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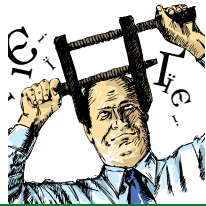


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6 January

The Court bans the supporters of Yulia Tymoshenko from protesting in front of the Kachanivska Prison in Kharkiv



18 January

Viktor Yanukovich replaces Fedir Yaroshenko, Premier Azarov's right hand, with Valeriy Khoroshkovsky, ex-Chief of the SBU, as the new Finance Minister*



20 January

The Kyiv Court of Appeal finds that the closure of Kuchma case is legitimate. The Prosecutor General is preparing a reversal of the judgment



QUOTES

ANDRIY KLIUYEV
heads the election team

First Vice Premier
Mr. Kliuyev will lead the Party of Regions' 2012 election campaign



YURIY VYNNYCHUK
gets censored

Based on a complaint from Leonid Hrach, MP and poet, the police checks Mr. Vynnychuk's poetry to find indications of pornography and calls to violence



ALEXEI MILLER
mocks Mykola Azarov

"If you say Ukraine's gas transit system is a historical treasure, then you can lock it away in a museum," says Gazprom's CEO.



YULIA TYMOSHENKO
takes a snipe at the President

In her letter from jail, Ms. Tymoshenko tells Mr. Yanukovich: "Your family has grown so strong, that it will soon be able to crush the whole country"



The Council of Europe Is Not Ready to Make Ultimatums

Although the conclusion of the PACE resolution on Ukraine contains a paragraph, which in principle allows the imposition of sanctions, none of the heads of this international organization are actually ready to define such possibility. "Sanctions would be an admission of defeat," stated new PACE President, Jean-Claude Mignon, in an interview with *The Ukrainian Week*. "We are here with you in the house of democracy. A different language is used here — it is not brutal or authoritarian. People seek dialogue and conviction here." During the winter PACE session, the Ukrainian opposition — in the words of

their MPs and sympathizers — made a vain attempt to convince its leaders that the current Ukrainian government gives preference to a different style of communication. For a long time now, official Kyiv's means of persuasion have been prohibition and imprisonment. Not everyone has been put "under pressure" yet, just the ones who are the government's most active political competitors. But this could all change. The opposition is trying to respond duly. But since it does not have at its disposal such mechanisms of influence as the government, it is looking for external support. Internal resources are not enough.

The month in history



13 January 1877

Levko Matsievych, construction engineer, inventor and first Ukrainian aviator, is born

15 January 1992



The Verkhovna Rada approves the music for the State Anthem of Ukraine by Mykhailo Verbytsky

19 January 1912



Yaroslav Stetsko, an activist of Ukrainian Nationalist Organization and Premier of the Ukrainian State in 1941, is born

22 January

The united opposition, which includes all members of the Committee for Resistance to Dictatorship, **signs a Memorandum of Joint Actions***



*Go to <http://ukrainianweek.com/> for more details on critical changes in the government and developments in the opposition

24 January

Ales Bialiatski, Belarus politician and human rights campaigner, remains behind bars even after the public collects USD 90,000 to pay his fine to the state



25 January

The registration of presidential candidates is completed in Russia, leaving 4 rivals for Mr. Putin

“Most of all, we would prefer that Ukraine, Armenia or any other country does not involve us in its internal conflicts,” explained one of the permanent employees of the CoE staff to **The Ukrainian Week** in a private conversation. “There are general standards and there are also the principles of political pluralism – very simple things. We are ready to support everything that strengthens democratic institutions. But to side with one national political team against another – this is not for us.”

The word *sanctions*, which inspired many opponents of the Yanukovich regime, actually has a completely different meaning for western politicians. The following is said in the CoE: “We have understood that the President of Ukraine is ambitious. If strongly pressured, he will not budge. Therefore, it’s necessary to find other means for dialogue. When we mention the likelihood of sanctions, which are as yet unclear, don’t have a clear time-frame or format, we only want to say that our patience is gradually wearing thin. That a certain dissatisfaction is coming to the boil. No more, no less. The people in Yanukovich’s inner circle today, have to understand that the quality of our communication has deteriorated significantly.”

“Ukraine has accumulated many problems”, states Andreas Grass, Head of the Socialist Group in PACE, who is quite loyal to Kyiv. “If this continues, the government can expect a new Maidan.” Even so, just like PACE President Jean-Claude Mignon, Andreas Gras, in principle opposes actual sanctions against any member-country. He is convinced that “The precedent of applying mechanisms of punishment would be very negative. In Strasbourg, in the Palace of Europe, we are obligated to find a new form of European communication, without the application of brute force, which I consider to be archaic methods.”

