a fear that will take many generations to overcome. ■



Author:
Yevhen
Stratiyevsky

**RINAT AKHMETOV IS FAR MORE
POPULAR IN THE DONBAS THAN
VIKTOR YANUKOVYCH**

Ukraine as a Resource Colony

As the Yanukovych regime tries to overcome international isolation with the help of Beijing, it sets the scene for Ukraine's neo-colonial economic and possible future political dependence on China

Ukkraine's civilization and geopolitical choice is facing a new challenge. While public attention was gripped by the language confrontation provoked by the Presidential Administration and the

Author:
Oleksandr
Kramar

European football championship final, the government opened the door to Ukraine's increased financial and economic dependence on China. On 28 June 2012, the Ministry of Agriculture and the Export-Import Bank of

China signed a Memorandum of Cooperation, which allows Ukraine to borrow USD 3bn for the implementation of agricultural projects. On 13 July 2012, the Ministry of Fuel and Energy and the China Development



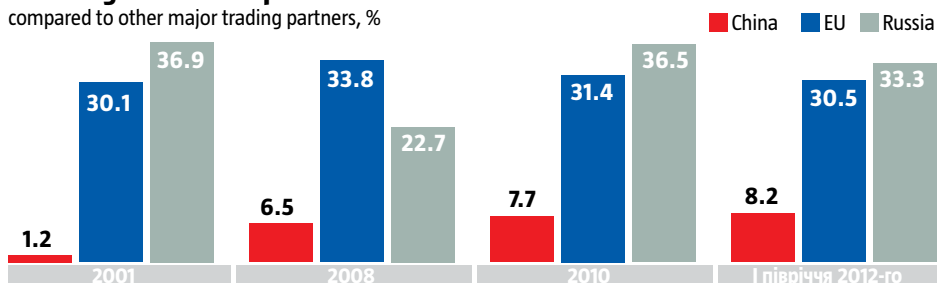
Bank (CDB) signed a protocol on cooperation for the implementation of a USD 3.66bn programme to replace the consumption of natural gas in Ukraine with coal. All these deals are already backed by amendments to Ukrainian legislation providing state guarantees for Chinese loans. A precedent was set by a project called Air Express, conducted by a Chinese company, which was exempted from taxes. After a false start in December 2011, Air Express was re-launched in July 2012, only after Ukraine fulfilled all of Beijing's demands to make the project as beneficial for China as possible and minimize risks through insurance, tax exemption, government guarantees, the involvement of Chinese companies in the construction, the use of materials imported from China and so on.

THE PRICE OF ISOLATION

Both parties are interested in the new lending and investment stage of Chinese economic expansion to Ukraine. The current government has made great efforts to discourage private foreign investment in Ukraine and FDI growth rate is slowing down every year. A research of Ukraine's investment attractiveness conducted by the European Business Association (EBA) in Q2'2012 with 115 top managers of its member-companies showed that growing pressure on business from government authorities, cronyism, difficult tax administration and increasing corruption are the key reasons for poor FDI growth. All of this is unfolding against a backdrop of suspended cooperation with the EU and international financial institutions, as well as the lack of "equal and pragmatic" relations with Russia, since some major economic issues with the latter remain unresolved. Thus, Beijing is virtually the only remaining powerful source of the financial resources that Ukraine urgently needs. Unlike the West, it does not demand that the Ukrainian government sticks to certain values or unlike Russia, that it makes a clear geopolitical choice. Off the record, sources within the party in power confirm that this was the key motivation behind the choice of China.

Growing Chinese imports to Ukraine

compared to other major trading partners, %



Source: State Statistics Committee

MADE IN CHINA, BOUGHT IN UKRAINE

Chinese economic expansion has two components: trade and lending-investment. On the one hand, they complement each other; on the other, the latter signals the growth and cementing of China's influence in one region/country or another. The first component brings a rapid growth of trade surplus between China and the potential victim. At the latter's expense, China accumulates the assets that will give it financial and credit influence over a given country. This, in turn, fuels demand for Chinese goods and services. Eventually, the circle closes as the real assets of the country undergoing expansion are gradually transferred to China's control. Based on international experience, the logic of Chinese intervention ultimately leads to the economic and demographic colonization of the given country by means of Chinese employees being brought in to work at the newly-built facilities. With a temporary opportunity to consume more than they are able to produce, potential victims slowly turn into a pioneer land of sorts, with abundant natural resources and other valuable benefits for China.

Ukraine has quickly gone through the first stage of such subjugation and is now on the verge of the second. The recent changes in the mutual trade structure signal the transformation of Ukraine into a supplier of raw materials and a market for Chinese products. Ore now accounts for more than 76% of Ukrainian exports to China, while 47.6% of Chinese exports to Ukraine are made up of engineering and electrical equipment. The rest constitutes chemical, textile

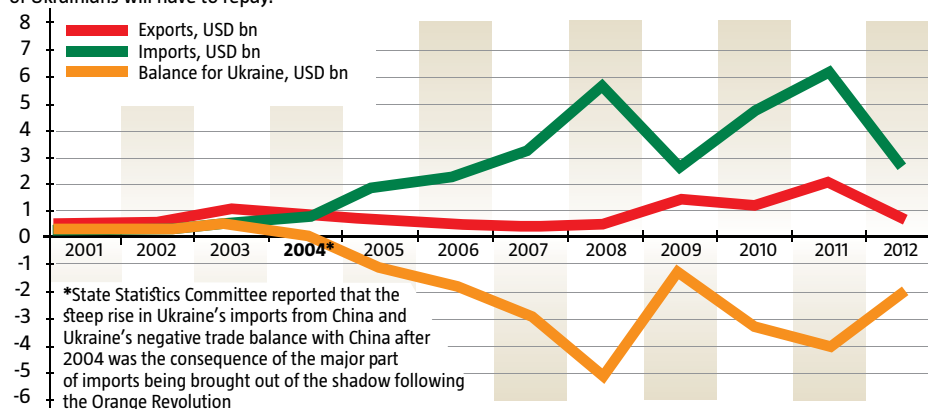
and steel products. The trade balance is deteriorating at an alarming rate. In 2000, Ukrainian export to China was worth USD 0.63bn and exceeded Chinese export to Ukraine fivefold. In 2011, the balance changed dramatically with Chinese export growing more than 45 times to USD 6.27bn, exceeding the USD 2.18bn worth of Ukrainian export to China threefold. Over 2005-2011, China sold goods worth a total of USD 26.8bn to Ukraine and bought Ukrainian goods worth USD 7.2bn earning USD 19.6bn in the process from Ukraine. If this trend continues, this figure will grow by at least USD 25-30bn by 2015, reaching USD 45-50bn over the indicated period.

PRIORITIES

Apparently, China's interest in Ukraine is the opportunity to gain control over the banking system and receive general subcontracts for the implementation of infrastructure projects, in order to increase the export of Chinese construction materials, equipment and building services, as well as the increased supply of industrial raw materials and food from Ukraine to China. The problem is that China is not ready to invest in Ukraine through FDI with all the underlying risks, as private businesses do in a market economy. Chinese state capitalism prefers to restrict itself to government-backed loans and deciding how the borrowed money will be spent at its own discretion, primarily guided by the potential benefits for the Chinese economy. The borrowed money should then quickly leave the "country of destination" in the form of payment for additional volumes of imports from China.

Paying for servitude?

In 2005-2011, Ukraine bought USD 27.8bn worth of Chinese products while exporting only USD 7.2bn worth of goods to China. As a result, the balance in favour of China was USD 19.6bn. If these trends continue for the next few years, the amount will grow by at least another USD 25-30bn to hit USD 45-50bn by 2015. The money will return to Ukraine, but only in the form of government-backed loans, which the next generations of Ukrainians will have to repay.



Source: State Statistics Committee

In November 2011, Serhiy Arbutov, the Governor of the NBU said that he was soon expecting the expansion of Chinese capital in the Ukrainian banking sector, on a background of the reduced activity of the subsidiaries of Western groups, experiencing liquidity problems caused by the Eurozone debt crisis. For China, with its foreign currency reserves of more than 15 times the Ukrainian GDP, this is possibly the simplest form of expansion. As pertains the transportation infrastructure, in addition to Air Express, China intends to implement other projects, first and foremost in Kyiv and the Kyiv Oblast, such as a tunnel under the Dnipro River, the outer ring road in Kyiv and others. A relevant framework agreement was already signed on 18 April 2011. In the energy sector, China is implementing a project to upgrade the Melnikov Mine worth USD 85mn between Lysychansk Coal OJSC and Tiandi Science and Technology Company. In the chemical industry, a pilot project was the modernization of the potash fertilizer plant in Kalush, Ivano-Frankivsk Oblast, by the Wuhan Engineering Co., Ltd. corporation. The cooperation of Chinese car manufacturers generally boils down the assembly of their car models in Ukraine.

China's interest in the Ukrainian agricultural sector comes from its search for sustainable

and long-term food supplies to the Chinese market. Over the first decade of the 21st century, China's import of agricultural production has grown by an average of 22.3% per annum, reaching USD 72.55bn in 2010. Experts at the Da Vinci AG analytical company say that the most promising strategy for Chinese investors will be to buy Ukrainian agricultural holdings – market leaders, because the Chinese will not be interested in companies with less than 200,000 hectares of land. According to experts, the difficult situation surrounding medium-sized business in the agricultural industrial complex and the exit

THE LATEST ATTEMPT OF THE YANUKOVYCH REGIME TO FIND "MUTUALLY BENEFICIAL COOPERATION AND EQUAL PARTNERSHIP" THREATENS TO TURN UKRAINE INTO CHINA'S MOTHBALLED RAW MATERIAL SUPPLY COLONY

of small Ukrainian investors from the market will facilitate the quick acquisition of the necessary amount of "turnkey" land. A mandatory condition will be that people close to the government, who can guarantee the stable operation of the holdings,

are among the founders or come in as the new owners of the company being purchased.

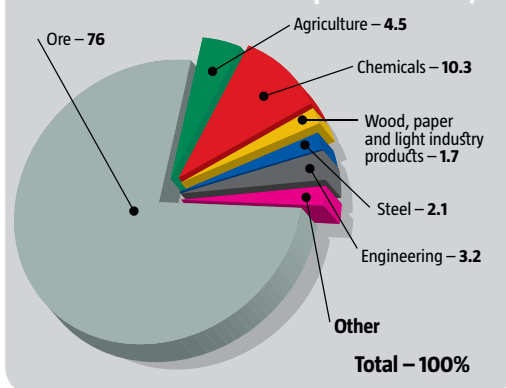
Eventually, Ukraine may end up with a new kind of business where small farming companies will be bought out in order to collect vast land plots for subsequent re-sale to Chinese investors. It looks like Oleh Bahmatiuk, a new Ukrainian billionaire, would like to take on the mission with his UkrLandFarming holding that controls nearly 0.5mn hectares of farmland, 18 meat plants, 6 each seed and sugar plants, 4 grain elevators and 10-15% of sugar and beef production. He also owns Avantgarde, the biggest producer of eggs and egg products in Ukraine. According to People's Daily, a Chinese publication, in April 2012, Oleh Bahmatiuk signed a memorandum with CAMC Engineering, a subdivision of SINOMACH, the biggest engineering corporation in China, on the intent to invest up to USD 4bn into UkrLandFarming's agricultural projects. The document included plans to build grain elevators, upgrade sugar plants, create protein clusters for the production of pork and poultry, and set up a joint venture for the assembly of farming equipment at AgroMash IF, which is to be sold on the Ukrainian market. Exim Bank of China gave its preliminary approval for financing such cooperation at the same time. Thus, the latest decisions of the Verkhovna Rada could be aimed at creating favourable conditions for the implementation of these agreements.