So the CoE is biding its time. Either Ukraine will revolt, or will agree to live through this bad historical period, however

long it takes. Egidijus Vareikis, Chairman of the PACE Regulatory Committee is convinced that “The main thing is not to scare the Ukrainian government, but promote positive change in Ukraine. – When negative alarms are received, when negative trends are confirmed, the grounds emerge to talk about sanctions as well, but of course, they are not an end in themselves.” What next? Little hope remains in Strasbourg that the last resolution, with its demand to free Tymoshenko and Lutsenko, and allowing them to participate in the upcoming parliamentary elections, will be complied with by the Ukrainian government. Europe is raising the bar and is elegantly proposing that Kyiv stands by its side. See the extent to which formats and style coincide. Think about it. Work on it-self..

It is not known yet whether the situation in Ukraine will be the subject of discussion at the next, spring session. “The Rapporteurs will be visiting Ukraine again in the spring,” the Monitoring Committee informed **The Ukrainian Week**. “We will see what their conclusions will be. If necessary, the likelihood of urgent debates is not ruled out. But if everything remains as it is today, without any significant changes, it is more than likely that the next debate on the Ukrainian issue will not take place before autumn.”

“I have been invited to Ukraine,” said new PACE President, Jean-Claude Mignon. “I will try to take advantage of this opportunity to visit Yulia Tymoshenko in prison. I plan to make a request for such a visit.”

Thus, the sanctions, almost automatically mentioned in Strasbourg, are currently nothing more than symbolic. The embodiment of a major misunderstanding and, unfortunately, long-term disenchantment. It is also a signal for the political institutions of the EU. After all, most of the member-states of the Council of Europe also take part in the sittings of the European Parliament.

Alla Lazareva

NUMBERS

80% of Ukrainian police officers complain of poverty and **25%** would quit because of low income, says Vitaliy Zakharchenko, the Interior Minister

17 trains will daily transport **9,000 passengers** between Ukraine and Poland during Euro 2012

The European Bank for Reconstruction and Development projects GDP growth at

2.5% for Ukraine which is significantly less than the previous estimate of **3.5%**

In 2012, authorities allocate **UAH 50mn** for the maintenance of officials’ residences in Koncha-Zaspa and Pushcha Vodutisia, two luxury estate towns near Kyiv

Yulia Tymoshenko is currently **3%** ahead of Viktor Yanukovich with **16.3%** versus **13.3%**

55.1% of Ukrainians claim that the government uses political repression measures

Ukrainian TV channels fail to mention **456 significant events** in 2011 which is ten times more compared to 2010, according to Telekritika, a mass media monitoring publication

20 January 1661



John II Casimir University opens in the Lviv Jesuit College, today Ivan Franko National University of Lviv

21 January 1978



Dissident Oleksa Hirnyk burns himself alive in front of Taras Shevchenko’s grave to protest against russification

28 January 1992



The Verkhovna Rada approves the blue and yellow flag as the national flag of Ukraine

29 January 1918

The Battle of Kruty occurs between 400 soldiers, 300 of which were students, and a 4,000-strong Bolshevik army

What Impressed



YURI AFANASIEV, historian, proactive member of the liberal-democratic opposition in the USSR and Russia

What happened on 4, 5, 10 and 24 December in Russia shocked and stunned me. I mean, on the one hand, you had the government's agenda, perfectly predictable and familiar from many earlier developments, for what it calls the "parliamentary election." On the other hand, though, we saw the unpredictably and unprecedentedly stormy response of a huge part of the population to all this.

MIKAEL LYNGBO, Danish human rights defender

In 2011, Ukraine's relations with the world were mostly affected by the trials against politicians. They put Ukraine in the limelight, in a negative sense, and must have damaged the unique positive branding effect of Euro 2012. Also, the trials have moved the gainful prospects of the open window to Europe much farther, if it ever was reachable, which will most likely never open again as the EU is currently concerned with its own financial troubles.



DMYTRO HORBACHOV, art historian

History repeated itself again. Stalin once told Churchill there was nothing he could do about a lampoon written about the UK Prime-Minister published in 'Trud', The Labor soviet newspaper, because the USSR had an independent press. Yanukovich claims the judiciary is independent in Ukraine therefore he cannot interfere with the Tymoshenko process.



VADYM SKURATIVSKY, historian, art expert, Doctor of Arts and member of the National Academy of Sciences

Dictatorship was established in Ukraine. André Malraux, a great French novelist, said in 1955, "The world has become just like it is in my books." His novels reflect the hell of world history between the two wars. Now, the hell has multiplied. Unfortunately, there are no artists who can describe this creeping Divine Tragedy in an aesthetically convincing manner.



DIETMAR STUDEMANN, German Ambassador to Ukraine in 2000-2006, Senior Counsel for Deutsche Bank

For me personally, a powerful civil tsunami I would summarize as "We can no longer live like this" was the key event in 2011. It tumbled throughout the entire world covering huge cities and tiny towns: the Arab spring revolutions, Occupy Wall Street, uprisings in China and Kazakhstan, and post-election protests in Russia. The West protested against the financial crisis, the East against authoritarian regimes. One common thing with all these protests is that people in different countries all over the world realize what they no longer want. They realize they want a fair and honest life. Only their means to get this vary. Yet, obviously, all these public protests are the most significant developments for civilization.

You Most in 2011?

SERHIY ZHADAN, writer



The Tymoshenko process. In one way or another, this was what determined the world's attitude to Ukraine and it will keep determining it in the next year. And I don't think it will improve Ukraine's international image. I was impressed by the protests of Chernobyl victims and Afghanistan veterans. These were the first effective civil protests under no party flags. And the opening ceremony for the Olympic Stadium in Kyiv - it was supposed to improve the current government's image. In fact, though, it proved that the public was radically opposed to the government. The audience booing the president at the new stadium is a clear signal, especially before the upcoming election.

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ANDRIY SEREDA, Komy Vnyz band leader



One of the cops that beat Ihor Indylo (the student beat to death by the police in May 2010 – ed.) was amnestied, while the other one was promoted. There is no reasonable explanation to this and it's more terrifying than the Tymoshenko verdict and the failure of the EU summit in Kyiv. This comes from the essence of the current government. Another thing I remember is when Premier Mykola Azarov got yet another piece of paper with a speech in Ukrainian on it. Mr. Azarov is quite a phenomenon indeed. Who else would make two mistakes with the word abó ('or' in English – ed.), one word of three letters. He read it as aba putting the stress on the first vowel. I even recorded this on my phone. I wouldn't like to remember or repeat this nonsense again.



VADYM KRASNOOKY, Mad Heads XL band leader

In 2011, Ukraine ended up with political prisoners, Yulia Tymoshenko and Yuriy Lutsenko. This has caught the eye of the whole world, let alone the nation. In music, the tribute to Braty Hadiukyny and its leader Serhiy Kuzminsky was the most impressive event of 2011. It was a fantastic, well-organized and huge rock concert where most top Ukrainian and a lot of foreign rock musicians took part. The main thing about it was that the Sports Palace was full for the concert.

KASHA SALTSOVA, Khyrkhitka band leader



The verdict to Yulia Tymoshenko. Clearly, no politician in Ukrainian is innocent. If putting politicians who broke the law behind bars was common practice, most MPs, ministers and presidents would all be in jail by now. The case has proven that not a single Ukrainian citizen can feel protected as long as the judiciary is tied to the government. No matter what young judges are taught in high schools, they will never serve the law and the nation in practice. Instead, they will learn to get envelopes in saunas, work as dogs leashed to ministers and be afraid. Another thing that impressed me was how much cash the officials laundered on Euro 2012 construction projects, the pressure on successful businesses, raider attacks on enterprises and corruption establishing itself as a national business concept. I don't think there is one government authority or public institution that wouldn't break the law for a handout.

UKRAINIANS LIST THE MOST SIGNIFICANT EVENTS IN 2011

IN UKRAINE

Tymoshenko imprisonment	40,5%**
Protests of the Chernobyl liquidators	7,6%
Pension reform	6,7%

IN THE WORLD

Civil war in Libya	9,7%
The parliamentary election in Russia	8,6%
The global financial crisis	5,2%

* Based on a survey by the Razumkov Centre
** % of those polled

In Search of a

The plans to decrease Ukraine's dependence on Russian gas disclosed by Mr. Azarov's Cabinet are still nothing more than a populist campaign. Thus, they look like yet another "mutually beneficial" deal with the Russian Federation

The history of relations between Ukraine and Russia over the years of independence has proved that there is no such thing as cheap gas. Under President Kuchma, Ukraine offered joint corruption scams and low transit fees in exchange for cheap gas. Under Mr. Yushchenko - corruption schemes to end gas wars, resulting in the emergence of RosUkrEnergo on the Ukrainian market and significant damage to Ukraine's international image as a reliable transit partner. Under President Yanukovich, the cost of cheap gas so far has been the extension of the the lease of the naval base to the RF's Black Sea Fleet in Crimea. Hopes for Russian generosity and a few dozen extra billion of gas dollars granted to Ukraine's government by the Kremlin are misplaced, especially today.