PREVENTING THREATS

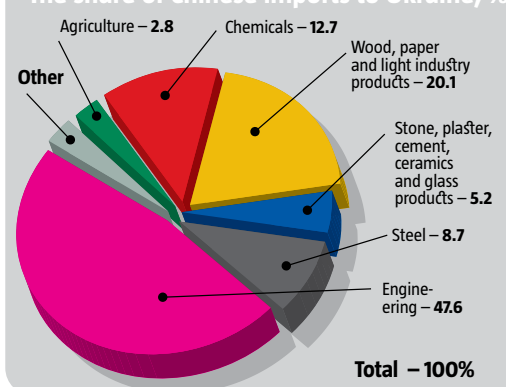
"Unless we change our direction, we are likely to end up where we are headed" goes the old Chinese saying. The latest attempt of the Yanukovich regime to find "mutually beneficial cooperation and equal partnership" without irritating political demands in its focus on China, threatens to turn Ukraine into China's mothballed raw material supply colony and a market for Chinese goods, as well as a potential destination for Chinese migrants. All this is likely to be accompanied by Kyiv's intensified credit and financial dependence on Beijing. Hav-

Ukraine as a resource colony and a market for Chinese industrial produce

The share of Ukrainian exports to China, %



The share of Chinese imports to Ukraine, %



Source: State Statistics Committee, 2011

ing signed the law on 6 August, giving the green light to backing two Chinese “investment” projects for a total of USD 6.7bn with government guarantees, the president has opened a Pandora’s box, because government-backed debt often becomes public debt in the reality of Ukraine.

Another concern is that the expansion of Chinese capital often leads to the conservation of traditional corruption mechanisms that exist in the countries it enters. Unlike Western investors, the Chinese feel perfectly comfortable with them. The experience of Africa and other post-Soviet countries only proves this. As a result, such countries are deprived of the incentive to make any progress in the implementation of transparent and legal conditions for conducting business or choosing better civilization prospects, becoming doomed to social and economic degradation. Direct, as opposed to portfolio Chinese investments can only be of benefit for Ukraine on the preliminary adjustment of its legal and business environment to European standards and providing that Ukraine sets clear boundaries and terms for attracting Chinese investment that will serve the priorities of Ukraine’s development, and not that of other countries. ■

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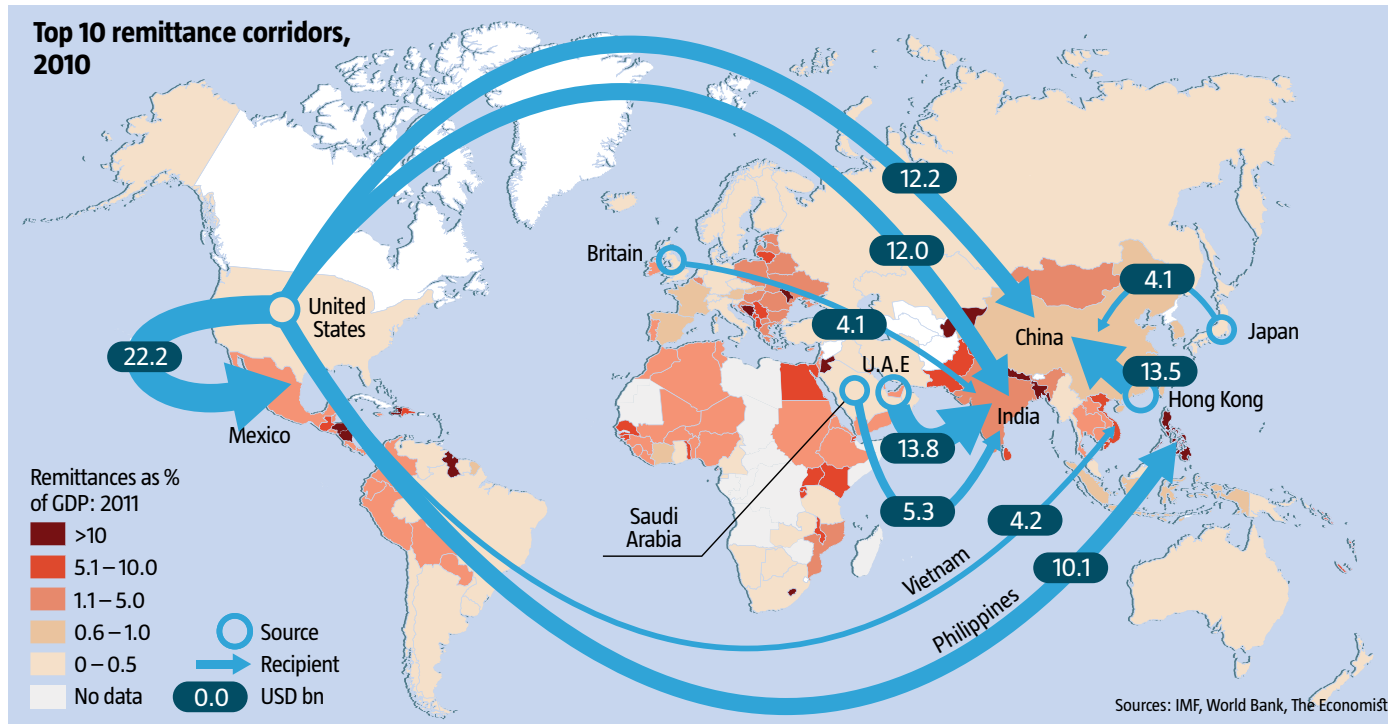
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New Rivers of Gold

Remittances from unlikely places are helping poor countries in the downturn



IN TAPACHULA, a furnace of a city in southern Mexico, people line up inside an air-conditioned branch of Banco Azteca to process their remittances. Last year Mexicans received an estimated \$24 billion from friends and family working abroad, mainly in the United States, with which Mexico forms the world's busiest remittance corridor (see map). But a closer look at the Tapachulan queue shows how the remittance business is changing. Many are not Mexicans receiving cash from America, but migrant workers sending it back home to Guatemala or Honduras. "Very similar to what happens at the other border," observes Jorge Luis Valdívieso, the bank's regional administrator, referring to Mexico's better-known northern frontier.

The value of remittances to poor countries is enormous. Since 1996 they have been worth

more than all overseas-development aid, and for most of the past decade more than private debt and portfolio equity inflows. In 2011 remittances to poor countries totalled \$372 billion, according to the World Bank (total remittances, including to the rich world, came to \$501 billion). That is not far off the total amount of foreign direct investment that flowed to poor countries. Given that cash is ferried home stuffed into socks as well as by wire transfer, the real total could be 50% higher.

Remittances are not just big, but growing—they have nearly quadrupled since the turn of the millennium—and resilient. In 2009, when economies around the world crashed, remittances to poor countries fell by a modest 5%, and by 2010 had bounced back to record levels. By contrast, foreign direct investment in poor countries fell by a third during

the crisis, and portfolio inflows fell by more than half. "The most remarkable thing about remittances today is their continued growth, year after year, despite the global economic crisis," says Dilip Ratha, head of migration and remittances at the World Bank.

One reason for this apparent boom is simply that the data are better. Money senders such as Western Union and MoneyGram have improved their reporting to central banks. Oversight has tightened since September 11th 2001. This has led to big jumps in some numbers: Nigeria posted a near-doubling of remittance receipts in 2007. Where governments are sensitive about providing information, economists have used other methods. India, for instance, subjects remittances to Bangladesh to stringent tests. But by examining migration data, the World Bank reckons that

some \$3.8 billion probably crosses the border every year.

Partly thanks to these techniques, it is now known that remittances come from a wider variety of countries than was previously thought. This might in turn explain how they have avoided being affected by Wall Street's hiccups. In 1970 46% of recorded remittances were reckoned to

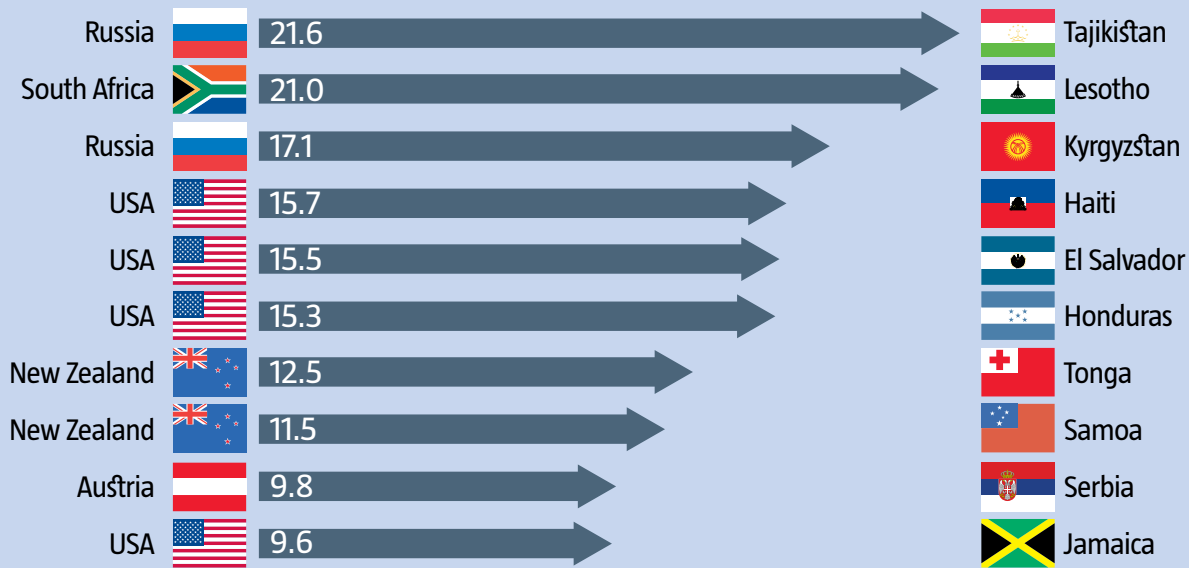
fifth of Tajikistan's economy (see chart).

Though they are less volatile than many types of income, remittances are not immune to fluctuations. Cash flows to Mexico last year were still 12% lower than their pre-crash peak, partly because many Mexican migrants worked in the American construction sector, which is still

The question is whether migrants will react by spending longer in far-flung destinations, or by staying closer to home. Many already go for the second option: one-tenth of remittances to Africa come from within the continent. South Africa sends most of its \$1.4 billion in remittances to its neighbours, for example.

Flow chart

Top ten remittance corridors as % of recipient's GDP, 2010



Sources: IMF, World Bank, The Economist

originate in America. By 2010 America's share was just 17%. One big new player is the Gulf, which has sucked in migrant workers since the oil boom. Saudi Arabia is now the world's biggest sender of remittances after America, posting \$27 billion in 2010, mostly to the families of South Asians and Africans who toil on its building sites and clean its homes. More than half of all remittances to South Asia come from the Gulf; worldwide, the region sends almost as many remittances to poor countries as western Europe does.

Expensive oil has made Russia a big destination for immigrants, too. In 2000 it was only the 17th-biggest remitter in the world—indeed, it was a net receiver. But by 2010 it was the fourth-largest sender, dispatching nearly \$19 billion, mostly to Central Asia. Remittances from Russia are worth more than a

reeling. The “Arab spring” of 2011 made a dent in remittance receipts in the Middle East and Africa, as migrant workers from the region fled countries such as Libya. An exception was Egypt, where receipts shot up by 14%. One reason may be that exiled Egyptians returned home with their savings; another is that a fall in property prices encouraged émigrés to snap up bargains.

Currency fluctuations can also skew remittance patterns. American greenbacks and euros are no longer sought after in those African countries where currencies have appreciated sharply in real terms thanks to demand for the commodities they export. “When you send dollars back to a family in Angola, they don't feel as rich as before,” says Marcelo Giugale of the World Bank. Working in Europe for five years no longer buys a house back home.

In the rich world, many countries have closed their borders to protect home-grown workers. America has made its southern frontier harder to cross, which partly explains the slowdown in immigration from Mexico. Emigration has risen, too, since the economy stalled. But perhaps because they know it will be harder to come back, migrants are staying longer. According to the Pew Hispanic Centre, 27% of Mexicans deported from America in 2010 had been in the country for at least a year, up from 6% in 2005. That may help explain why remittances from America fell by only 5% in 2009, whereas in Britain, which has open borders with some of its biggest senders of immigrants, they fell by 27% (exchange rates played a part, too). Stricter border controls keep migrants in as well as out, and the remittances flowing. ■

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Tycoon Heaven

Ukraine offers the perfect environment for monopolies
to grow and thrive



Author:
Maria Zaslavska

The Ukrainian economy is highly monopolized and this trend has been aggravated since the last shift in government. Even official data from the Antimonopoly Committee reveals that monopolization increased in 29 spheres in 2010, including the gas, electricity, oil product imports, mining, steel and chemical industries. In 2011, the committee could only trace 49.8% of produce sold on the market where there were no constraints to competition.

Monopolists fall into four categories. One is the 'natural' monopoly that does not see the emergence of any new players because investors find entrance onto the market too costly to be interested in the project, for one thing. A reasonable scenario is when a natural monopoly is owned by the government which should allow the entire population to benefit from the windfall profits it generates. The Ukrainian Railway is a good example of this, where investing into yet another railway track is too expensive, hence no competition. "Overlapping the functions of these companies does not do any good for society on the whole," says Oleksandr Zholud, an analyst at the International Centre for Policy Studies. "Say, every town has a water supply system. You can build another one but the cost is extremely high, while the benefit to society is not. Typically, authorities try to restrict natural monopolies by setting a cap on their profits and controlling the pricing policy of such corporations." Other examples of natural monopolies are gas and water supply enterprises and utility companies.

The second category includes regional players which have significant privileges in a certain territory. According to the National Committee for State Regulation of Communication and Computerization, over 400 Ukrainian operators enjoy market privileges.

The Antimonopoly Committee found eight companies on the retail drug market with signs of monopoly status abuse. According to the Committee, competi-

tion is seriously limited on a great number of regional markets, including those for funeral services, bus stations, parking, paid health care and more. "Limited competition is the result of difficulties in entering the markets, such as the high cost of setting up facilities to provide the services, or organizational details such as obtaining licenses and certificates," Committee employees explain.

The third category is nationwide Ukrainian companies that work on markets with dynamic competition and have significant coverage of consumers, such as Kyivstar and MTS, two mobile phone operators that, according to the iKS ratings for mobile operators of June 2012, cover 45.8% and 35.3% of the market

tures or the price and quality of a product, but the level and the amount of corporate power and control over the market gained through non-economic tools."

Surprisingly, the Antimonopoly Committee with Rafael Kuzmin, the cousin of First Deputy Prosecutor General Renat Kuzmin, as First Deputy Chairman does not see any signs of monopolization in the economy, or the domination of companies owned by some oligarchs on specific markets. However, a few people close to the administration have been proactively buying up Ukrainian assets over the past two or three years which has resulted in the monopolization of some major industries, such as ferroalloy, mineral fertilizers, electricity supply, steelworks, airlines and more. Companies owned by Rinat Akhmetov, Dmytro Firtash and Ihor Kolomoysky, who always manages to find his way round the administration, have become particularly proactive lately. And to add to this, a group of new Ukrainian billionaires including Yuriy Kosiuk, Andriy Verrevskyi and Oleh Bakhmatiuk, is also coming onto the scene. Investment analysts project that only two or three players will very soon dominate many food markets, unless the trio slows down their buying up of agricultural companies.

Monopolists, and limited competition, obviously have an adverse effect on the quality and price of products and services. Ukrainians who frequently travel, for instance, wonder why domestic flights within Ukraine cost several times more than domestic flights in the EU. A Kyiv-Donetsk-Kyiv ticket for the end of September with Dniproavia or AeroSvit, both part of Ihor Kolomoysky's Privat group, costs UAH 870-2, (approx USD 108 – 250). By contrast, LOT, which is the most expensive Polish airline, charges the equivalent of up to UAH 740 or USD 92 for a Warsaw-Krakow round trip. And to add to this, clients are often unhappy with the quality of services provided by Ukrainian airlines. AeroSvit, for example, are known to start departures earlier than scheduled, postpone, or even in some cases cancel them, which happened again this sum-


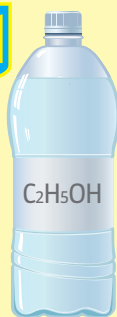
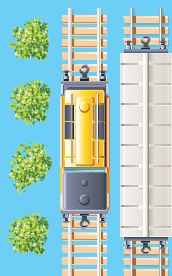



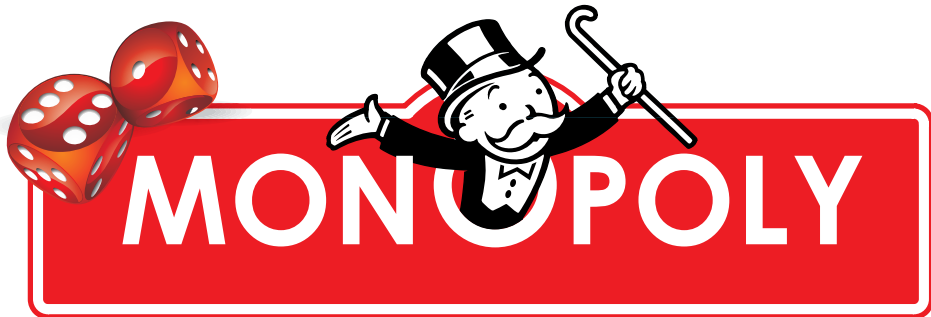

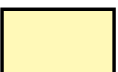



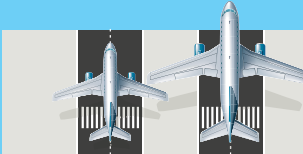
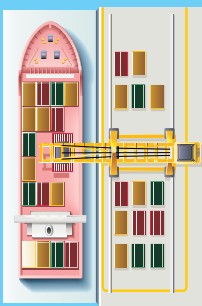

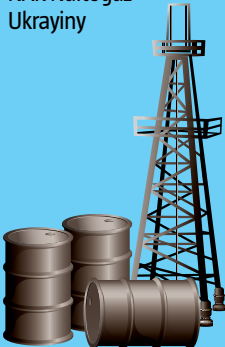




IN 2011, THE ANTYMONOPOLY COMMITTEE COULD ONLY TRACE 49.8% OF PRODUCE SOLD ON THE MARKET WHERE THERE WERE NO CONSTRAINTS TO COMPETITION

respectively. Other companies on the rating include life:), Inter-telecom, Ukrtelecom, Peoplenet and ITC. During 2010-2012, monopolization intensified. Each of the abovementioned players controls over 35% of the market; therefore they qualify as monopolies under Ukrainian law. Until recently they competed severely for new clients, yet lately they have been acting in a more coordinated manner which evolved into an unjustified steep rise in prices in the spring and summer of 2012. Apparently, this was caused by the fact that both companies are now under Russian control and the market has become oversaturated.

The fourth category includes the most proactive dominating companies that are part of financial and industrial groups. Due to privileges and access to administrative leverage, they continually increase their shares in specific markets. According to experts from the Institute of Economy and Projections at the National Academy of Sciences, this is why "the key elements of competition are not expendi-

MASTERS OF ECONOMY

<p>UkrEnergo State Centralized Administration of the so-called united energy system of Ukraine which includes electricity stations, electricity and heat supply chains and other electricity and energy supply objects sharing a common regime of producing, transmitting and distributing electricity and heat</p> 	<p>UkrSpyrt ►Alcohol</p> 	<p>UkrZaliznytsia (The Ukrainian Railway)</p> 	<p>Kyivstar, MTS ►Mobile phone operators</p> 	<p>UkrTransGas ►NAK Naftogaz Ukrayiny</p> 
<p>Avantgarde ►Eggs</p>  <p>Oleh Bakhmatiuk</p>	<div style="text-align: center;">  <h1>MONOPOLY</h1> </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="text-align: center;">  <p>Natural monopolies in Ukraine</p> </div> <div style="text-align: center;">  <p>Companies with signs of domination</p> </div> </div> <div style="margin-top: 20px;"> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>State owned</p> </div> <div style="text-align: center;">  <p>Ukrainian capital</p> </div> <div style="text-align: center;">  <p>Russian capital</p> </div> </div> <div style="margin-top: 10px;"> <p>► Product/service markets where the company dominates</p> </div> </div> <p style="margin-top: 10px;">Based on open sources</p>			
<p>UkrAeroRukh State Enterprise for Servicing Airlines in Ukraine</p> 				
<p>Odesa Port Plant</p>  <p>Production and sales of chemical products; receipt and re-shipment of export-oriented fertilizers produced in Russia and Ukraine; Dmytro Firtash is among the key candidates for the government-owned stake</p>	<p>Zeonbud ►Digital TV</p>  <p>Linked to Rinat Akhmetov</p>	<p>UkrTransNafta NAK Naftogaz Ukrayiny</p> 	<p>MetInvest ►Steelworks</p>  <p>Rinat Akhmetov</p>	<p>DTEK ►Regional energy markets</p>  <p>Rinat Akhmetov</p>

Privat Group
► Ferroalloys, airlines



Ihor Kolomoyskyi,
Hennadiy Boholiubov

Ukrainian Postal Service



DF Group
► Ammonia, carbamide, ammonium nitrate



Dmytro Firtash

EnergoAtom
► Energy



Myronivka Bread Partnership JSC
► Chicken farming



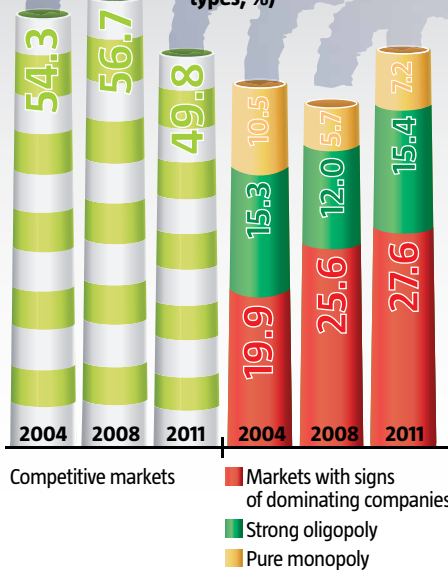
Yuriy Kosiuk

RRT Concern
State operator for TV, radio and satellite connection: broadcasts state TV and radio channels across Ukraine and provides satellite broadcasting in European countries



ANTI-COMPETITIVE TREND

The share of competitive markets is shrinking sharply in Ukraine (the share of companies operating on markets of specific types, %)



Source: Annual reports by the Antimonopoly Committee

MONOPOLIZING EVERYTHING

Markets with the biggest share of non-government monopolists and enterprises with signs of domination



Source: Estimates by independent experts of The Ukrainian Week

mer with understandable consequences for clients who did not find out about the schedule change on time. After several airlines, including AeroSvit, Dni-proavia and Windrose, all came under an umbrella linked to the Privat Group; the group has come to control almost 30%, by various estimates, of the total airline market in Ukraine. The group managed to grab a lion's share of the market yet it is still

by monopolization in some industries. For instance, ferroalloys are produced by the Nikopol, Stakhanov and Zaporizhzhia plants; again, all linked to the Privat group and recently the rate of ferroalloy imports has been increasing. The State Statistics Committee reported the import of 256.4mn kg of ferroalloy, totalling USD 602mn over January-December 2011. In 2010, by contrast, Ukrainian companies imported only 107.67mn kg and spent USD 280mn.

The tycoons that typically redistribute national wealth are trying to take it all from the enterprises they buy while ignoring the need to upgrade them, or create new assets. Instead, they tend to invest all their profits into gaining control of other entities from which they can also squeeze everything last drop of 'blood', thus they continue the trend. With this current business model they are not interested in improving the professional skills of their employees or raising their pay. As a result, the country degrades. ■

THE TYCOONS THAT TYPICALLY REDISTRIBUTE NATIONAL WEALTH ARE TRYING TO TAKE IT ALL FROM THE ENTERPRISES THEY BUY WHILE IGNORING THE NEED TO UPGRADE THEM, OR CREATE NEW ASSETS

unable to service all flights with their available fleet of aircraft.

The domination of monopolies on a number of markets also has a negative impact on the economy. Ukraine's growing trade deficit is partly provoked

The Call of the Mountains

Finnish reporter and writer Anna-Lena Lauren talks about her book and experience in what is considered one of Russia's most troubled regions



PHOTO: ANDRIY LOMAKIN

Interviewer:
Dmytro Hubenko

The Caucasus with its amazing nature, abundant history and vibrant culture had always lured and enchanted travellers. Anna-Lena Lauren went to the Caucasus to reveal violations of human rights and corruption, in addition to enjoy the scenes. *The Ukrainian Week* talked to her about her impression of the mysterious region during her visit to Ukraine to present her book *In the Mountains There Are No Masters* in Kyiv and Lviv.

UW: Was it difficult to draw the attention of the Finnish public to the Caucasus?

– The Caucasus is such an unknown to the Finns! When I was a reporter for the Finnish public broadcaster YLE, my colleagues always laughed at me, because I always wanted to go to these obscure little republics with the strange names nobody heard of. But luckily I had a very good boss who realized that it is important for us to cover what is happening there because it is one of the most troubled areas in Russia, and the most troublesome in terms of human rights. So, I'm very grateful to my boss who gave me the opportunity to go there again and again. People in Finland are not interested in the Caucasus, but if you write in a certain way, people are interested. You have to open it up to them, and that is what I am trying to do.

UW: It seems that the people in the Caucasus are the emotional opposites of people in

Scandinavian countries. Was it difficult for you to work with Caucasians?

– Being a complete stranger makes it a lot easier, because the people open in the Caucasus up to me. For them it is a completely natural thing that I am a foreigner. I talk differently, I dress differently, and as a woman I travel on my own. So they trust me and that makes it a lot easier for me to work than in other parts of Russia.

UW: You mention that for you as a woman it was easier to work in the Caucasus. Do you believe in the emancipation of Caucasian women?

– In many Caucasian cultures women are actually quite strong. They are educated, they talk to you, they do not wear a veil (it is usually only the Wahhabi women who do). According to tradition of course, the man is more important than the woman, but in practice it is not always this way. Women in the Caucasus are not afraid to speak out. For example, in Chechnya it was a lot easier for me to interview women. They are more open and they talk more easily. But with regard to your question, in general I would say no. I think Russia as a whole is not a very emancipated country. And the Caucasus is a lot more traditional, a lot more conservative. There is no feminist movement in the Caucasus, but the women there have so many problems that it would be a luxury for them to talk about emancipation. However, I don't want to give the picture that Caucasian women are oppressed. They are very strong.

UW: Many people seem to respect Chechnya President Ramzan Kadyrov for stability in this republic. Is that so in reality?

– When I wrote this book in 2008-2009, that was the case. It has changed now. For many years after the war the people in Chechnya were happy that the war was over, but now the situation is changing. As everywhere in the Caucasus, Chechnya is a very equal society. No man is better than another. You have to earn your respect. And with Ramzan Kadyrov ruling Chechnya

as his own fiefdom, that is not working any more. You may see some protests even now. Maybe not in the open so far, but they will come. People will get more and more unhappy with him and so I worry about Chechnya; there are many signs that things are getting worse. And Ramzan Kadyrov will not be able to deal with them. He only knows force, but Chechens are not afraid, he has to discuss things with them.

UW: Some say that only an authoritarian personality like Mikheil Saakashvili could have implemented all the reforms needed in Georgia and eradicate corruption there. Do you agree?

– Yes, given a limited amount of time he had to behave in this way. But now there is no longer any justification for such behaviour. His increasing authoritarian tendencies are very worrisome and in no way justified. The special services are listening to the telephone calls of the opposition and journalists, and they are being threatened. And it is a huge pity, because Saakashvili did a lot of good things for Georgia. And now he himself has gone back to the authoritarian methods he overthrew in 2003.

UW: In Caucasian conflicts sometimes it is impossible to say who is right and who is wrong, who is the aggressor and who is the victim. How did you solve this dilemma for yourself?

– I try to listen to all sides – that is the most important thing. As a journalist, you have to always realize that it is impossible to be completely objective. As far as my book goes, I have a lot of sympathy towards the Caucasian people because they suffered so much under the Soviet Union and the Russian Empire. I don't want to say that everything would be great in the Caucasus if not for Russia. Russia did some things wrong, but also some good things. Unfortunately, they did not always work out in the best possible way. For example, Ramzan Kadyrov has actually achieved independence in Chechnya, and I think the Kremlin is really nervous about that.

UW: What might be the best policy for Russia in this region?

– The best answer for the Caucasus (and for the rest of Russia) would be to build local civil society, the rule of law and democracy. But in the Caucasus it is a bit ridiculous to talk now about the rule of law and democracy. I think Russia should let the republics choose their own leaders like they did before. That is very important. As long as Moscow appoints their trustees to govern the republics nothing good will happen, because in the Caucasus you have to earn respect. People do not respect fig-

I FEEL A GREAT DEAL OF RESPECT FOR THIS PEOPLE. THEY ARE THE BRAVE ONES, BECAUSE THEY STAY THERE

ures appointed from Moscow. And then of course real investments should be made in order to fight the poverty there.

UW: Do you stay in touch with the people who helped you in the Caucasus? Did they have any problems because of cooperating with you?

– They are an extremely brave people. They have done everything they could for me, they risked their lives, and sometimes I realized it only afterwards. (You should read one story in the book about how I drove in the middle of the night from Grozny to Nalchik.) But I call them, we talk. And I know that at least some of them did have troubles. But they didn't complain, because in Caucasian cultures people never complain to a guest. So, I feel a great deal of respect for this people. Sometimes people tell me: Oh, you are so brave to go there. And I always answer: They are the brave ones, because they stay there. ■

BIO

Anna-Lena Lauren was born in Pargas, Finland, in 1976. She studied politics and Russian language at the Åbo Akademi. In 2006-2010, she reported for YLE, public Finnish TV and radio broadcaster, from Moscow. Today, she works as a Moscow-based reporter for Hufvudstadsbladet, the highest-circulation Swedish-language newspaper in Finland. Last year, her book *They're Not All There, Those Russians* was published in Ukraine.



AUTONOMOUS DEGENERATION

Over the past 20 years, Crimea has failed to rid itself of its ingrained soviet essence and continues its social and economic degradation

Author:
**Bohdan
Butkevych**

After 1991, Crimea was one of the most promising regions of the newly independent Ukraine. Plenty of resorts, highly technological agriculture and a mighty military and industrial complex – all this could have been a powerful push to Crimea's progress. Instead, the autonomous republic has been constantly degrading economically, socially and politically. Today, the peninsula is a reservation of anti-Ukrainian forces and a rudimentary soviet/Russian mental code which to this day, deter-

mines the thinking and way of life for most of the local population. As a result, its semi-criminal and semi-nomadic psychology hampers Crimea's economic and political progress.

STABLE CHAOS

There is a stereotype about the only non-unitary part of Ukraine: that all Crimeans can't wait to join Russia while hating anything Ukrainian on a biological level. This is partly true, but the biggest problem of the local population discovered by *The Ukrainian*

Week is not its pro-Russian and anti-Ukrainian sentiment. It is the soviet mentality that has not faded over the two decades of its autonomy. This is reflected in socio-psychological patterns, which invariably carry with them the relevant methods of management, administrative relations and worldview.

As soon as Communist power started to waver in the late 1980s, Crimea plunged into lawlessness. "I had the impression that all young people joined gangs back then," Oleksiy Dryhanov, a former local police officer, recalls. "There

is no other part of Ukraine to compare it with, other than maybe Donbas where crime rates skyrocketed in the early 1990s. Entire regions of the peninsula turned into something akin to Harlem. Everything seemed to collapse all at once: law enforcement, welfare and the economy. Most people were completely disoriented, while the younger generation saw only criminal ways to resolve issues. Our resorts only made things worse. All old “red directors” who refused to give up profitable positions to mobs (officially known as organized criminal groups – **Ed.**) were eliminated. And then there were the Crimean Tatars with their unauthorized grabbing of the land that nobody was willing to give back to them on their return from exile on the verge of independence. Moreover, Crimea turned into a terminal for the illegal shipment of armament which was stolen on a massive scale from former Soviet Army arsenals and sold to hot spots, such as Abkhazia, Ossetia, Chechnya or Transnistria. In addition, the as yet unclear status of the Black Sea Fleet opened many doors to arsenals. As a result, Crimean bandits ended up with piles of weapons. These were not just guns, but also grenade launchers, machine guns, and more. All were used in their clashes. At some point, Crimea began to look like a front line with battles unfolding between gangs on the streets and dozens of casualties, while we – the police – couldn’t do anything to stop it. Many people left the police and joined these gangs, while those of us who stayed had no idea who we were subordinate to – Simferopol, Kyiv or Moscow – or what to do when every second criminal has a grenade launcher or a Kalashnikov in his hands, while you only have a service handgun (a Makarov – **Ed.**) and no permission to shoot without warning. I lost many colleagues back then. I don’t even want to talk about the miserable salary, paid only once in five-six months.”

Many experts on those times claim that the Crimean chaos of the 1990s reached such catastrophic levels because the local population that had been moved to the peninsula from other parts of the former USSR did not feel that they had any roots in Crimea.

In the 1990s, Crimea underwent a period of socio-political instability that was so ruinous, that to this day its population panics at the thought of any uncertainty. This is also part of the rudimentary soviet way of thinking when, having experienced terrible military conflicts, famines and the repressive apparatus under the USSR, people had just one thought in mind: let there be no war. Crimea was the most successful example of homo sovieticus breeding, hence the reason why the Party of Regions’ slogans, such as “The ruin is over – stability has been reached”, are of such great appeal to the locals.

For Crimeans, if not an obsession, the wish for stability is one of the dominating social trends. “In the 1990s, there would be almost daily shootings in my district, because the notorious *bashmaki*, the old shoes gang (one of the biggest Crimean organized criminal group in the 1990s – **Ed.**) had their ‘headquarters’ there,” Anna Pliuta from Simferopol recalls. “I have vivid memories of the curfew, the armoured vehicles in the streets, and how scary it was to leave the apartment in the evening. I remember electricity and water being turned off regularly in the late 1990s when we would live without light or a drop of water for days. That’s why I want one thing for my kids: no shooting, food on the table and I want to be able to plan this at least one-two months in advance. The rest is not important.

I’m a small person and I can’t change anything, therefore it’s better to vote for the people I’ve already seen – for those who are already in power. It’s better to keep a low profile.”

UNDER THE ROOF OF CORRUPTION

The destruction of Crimean organized crime in the late 1990s, authorized by Kyiv was, to a large extent, an illusion. Only the worst thugs who did not recognize any

THE CRIMINAL-INSPIRED MINDSET OF “DEALING WITH THINGS” ON THE ONE HAND AND KEEPING A LOW PROFILE ON THE OTHER, IS BEING VICTORIOUSLY RECREATED IN CRIMEA

power, including that of the “old shoes” gang, were killed or imprisoned. The rest fit perfectly into the system and ended up with protection from above. One example is the story of the Party of Regions’ MP Oleksandr Melnyk who was linked to Seilem, the biggest Crimean organized criminal group. He was released in 2006 – ex-Interior Minister Yuriy Lutsenko said it was per personal request of the then Prime Minister Viktor Yanyukovich. People cannot help but see this system that also shapes a relevant worldview. ■

THE REAL CRIMEA: A typical South Crimean coast scene





This near-criminal archetype of thinking that one should “deal with issues” on the one hand and “keep a low profile” on the other, to this day, is victoriously being recreated in the autonomous republic. Sociological surveys show that it is Crimeans, particularly those aged over 35, who are the most reluctant to be involved in the protection of their rights or any protests in Ukraine. The infamous problem of the unauthorized grabbing of land is a good illustration of the system of corruption in law.

“Of course, there were plenty such incidents in the 1990s,” a member of the Mejlis (the central executive body for Crimean Tatars – **Ed.**) says off-record. “Our people (Crimean Tatars who returned to Crimea from deportation – **Ed.**) arrived and were given no land, so they were forced to occupy it on their own. Lately, however, this has turned into a business of sorts. Some Tatars now do this to subsequently resell the land, and they will not necessarily sell it to Tatars. According to statistics, people of Slavic origin now grab more land, assisted by the local authorities

In 2011, FDI into
Crimea was
**USD
350mn**
82% or
**USD
287mn**
went to the
industry leaving only
6.5% or
**USD
22mn**
for transport and
communication
and 4.7% or
**USD
16.2mn**
for construction

that find ways to come to terms with the Tatars and big business owners, especially Russian, interested in such deals.”

According to statistics, up to 40% Crimeans work in the recreation sector and a further almost 20% are involved in related industries. “We all work for the resort here,” says Yalta-based Oleksiy Surkov, a one-time research associate. “We don’t need any conflicts here. It’s better to “take care of things” than actually resolve problems. It’s important to have a nice picture so that people come here every year and spend their money on vacations.”

THE NOMAD SYNDROME

However, this wish to keep the resort business untouched does not correlate with the fact of its stagnation in Crimea. In other words, it welcomes its 1.5-2mn vacationers a year, but the number is gradually shrinking. Another important fact is that most of these vacationers are either Ukrainians or tourists from post-soviet states. In the absence of any strategic development in the tourist infrastructure, foreigners are not coming to Crimea, and nor will they. In the first place,

this is because of the way the local population treat their own land, which appears never to have really become their own.

A typical example: Tours around Crimea, which actually has many historical and natural attractions, is a good way to earn an extra penny during the summer, so anyone and everyone become tour guides. Guides monotonously mutter a set of phrases they learned in a shabby guidebook while throwing a candy wrapper on the ground and not thinking that trash on his tour route is hardly inviting for potential visitors to the peninsula. Moreover, any question that have no answers in the guidebook in his pocket, leaves the guide confused, since with very few exceptions, he is just earning money and has nothing to do with the object, landscape or building he is talking about.

“95% of the locals don’t love the land they live on, they just use it,” says traveler Serhiy Vasiuta from Feodosia. “They are not interested in its history, they don’t care about nature. All they want is to make money during the holiday season; right now and with the least amount of effort. They don’t



care about tomorrow. My impression is that the soul of many Crimeans is still host to a nomad, whose goal is to squeeze all the juice out of the land it has come to, and move on to exploit yet another part of the territory. No wonder, since most of these people arrived in Crimea just two generations ago. Everything was done for them, so they don't feel a deep connection to the land. They don't see it as the only land, given by God for ever, which they have to care for and love because they will have no other. Without this, there will be no normal European type of development. Still, conflicts over this very land with Tatars could lead to killings, but they never invest a penny to develop their territory and mercilessly exploit the almost dead soviet infrastructure. They are capable of ploughing through an ancient town with an excavator, thereby earning hundreds of millions of dollars in the future, just to build yet another shabby hotel where they will rent out rooms to vacationers. They will serve bad food in a café, realizing that nobody is going to visit them next year. However, they would rather earn

their 10 cents today rather than UAH 100 tomorrow."

QUASI-RUSSIANS

The latest census shows that 58% of Crimeans are Russians. Local experts Tetiana Huchakova and Andriy Klymenko believe that the peninsula has become a "Russian autonomy" which has now been cemented through the notorious

triot", launched by Moscow in 2007. The only connection between modern Crimea and Russia is relatives, a "common past" and a bunch of tourists from Russia, who fill the beaches of Southern Crimea every year. Meanwhile, the younger generation of Crimeans has no problem speaking both Russian and Ukrainian and see themselves as fully-fledged citizens of Ukraine.

"The pro-Russian orientation of the Crimean population is reminiscent of the pro-communist views of most former soviet citizens," explains psychologist Andriy Strutynsky. "They all declare it but deep eown, do not actually believe it. Over the past 20 years, they have grown used to seeing Kyiv as their capital, not Moscow. Moreover, most have not experienced any pressure on the Russian culture or language. Notably, most Crimeans still vote for the Party of Regions, not the Russophile Russian Bloc-like parties. Kyiv's timid and feeble attempts to switch record-keeping into Ukrainian were one big failure. Thus, the locals are actually concerned with quality of life and the infamous stability rather than language." ■

THE CRIMEAN REALITY OF PRO-RUSSIAN SENTIMENT IS MERELY NOSTALGIA FOR THE SOVIET UNION RATHER THAN A DESIRE FOR ANNEXATION TO MODERN RUSSIAN

language law sponsored by the Party of Regions' MPs, Kolesnichenko and Kivalov. However, it appears that in the Crimean reality, pro-Russian sentiment is merely nostalgia for the soviet lifestyle rather than a desire for annexation to modern Russia. A demonstrative fact of this is that only about 1,000 Crimeans have taken advantage of the programme for re-settling "compa-



Crimea's Future Looks Dim

In order to develop and progress, Crimea has to shed its soviet phantoms and embrace the European model of civilization

Author:
Andriy Skumin

In 2011, Crimea's annual per capita income was just UAH 17,600 or \$2,200. Despite its huge tourism potential, Crimea lags behind the traditionally depressed Kirovohrad, Zhytomyr and Chernihiv Oblasts, where annual per capita income ranges from UAH 17,700 to UAH 18,700 or \$2,210 to \$2,300.

Over the past decade, average monthly salaries in Crimea have grown at a pace slower than all of the abovementioned regions of Ukraine. Twenty years of Crimean autonomy as part of independent Ukraine show that it has failed to make the best of its unique natural, climate, cultural, historical, transport and geographic potential in a constructive and creative way. Crimea was sacrificed to the de-

structive idea of cementing a soviet reserve in the peninsula, building a bastion of resistance to Ukraine's European and NATO integration and to the consolidation of the political Ukrainian nation. It now acts as a platform for radical Moscow-oriented anti-Ukrainian and neo-imperialistic organizations. The phantom lament of the "glorious soviet past", manipulated to serve the ambitions of would-be regional elites, has hampered Crimea's prospects of becoming a multi-ethnic resort, shipment and communications centre of international scale. Meanwhile, various tactics have been employed to keep the peninsula in a constant state of tension and stress, such as the notorious recent media wars and speculations of possible ethnic

clashes used to discourage potential tourists.

FOREIGN PRIORITIES

Local elites (and the population's ability to select them) play a key role in Crimea's relations with the centre and the freeing of its potential. When the elite has priorities alien to the territory and the population it purports to represent, the whole region falls hostage to it. That is exactly what has happened in Crimea. Unlike the elites of Donetsk and Western Ukraine, Crimea's crème de la crème were ultimately unprepared to promote and protect regional interests on a national scale. Instead of integrating with the Ukrainian political sphere, they pursued their own autonomy and looked to Moscow

or a balance between the Kremlin and Bankova St¹. They were eventually pushed to the sidelines after the Donetsk group came to power and occupied Crimea, beginning with the appointment of the late Vasyl Dzharty as Chair of the Crimean Cabinet of Ministers. He brought along a huge team of new managers of various levels. This has continued under his successor Anatoliy Mohylov. As a result, people born in Donbas or nearby oblasts ended up in all the key offices of government and law enforcement authorities in Crimea.

Over the past 20 years, Crimea's governing elite has shunned outside investment, preventing the growth necessary to create a modern resort infrastructure. Meanwhile, the lion's share of revenues from existing tourism remains in the shadows. It enriches semi-criminal entities and the officials who assist them in exchange for kickbacks. At one point, the Crimean government declared the introduction of a tourism tax that would earn the local budget 6-7 million US dollars annually, an extremely low amount given Crimea's real resort potential. This reflects the degree to which the region's tourism business remains poorly developed and in the shadows.

Comparison to other Black Sea and Balkan resorts reveals that the most successful ones adjusted their services and price-to-quality ratio to meet international standards. Crimea has not yet done this. Most tourists come to Crimea from Russia and the FSU because they find it more affordable than the Russian Caucasus Black Sea coast, and more familiar in terms of mentality compared to more developed tourist destinations abroad. Moreover, Crimea has failed to become a year-round resort. This is only possible with the proper investment policy. Compared to the successes of Turkey and Georgia in winning over the tourist resort market, Crimea looks like an isolated island, obsolete and poorly developed. Its focus on the unpretentious soviet-type contingent of tourists will continue to cement the peninsula's obsolescence, while alienating it from the benefits of growing international tourism proceeds.

OCCUPIED KHERSONES

Another destructive factor is Crimea's orientation toward the military and political presence of Russia and the extended rental of a slew of strategic objects to the Russian Black Sea Fleet. Sevastopol's mili-

base rental fee in Sevastopol is UAH 21,500 or approximately \$2,680. If more land emerged on the market at prices far below market value, this would facilitate construction, upgrade of infrastructure, and job creation, and fill the city's coffers in the future. According to estimates made before the Kharkiv deals were signed, the minimum benefit reaped during the first year following the departure of the Russian Black Sea Fleet would amount to an additional UAH 1.5bn for the local budget.

So far, Sevastopol enjoys two statuses: that of a city and a region. Therefore, it does not pay any taxes to a higher territorial administrative unit, and has potential to become a powerful transportation and tourist centre. In reality, it is essentially a closed military zone and a cold war remnant.

Essential changes for the sake of progress in Crimea and Sevastopol are only possible once the locals realize that their role of "military outposts" and "unsinkable aircraft carriers" does not fit into the current geopolitical reality and their future lies in a focus on European values and Ukraine's European integration. Crimeans will only succeed in freeing their region's potential and avoiding ethnic and political clashes by overcoming the remnants of the Soviet Union and opting for a more promising model of development. In order to do this, Crimea will have to re-evaluate its current priority of remaining an enclave of the ephemeral "Russian World". ■

CRIMEA'S ROLE AS A "MILITARY OUTPOST" AND "UNSYNKABLE AIRCRAFT CARRIER" HAMPERS ITS ECONOMIC PROSPECTS

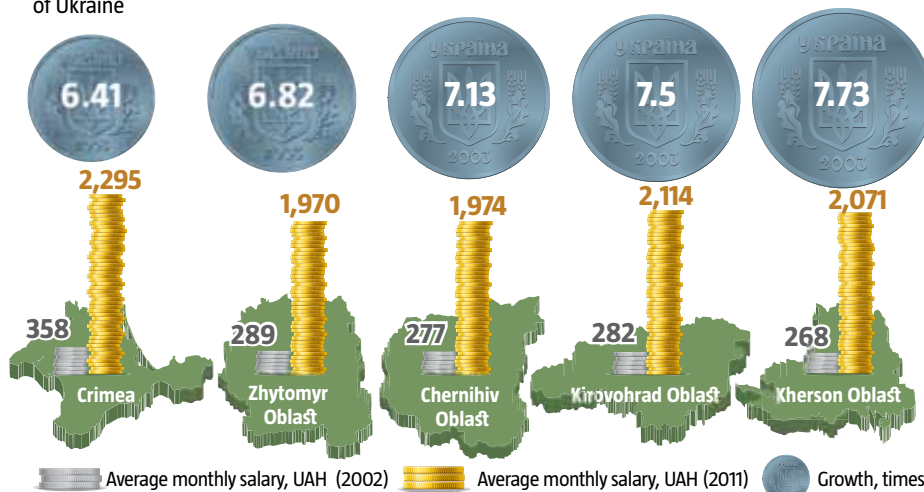
tary status makes private non-Russian investors reluctant to invest in the development of non-recreation infrastructure—transportation foremost—let alone tourism.

Under the current deals with Russia, Sevastopol suffers great losses due to the location of the Black Sea Fleet on its coast. First and foremost, the Budget Code allows Sevastopol to keep 100% of revenues from property and real estate taxes². Obviously, in a city whose real estate is among the most expensive in Ukraine, property taxes represent a key to prosperity. The Russian Black Sea Fleet leases over 14,600 hectares of land, while the city of Sevastopol itself occupies 107,900 hectares. This means that if the local community obtained the land currently leased to the Black Sea Fleet, the rent would bring increased revenues amounting to tens of millions of hryvnia. The current

² Sevastopol is among the cities that could benefit the most from the real estate tax once enacted by the Verkhovna Rada

Wasted opportunities

The growth of average nominal monthly salaries in Crimea and the most depressed oblasts of Ukraine



¹ Bankova Street in Kyiv hosts the Presidential Administration

The People of the “Golden Man”

Scattered across vast the Eurasian steppes, throughout their history, the Saka were inseparably linked with the population living north of the Black Sea

The Ukrainian Week continues its series of articles on ancient peoples that inhabited Ukrainian lands and left behind a distinct historical legacy. This article looks at the Asian Scythians, known as the Saka. They left their mark on the Crimean topography, and today both official Astana and modern-day followers of neonomadism appeal to their legacy.

Author:
Koštiantyn Rakhno

According to the Greek historian, Ephorus, these warrior, cattle breeding and farming tribes came to Asia from the land which is now part of Ukraine, with which they maintained an intimate connection throughout their history. They lived south of what is today Kazakhstan, in Uzbekistan, northern Kyrgyzstan and the Altai Mountains. Written records from Hotan convincingly proved that they were Iranian-speaking. Caucasian, white-skinned and blue-eyed, the Saka were the closest relatives of the Scythians that lived north of the Black Sea. The two groups communicated and engaged in commerce on a regular basis.

SKILLED ARCHERS

Like the Black Sea Scythians, the Saka believed that human blood had mystical powers and identified gold with the sun, fire, su-



THE REVENGE OF QUEEN TOMYRIS. According to one account, Persian King Cyrus the Great died in battle against the Massagetae

preme power and eternal life. The Saka tribes also worshipped the sword and had other sacred artefacts. The Roman historian, Quintus Curtius Rufus retells the legend about the Saka in which they, just like the Scythians from the Dnipro region, had magical gifts from heaven: a plough and a yoke for farmers; a spear and an arrow for soldiers; and a sacrificial cup for priests.

This suggests a division of the Saka society into three groups: warriors (the ancient Indo-Iranian name for warriors, *ra-taishtar* – those who stand in a chariot), priests with their characteristic sacrificial cup and specific headgear and communal farmers, or the “eight-legged”, i.e., those who had two oxen that could be yoked to a plough. Each caste had its own traditional co-

lours: red and golden-red for warriors, white for priests and blue and yellow for farmers. For centuries, the combination of the last two was inherent in the symbolism of the population of the northern Black Sea region and found its contemporary embodiment in Ukraine's national flag.

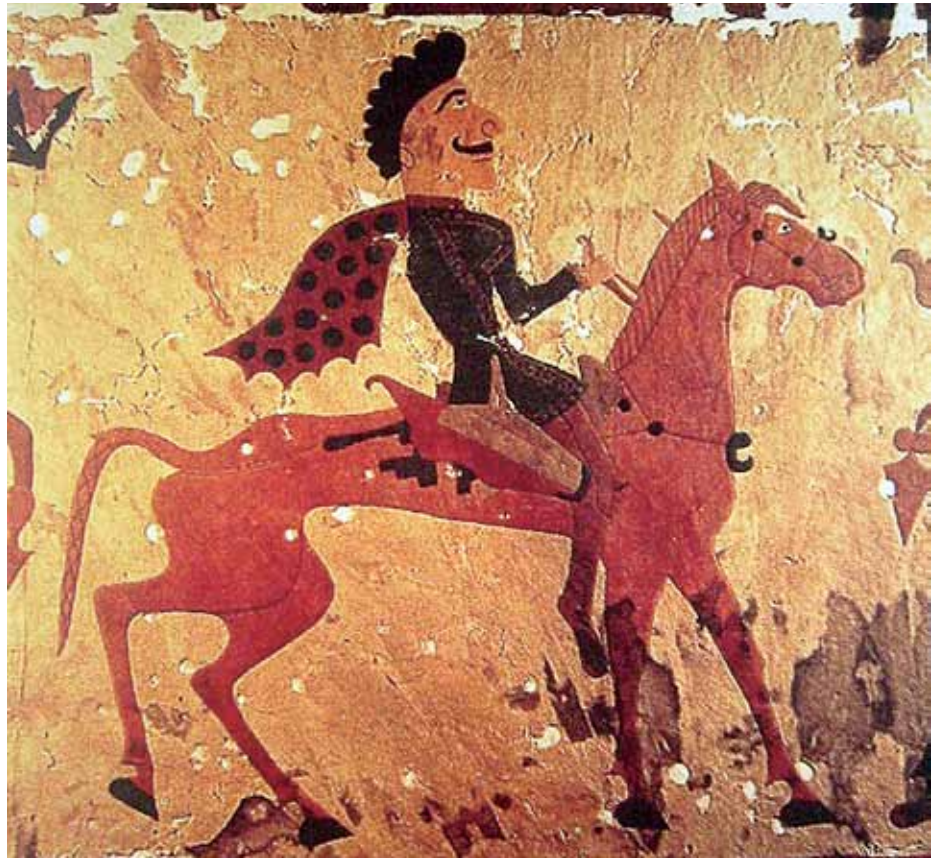
The chiefs of the Saka tribes belonged to the warrior caste. The Greeks called them Basileus (plural Basileis), i.e., tsars, whose attribute was a bow and arrows. A tsar would pass his weapons on to the son who succeeded him to the throne. It is no coincidence that archery and the ability to hit a target accurately was considered to be a mark of nobility. It was tested during all kinds of celebrations. According to an ancient tradition, the best archer received the right to rule over people for the duration of such festivities.

Just like the medieval princes in Ruthenia-Ukraine, a Saka tsar would plough the first furrow in spring and would be raised by a shepherd, which showed his connection to the people. A Basileus was a member of the military caste and, at the same time, was considered to be chosen by the gods, a mediator between heaven and earth, the centre of the Universe and the carrier of earthly prosperity. The welfare of the people depended on his physical strength and spiritual energy. He was the embodiment of all societal strata. Saka women enjoyed equal rights with men, and the names of their warrior queens, Tomyris and Zarina, have been preserved though the ages.

THE RULERS OF SAKASTAN

For a while, the Saka were ruled by the Persian Empire and later by Alexander the Great. In an effort to free themselves from their neighbours, the Saka-Massagetae moved to the Caucasus and what is now Southern Ukraine, where they joined the new masters of the Ukrainian steppes, the Alans. They stayed there until the early Middle Ages. Byzantines greatly valued the Massagetae from the Dnipro region as guards, warriors-spearmen and skillful scouts, who could easily extract information from the enemy.

Another part of the Saka tribes went south and occupied part of



what is now Iran and Afghanistan, establishing its own state, Sakastan. From there they penetrated northwest India and founded a series of their own states in the late 2nd and first half of the 1st century BC. The Chinese called this heroic people the Sai and Indians – the Śaka. One of the most prominent Saka rulers was King Mai whose authority extended over Gandhara, the Swat Valley and even part of Kashmir. His successor Az expanded the kingdom and assumed the title “Great Tsar of Tsars”.

The Saka spread all the way to Southern India and even what is now Cambodia and were mentioned in the Puranas, Manusmṛti, the Ramayana, the Mahabharata and other ancient Indian texts. Saki, a city in India, reflects their contribution to Indian topography and has a namesake in the city of Saky in the Crimea, also founded by the Saka.

Like the Scythians living north of the Black Sea, the warrior Saka worshipped the Serpent goddess, a mythical primogenitor of their people, and the Indian god Varuna, a counterpart of Thagimasidas, a sea god and the

A NOMADIC PEOPLE. A Saka horseman from the Pazyryk culture, the Altai Mountains, 300 BC

forefather of the Scythian royal dynasty. The ruthless customs of the Saka tribes instilled fear in the Indians. For example, if a prominent warrior was killed, his enemies were buried alive with him. This custom survived in the Black Sea region long after the Scythians were gone, for example, among the Zaporizhzhian and Kuban Cossacks.

It is with good reason that Buddhism was popular among the Scythians in Asia. Some sources suggest that the Gautama Buddha, whose father was a king from the Kshatriya warrior social order, was of Saka origin. His title “Sakyamuni” means “the wisest of the Saka”. At the age of 16, he was married to his cousin Yasodhara, a daughter of a local Saka King Suppabuddha. The name of a Scythian tribe, the Budini, living along the left bank of the Dnipro River are reflected in the names of Buddha and his father-in-law and at the same time, uncle. They were distant relatives of the famous Golden Man from the Issyk kurgan, burial mound, from which a silver goblet has an inscription, that has yet to be deciphered. »



A GOD-GIVEN KING. Skunha, Tsar of the Saka, 6th century BC



THE APPROPRIATION OF A LEGACY

In the spring of 1970, a group of scholars from the Kazakh Academy of Sciences, led by renowned archeologist Alisher Akishev, excavated one of the kurgans near Issyk, a city located 50 kilometres east of Almaty. Under an inscription in a piece of wood, they found the tomb of a prominent warrior, buried in a wooden casket. His tall and pointed hat, shirt, caftan, loose trousers and boots were decorated with golden plates depicting snow leopards, horses, mountain goats and wild mountain rams, all done in the Scythian animal style. There was a golden torc around his neck, gold rings on his fingers and a gold earring in his left ear. Weapons, such as a sword with a golden hilt, a dagger, a golden arrow and a whip, decorated in gold, lay next to the buried man.

A total of 4,800 gold adornments were found in the kurgan, which is the second highest number ever found in tombs, topped only by that of Tutankhamen. Radiocarbon dating estimated the age of the finds to be from the 5th century BC. The deceased was determined to be no more than 18 years old. The scholars were in no doubt that he was the young king of the Saka, or Asian Scythians, who were mentioned by Herodotus, Strabo, Pompeius Trogus and in ancient cuneiform Persian sources.

The sensational discovery of the intact tomb of a Saka king made Issyk famous across the world. The Golden Man perched on a winged snow leopard became one of the Kazakh national symbols: copies of the Saka warrior have been constructed in many of the country's cities, and

A PROMOTER OF NEONOMADISM. Beken Nurmukhanbetov, the Director of the Issyk Historical and Archaeological Museum, actively exploits the history of the Saka in the interests of pan-Turkism



THE NATIONAL SYMBOL. A scale model of the "Golden Man" in an Issyk museum

one even crowns the Independence Monument in the main square of Almaty. The flag of the Kazakh president also features a figure of the young king.

After Kazakhstan became independent, its official historical science has been persistently promoting the claim that the Saka were Mongoloid and that they were the "glorious ancestors of the Turkic people". Archeologist Beken Nurmukhanbetov, who was fortunate enough to witness the famous excavations in Issyk, was one of the people behind this theory.

In 1992, when President Nursultan Nazarbayev was planning a trip to New York, and intended to take a copy of the Golden Man as a present, he met Nurmukhanbetov at a preparatory exhibition. Of course, the symbol of an independent Kazakhstan could not be relinquished to neighbouring Iranians or "random" scholars, so Nurmukhanbetov was officially proclaimed the discoverer of this unique find.

Four months later, he was appointed Director of the newly established Issyk Historical and Archaeological Museum and Reservation and founded the Altyn Adam Association. He officially took all tourism related to the "Golden Man" into his own hands and actively promoted pan-Turkic ideas.

One of his sons is the leader of the Neonomad NGO, the biggest Kazakh extremist group. According to Ukrainian human rights advocates in Kazakhstan, since 2009, its fighters have made at least 50 attacks, based on national hostility. They began as Tengri neo-pagans and ended as blatant chauvinists. As the speeches of the group's

BASILEUS. Arman Nurmukhanbetov, chief of the "neonomads", dressed as a Saka warrior during the shooting of a propaganda video



leader clearly suggest, their goal is "the new expansion of nomads", i.e., ethnic cleansing in Kazakhstan and other "ancient Turkic" territories, including the Northern Caucasus, Southern Ukraine and the Crimea.

The group was notable for its participation in a coup in neighbouring Kyrgyzstan, where they were remembered for their anti-European and anti-Semitic slogans. Xenophobia is the most important component of neonomad ideology, which dictates freedom from Europocentrism and the "Greek-Judean matrix". These radicals tell Kazakh youths that white people invented money, the banking system, loans, the education system, the Nobel Prize and historical science in order to enslave others. As far as history is concerned, their pet peeve is that historical science fails to mention that Turkic Kazakhs were the first to smelt iron, domesticate horses, invent the wheel, and make the first vault.

Russia's ill-famed Eurasian Youth Union is happily helping the "neonomads". The Russian organisation is also actively supported by official Astana. For example, with the support of the Kazakh Ministry of Tourism and Sports, Nurmukhanbetov has made several propaganda videos of a chauvinistic nature which included Saka-related plots.

It is highly unlikely that the ancient Saka, the knights of the steppe who put truth above all else in life, would agree to have anything to do with these pan-Turkic chauvinists. The Golden Man and his people have become hostages to the primitive misanthropic propaganda of the Kazakh extremists. ■

An Internal Traveller

Serhiy "Foma" Fomenko speaks about the Kyiv school of rock, music exports and his willingness to work with the opposition

Interviewer:
Bohdan Butkevych

In the 15 years of its existence the band Mandry (Travels) has achieved undeniable success in Ukraine and made a name for itself as a classical example of Ukrainian folk rock at the end of the 1990s and early 2000s. Its leader and frontman, Serhiy "Foma" Fomenko, has become known as a rock singer who has found his niche and is successfully exploiting it without any particular desire to change his unpretentious songs like *Orysia* and *Miller's Daughter* for something more sophisticated and refined. However, **The Ukrainian Week** learned after talking to him that these stereotypes are a far cry from reality. The Mandry frontman has no plans to stop and furthermore, believes his band's accomplishments until now are just a search

for the real thing that has just begun to take shape in their artistic life.

Ukrainian musicians are forever in the underground. Not thanks to, but in spite of, everything. The contemporary condition of music in Ukraine, just like in the rest of the world, is depressive. There seem to be plenty of high-quality artists, but there is no clear system for evaluating them and their activities. Many key things are missing: quality music journalism, music critics, relevant hit parades and well-organised festivals. Most importantly, there is very little Ukrainian music on the radio and television. To many, even professionals, music has turned into their beloved hobby which, in financial terms, keeps their pants from falling off but no more than that.

Soviet legacy holds sway at present. And not only in music. The overall situation in the country is quite disturbing. This is perhaps the most complicated period in the past 20 years. I matured »

together with Ukraine's independence, because I was a very young man in 1991. And I had a cast-iron conviction back then that Ukraine was moving and would continue to move in the right direction, even though chaos raged all around. It was quite logical back then, because no-one knew what had to be done or how. And then, after 20 years of what seemed to be evolutionary progress, it all seems to be suddenly collapsing into complete chaos again. I see that the soviet mental framework is too strong in the minds and souls of generations of Ukrainians. I sometimes begin to fear that our life will pass in vain expectations of change. However, we continue to struggle against this through the force of word and sound to some success. If Ukrainian artists had more extensive media opportunities, their results

would be more overwhelming. But in general we should not expect to be given a green light. Instead, we need to set up our own traffic lights and tell everyone who stands on our path: Get out of our way!

Quotas for Ukrainian music must be restored as an extremely important and urgent step. The radio must play Ukrainian songs, and the television show Ukrainian music videos. What we have now is an attempt to speed up the death of Ukrainian culture. Most importantly, these quotas must not remain on paper only but be enforced in practice – and not as they used to be when Ukrainian quotas were met with night airtime. There must be a clear law specifying that Ukrainian products have to appear in the daytime and primetime. This is the only way to create an environment in which we can compete with foreign music. We must also have government support, such as halls for concerts given by Ukrainian performers.

We don't need money, okay. Artists are quite capable of earning for themselves through tickets sales. But in the current conditions it looks more

DISCOGRAPHY
Mandry (Travels),
single, 1998



A Romansero
about a Delicate
Queen, 2000
and 2002



Mermaids, 2000



The Legend of
Ivan and Odarka,
2002



The Road, 2006



Travels in Dream
Land, live record-
ing, 2007



The World, 2011



like charity than normal concert activity.

Ukrainians are now facing the fact that life is real. You can of course continue to contemplate and drowse, but “tough guys” will come, put you in a coffin and close the lid on you with your contemplations. We have a very simple choice – either come out and struggle or forever remain cattle and sh...t. We deserve the president we have now. This is an adequate answer to our conduct. “We are small people,” you say? Fine, but this way you ‘small people’ will soon be no more. You want to have a Lukashenko village – you’ve got it.”

I am ready to play one more big game in Ukraine. In the time I have spent here I have learned the system, made many connections and learned how everything works. You remember soviet “five-year plans”? Well, five years is sufficient time to launch another great movement and make another big attempt to seriously change things in the country in the civic, political, cultural and social senses. I have taken part in political movements guided only by my convictions rather than something else. Whether it pans out or not, but this is the last attempt, because in the future I will do only what I like, i.e., audiovisual art. I would rather write books, shoot films and sing songs than sort out the sh...t all around us. Because I hate politics in reality.

Elections are a pretty good way to replace the government, but only if people put pressure on it. So the only alternative to the current government is to act following an old Ukrainian proverb: Together it is easy to beat the father. (Approximately: “Many hands make work light”). The main question is whether the opposition has enough gas left in it to win. So I am now in contact with people and political forces that are ideologically close to me, negotiating my music being part of their political events. We need to plan something, because otherwise tomorrow we will no longer be on the world's political map.

A PRAGMATIC GENERATION
The Kyiv school of rock was the most vivid in Ukraine. Let me first simply list some of the

bands and you will draw the conclusions yourselves. So here we go: VV, Kollezhsky Asessor, Zhaba v dirizhable, Rabbota Kho, Ivanov Down, my first band Den pomyraie rano (The Day Dies Early), Viy, Ruthenia, Katia Chilly, etc. Kyiv rock combines a great variety of styles – experimental music, dance, folk, electronic music and so on. In general, Kyiv-based musicians have always distinguished themselves through their deep artistic search. It was a kind of school of diversity, and this is its main drawing card, even though it does not have any distinct features like Lviv rock does.

Ukrainians still love Ukrainian music. I often travel through remote provinces and always work “for tickets”. But not as often as I’d like. Attendance is always high. We perform in civic centres and in the buildings of philharmonic societies, as was recently the case in Kirovohrad. In fact, it is a stereotype that you can only sit in a hall like that. I remember when Emir Kusturica performed for the first time in the Ukraina Palace, everyone was sitting at the beginning, but he urged people to get up. And the audience danced, perhaps for the first time in the history of that venue. It does not make a difference where to perform. The main thing is what you bring.

I see a tendency for rock bands to receive an increasing number of invitations to perform at corporate parties, contrary to the established stereotypes about the artificial nature of these events. It appears that pop music is everywhere and is very accessible, but it is not favoured by people who pay out of their own pockets to arrange celebrations. The option of having a pretty girl hop around the stage and her sound engineer provide the sound and paying the full price for this kind of show is no longer attractive. Of course, all artists earn exclusively at corporate parties. We are no exception here.

They say that Ukrainians have no money to buy music. This is not true. The thing is that Ukrainians are willing to pay huge money for popular and preferably foreign artists. As a result, tons of money leave Ukraine in the hands of foreign artists, while

Ukrainian musicians are left with nothing.

A long time ago, there were Cossacks. Now, there are Kazaky. The new generation of young people in general and musicians in particular is a lot more pragmatic than my generation. True, they know the Internet and state-of-the-art technologies better than we do but they often lack the key element – love. Their access codes are hard to decipher. They often prefer virtual to real sex.

THE MAGIC OF ROCK

I’m now working on exporting our music. In addition to Mandry, I have another project. It’s called Foma. Ukrainian Folk-Punk-Chanson. I intend to promote it on the Western market as well. Moreover, it’s a lyrical and experimental project, so it may well have some success there. We’ve already performed at the Berlin and Cannes film festivals, in Finland and played three gigs in New York. This year, Mandry will travel to the US. So, I’m already trying to write new songs in English. I may even translate a few of the old ones.

Language does not prevent people from enjoying good music. Take Cesária Évora. She used to sing in her native language at her concerts and explained what every next song was about before she sang it. I do the same thing at concerts abroad. Among other things, this helps to promote the Ukrainian language. Why does the whole world sing *Bésame Mucho*, and not one of the popular old Ukrainian songs? People simply don’t know Ukrainian music. Music, especially rock, is true magic and pure energy. No matter who it comes from, people feel it naturally, just like the feel of the sun or the rain. And then it

BIO

Serhiy “Foma” Fomenko

Foma was born on 19 March in a village in Chernihiv Region and learned as a teenager to play the button accordion and the guitar. He sang, wrote songs and short stories and hitchhiked across Ukraine, the Baltic states and Russia. He worked as a yard sweeper in the Kyivan Cave Monastery and the Saint Sophia Cathedral, as a cloakroom attendant in the Archaeological Museum, as a stage worker in a theatre and as an anchorman in a radio programme. He sometimes paints in oil. Foma lives and works in Kyiv and actively supports various charity projects. He received the Merited Artist of Ukraine distinction in 2005.

doesn’t matter what language you sing in.

All music in the world is exotic. All contemporary rock music stems from the blues – the songs of African slaves, some of whom got hold of battered guitars and sang songs about death with which they were going to drink until one out-drinks the other. We have plenty such characters in Ukraine as well, but we neither know, nor appreciate them.

I’m just now beginning to shape myself myself as an individual and a musician. In other words, I’m finally beginning to realize who I am and who I want

KYIV-BASED MUSICIANS HAVE ALWAYS DISTINGUISHED THEMSELVES THROUGH THEIR DEEP ARTISTIC SEARCH

to be. And the path that I took until now was nothing more than a journey to find myself. Actually, I’d like to move into psychedelic hard rock, I already do. I’d like to do something magnetic and mature, such as Led Zeppelin and The Doors, two in one, both in Ukrainian and in English. The new album we’re working on began with the recording of a song called *The Shoes*. It’s a journey to other dimensions of rock-n-roll and drive. I love this sort of music.

I was just feeling nostalgic when I began to experiment with folk music. I was nostalgic for the time in my childhood years when my mother took me to her friends, soviet people back then, and they would sing Ukrainian songs on the banks of the Desna River. And, all of a sudden, these folk tunes grew popular and became our trademark style.

Musicians have to educate their audience before they switch to a different style. You get on stage, start playing new songs and hear the audience demanding an old hit. So, you can’t really drop your old stuff. It makes no sense, nor is it possible. In fact, the task of every performer is to create an energy field of his or her own, which the audience will choose to plunge into or not. ■

White on White

Normandy in Painting:
an art history
guide and escape
from an industrial estate

For the first time, it will be possible to see a collection of paintings, dedicated to Normandy, by the most noted realists, romantics, post-impressionists and impressionists, in Ukraine. The exhibition features Claude Monet, Gustave Courbet, Eugène Boudin, Théodore Géricault, Jean-Baptiste-Camille Corot, Raoul Dufy, Auguste Renoir, Charles Pécus and many others. The collection, titled Normandy in Painting/Art in Normandy was compiled over a period of ten years. Today, it is composed of more than 120 paintings, dated 1750-1950. Permanently displayed at a former convent, the Abbaye aux Dames, which is also home to the Regional Council of Lower Normandy, the collection is successfully travelling the world. The directorate chose 57 paintings to display in Ukraine. Before the collection reached Kyiv, art lovers had the opportunity to see it in Lviv, where it caused quite a stir.

Normandy in Painting at the National Art Museum of Ukraine (6, Hrushevskoho, Kyiv), 2 September – 28 October

In fact, the show serves as a guide of sorts, presenting a history of 19th century art. Despite various genres, themes, schools and tones of the paintings, their geographic roots have a visible impact on the ambience of the show where soft, subdued colours prevail. The various shades of grey do not depress the viewer, while the white does not have its typical light and lofty effect. That's the way it is – the ever changing nature of Northern France. One will not find the sun in its pure form here – it's hidden in the gloomy silhouette of a boat on the coast of La Manche or enfolded in thick clouds by Jules Achille Noël with his demonic fusion of dark grey and yellow. Or a ray of sunshine falls on



Events

7 Sept. – 23 Dec.

The Human Body Exhibition

NSC Olimpiyskiy (55, Velyka Vasylkivska)

The Human Body exhibition, seen by 32 million people, that has wowed the worlds of science and medicine has arrived in Ukraine. The exhibition of real human bodies encourages the audience to take a closer look at their organism – its structure, functions and needs – and to take better care of their health. Real human bodies, treated with special chemicals to prevent the decomposition of organs and tissues, will be displayed on the territory of the NSC Olimpiyskiy. They demonstrate how extremely complicated and harmonious the internal structure of our organism is. The exhibition is composed of nearly 150 pieces.



19 – 23 September

Turkish Film Days

Kyiv movie theatre (19, Velyka Vasylkivska)

The festival will present five latest films in various genres from Turkish directors. *The Night of Silence (on photo)* tackles the marriage of convenience issue. The drama called *My Grandfather's People* is about difficult historical aspects in the relations between Greece and Turkey. *Labyrinth* is an action film about a small group of intelligence officers who try to prevent terrorist attacks in Istanbul, while the drama called *Can* features two parallel stories of a married couple who cannot have children and a single mother. *The Last Point Liberation* is a dark comedy featuring six most popular Turkish actresses.



4 – 7 October, Kyiv

Book Arsenal

Art Arsenal (28-30, vul. Ivana Mazepa)

The international festival of literature and art will take place at the Art Arsenal over a period of four days. 100 publishing houses will take part. Children and adults will have a variety of events to choose from. In addition to the book fair for fiction, children's books and non-fiction, the fair will present books on art, e-books and e-readers, compilations of comics and audio

books, magazines and souvenirs. The Book Arsenal offers an intense festival programme with presentations of new books, meetings with writers and autograph sessions.

SCULPTURE

Intricate Simple Lines

A massive project from British sculptor Zadok Ben-David and a variety of modern Ukrainian sculpture – all under one roof

Great Sculpture Salon 2012 presents pieces by 50 top Ukrainian artists and Simple Lines by Zadok Ben-David. The latter will display three of his works including *Evolution and Theory*, *Black Flowers* and *Black Field*. 17,000 handmade and hand painted metal flowers were created under the influence of illustrations in Victorian encyclopedias, books from European monasteries, Muslim tractates on medicine, and botanical drawings of Northern Renaissance artists. The *Black Flowers* installation is a metaphor of human

life experience attempting to put scientific research into a poetic frame.

This year's salon focuses on the play of romance and reality in science, people's lost connection to the Earth, a search of boundaries between life and non-life, real and artificial – these are just a few of the themes covered by the show. This is the sixth Great Sculpture Salon in Ukraine. Earlier shows featured works by Henry Moore, Pablo Picasso, Auguste Rodin, Salvador Dali and pieces from the Bronze Age and the medieval epoch. Ukrainian masterpieces displayed on the show included those by Oleksandr Arkhypenko and Johan Pinsel. This year, Ukraine is represented by Cabernet from Oleksandr and Tamara Babak, *You Are Here Now* by Mykola Malyshko, *Workshops* by Oleksandr Sukholit, *Samurai* and a *Mouse* by Ivan Hamolsky and Oleksandr Morhatsky, and many more.



Jacques Villon's aristocratic vacationers in *Under the Tent on the Beach*, Blonville. People, boats, cliffs, the sea and elements of everyday rural life – all of this is infused with a sense of cloudy serenity. What could possibly be better for the Kyiv audience, weary of the summer heat?

According to the exhibition's organizers, 19th century artists fled to Normandy from the encroachment of industry in big cities, searching for harmony with nature and new ideas. Normandy turned into an epicentre of new major trends in the art of that epoch and eventually led to the arrival of 20th century modernism.

Olena Maksymenko

13 October, 7 p.m., Kyiv

Tony Sheridan & the Beat Brothers

Tolstoy restaurant (19, Velyka Vasylkivska)

Tony Sheridan – legendary musician, one of the fathers of rock-n-roll, UK singer and guitarist who sold a million copies of his first single *My Bonnie/The Saints* issued in 1961 – is coming to play in Kyiv. He was the one who once invited The Beatles, a barely known band at that point,

to take part in the recording of his gold single and is thus known as the "Fifth Beatle", "The Beatles' older brother" and "The Beatles' godfather". To this day, Paul McCartney refers to him as the "teacher".



13 October, 7 p.m., Kyiv

Auktsyon

Art and Culture Centre of the National Aviation University (1, Prospekt Kosmonavta Komarova)

A solo concert of the most paradoxical, progressive and modern group of the Russian rock classics together with renowned jazz double-bass player Vladimir Volkov. A vibrant fusion of punk, art rock and jazz accompanied by stage performances will reach out to every real fan of alternative music. Auktsyon is one of the few underground bands that has made it through to the big stage and enjoys great success there.



15 October, 7 p.m., Kyiv

Juno and Avos 4D rock opera

Ukraina Palace (103, Velyka Vasylkivska)

The legendary rock opera celebrates its 30th anniversary. This year, however, Kyiv will see an upgraded 4D show with dynamic lighting decorations fitted into the framework of traditional theatre art rather than the traditional performance that has been sold out for years. The new show also features costumes designed in the relevant historical style. *Juno and Avos* is a synthesis of several music styles complemented with computer scenography to create bright three-dimensional pictures. The special lighting equipment with original visual effects will leave no one enthralled.

The Song of the Dniester

This wondrous place has become a magnet for talented people



Article and
photos:
**Vadym
Kulykov**

The Dniester canyon stretches 250 kilometres along the borders of four oblasts and has long been considered one of Ukraine's most beautiful spots. In a 2008 online poll to determine the best natural wonders of Ukraine, the Dniester canyon ended up in the top seven. The left bank of the canyon is in Ternopil and Khmelnytsk Oblasts, while the right bank is shared by Ivano-Frankivsk Oblast and Bukovyna. 26 canyon villages have hosted archeological research into the ancient Trypillian civilization. Today, regional

culture thrives thanks to the local residents and the many talented people who implement projects there aimed at improving Ukrainian society.

In addition to waterfalls, springs with crystal clear water, a mix of fir tree and mixed forests, and eye-catching landscapes, the canyon's mild climate lures tourists with snowless winters, spring starting earlier than in Transcarpathia, and summers that are never too hot. Before the 1940s, vineyards grew in the shadows of the hills near Khmeleva village. The good quality wine from the

local vineyards was delivered to many towns of what was then Poland. Soviet authorities destroyed the vineyards, yet Khmeleva's cultivation skills survive today. The village has hosted a nursery for rare trees for five years now. The arboretum is part of a large project named after the village where time seems to have stood still, as the locals still plough their soil with horses and flail their crops. The idea is to turn the place into a territory of success where every resident or tourist will treat the land and its resources with respect.

r Canyon



BACK TO THE ROOTS | NAVIGATOR



For the past few years, Khmeleva has been a favourite destination for writers, musicians and other artists fascinated by the local landscapes and legends. The locals say that one can often see a pair of lovers who live on two opposite river banks but paddle out to the middle of the river by night to meet. The folk etymology of the name “Dniester” refers to a Slavic tribe that had settled nearby and used marks on the riverbank as a calendar. Once, a flood destroyed them. When asked “Who erased the days?” or “Khto dni ster?” in

Stretching
**250
kilometres,**
the Dniester canyon
is one of the longest
in Europe

Ukrainian, they answered “The turbulent river.”

Sashko Polozhynskyi, frontman of the band Tartak, is one of many musicians who support Khmeleva’s development project. He often comes here for inspiration or to support youth camps that take place nearby. In spring 2011, the village inspired an exotic cooperation of Ukrainian and Belarusian artists. The union of musical intellectuals included the Ukrainian ensemble DakhaBrakha and Port Mone, a Minsk-based instrumental trio who arrived to find a Ukrainian won-

derland bubbling with spring birdsongs and blossoming trees against a background of red cliffs. Although they barely knew each other, the artists began to jam together and developed their sessions into a programme containing elements of classical minimalism, referencing post-rock sounds, ritual songs of Southern Slavs and Ethiopian jazz. DakhaBrakha’s dramatic songs built around folklore and female vocal polyphony and Port Mone’s ambient melodies drew inspiration from one another and fused into a single programme. ►



The musical experiment was undoubtedly influenced by the atmosphere of Khmeleva and its nearly 150 permanent residents. They disregard daylight savings time and always speak their unique Pokuttia dialect, using a particular form of verbs and vowels that is different from the language spoken elsewhere in Ukraine. They are also very proud of their 150-year-old church, which took 14 years to build using river stones rolled up the steep hills. The height of its peak is 24 metres—impressive for a village church.

The collaboration by DakhaBrahma and Port Mone won standing ovations and a lot of attention from the press, as well as invitations to the Art Pole festival and several festivals in Belarus and Poland. They recorded their new album, “Khmeleva Project” in a Belarusian studio to be issued in Ukraine.

The Dniester canyon hosts over thirty waterfalls. The 17-metre high Chervonohorodsky cascade, also known as Dzhurynsky, is one of the most beautiful waterfalls in Ukraine

Silurian and Devonian sediments can still be found in the Dniester canyon

Traditional songs sung over the Dniester for centuries are still preserved by the Peremitka ensemble, whose singers live in the nearby village of Luka. The group sings carols and ritual songs and can tell tourists that wedding parties used to last three days in Pokuttia. On the fourth day, the bride would put a peremitka, or headscarf, around her head, symbolizing her transformation from a girl into a married woman. The singers still have their headscarves and wear them on stage. They showcased some of their traditions at the 2011 Art Pole festival that has taken place in the nearby village of Unizh for the past two years.

In July 2011, the Art Pole festival offered plenty of singing, luring young people to create a living community based around folk traditions and ethnic music surrounded by nature. This

year’s performers included popular bands such as Burdon from Lviv, Perkalaba and Korali from Ivano-Frankivsk, Mitch & Mitch from Poland, Czech wind project Deši, and Transglobal Underground, world music stars from Great Britain.

Getting to Unizh may be a challenge because the surrounding roads are terrible. Yet, the lack of good roads has helped this lost world to preserve its natural beauty. Locals also often tell visitors of the man-made wonders of the region—cave churches and ancient monasteries dug into the canyon walls. One of them, a grotto called the Monks’ Cliff, is located near the village of Lytiachi at the river’s left bank. A traveler looking for the grotto or just wandering around the captivating twists and turns of the Dniester is sure to find a song of his own. ■



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