Those Ukrainian officials who have spent years in government offices running the energy sector cannot but realize this. After all, for many years now, Yuriy Boyko, the Minister for Energy and Coal

Author:
Ivan Halaichenko

Industry; Andriy Kliuyev, First Vice Premier and Premier Mykola Azarov have been participating in gas talks, hearing what Gazprom has to say and outlining a cooperation strategy for the next year. Their earlier victories in the amicable resolution of gas issues with Russia resulted from agreeing to adapt to the scenarios created by

formation was confirmed by official sources.

OLD WAY – NO WAY

Traditional approaches no longer work in the present situation. The current gas deal is more beneficial to Russia compared to petty scams. Moreover, the latter have caught the critical eye of the European Union. Moscow is not rushing to change the terms of cooperation with Ukraine and the price it wants for the change is unaffordable, even for Ukrainian officials. The Kremlin is only prepared to sit down at the negotiation table if Ukraine hands over facilities that are strategic for both Russia and Ukraine: it's gas transit system, underground gas storage facilities and gas distribution networks. What's more, Moscow wants them all at once as a complex, not individually. It is well known, that he who controls the infrastructure, controls the territory. The Russians have made it clear that they are not interested in Ukraine's pipeline without Ukraine as well. Thus, the negotiations on

THE RUSSIANS HAVE MADE IT CLEAR THAT THEY ARE NOT INTERESTED IN UKRAINE'S PIPELINE WITHOUT UKRAINE AS WELL

Moscow, rather than their diplomatic skills or effective economic policy. Officials have never refuted news in the media regarding the extended stay of Russia's Black Sea Fleet in Crimea or the government's readiness to hand over control of Ukraine's gas transit system to Russia. On the contrary, such in-



August 2011

Yuriy Boyko, Fuel and Energy Minister, claimed that Ukraine was planning to cut the annual amount of gas purchased from Russia to 12bn cu m and increase its own extraction, implement energy saving technologies and replace expensive Russian gas with cheap Ukrainian coal. For the first time ever, Mr. Boyko disclosed specific numbers on where and how the government was going to find alternatives to Russian supplies. They included 5bn cu m of gas imported from Azerbaijan through an NLG terminal, 7bn cu m of gas extracted on the continental shelf, 5bn cu m of shale gas and 4bn cu m of coal bed gas, and converting the electricity supply and steelwork industries to coal, which could save Ukraine another 8bn cu m.

Scam for Two

various aspects of cooperation focus on involving Kyiv in integration projects, with Moscow at their head.

The Ukrainian government is not happy with the terms offered by Russia, and it is doubtful that this is due to its high national consciousness. It is more likely that Gazprom is prepared to offer only short-term discounts, while, having given up the pipeline, when the price of gas skyrockets again within a year or two, Ukrainian officials will have nothing to bargain with, other than their own enterprises. However, no one in Ukraine is willing to share their business. Thus, they look for other means to interest Russians in cutting the price of gas.

The task of cutting the amount of Russian gas imported to Ukraine, as declared by Azarov's Cabinet, is nothing new. This is what all EU member-states do for their own security. The EU's longstanding law bans the buying of more than one third of all gas consumed from one supplier. This leaves some room for maneuver in case of emergencies or gas wars. In addition, Europe is developing a market for liquid gas that does not rely on pipes and can be delivered in tanks from any corner of the world. It is also implementing its own extraction development programs. Using American experience, they are exploring their territories for shale gas that would free them from the influence of foreign suppliers in a few years.

MUCH FUSS, LITTLE ACTION

The strategic objective declared by the Ukrainian government has had nothing to do with reality so far. The Energy Ministry spent the whole of the previous year promising to increase the extraction of gas in Ukraine. This resulted in a mere 0.4% increase in extraction in 2011 compared to 2010, and even this breakthrough in statistics occurred in December, compared to the declining extraction rates over the previous 11 months.

DÉJÀ VU: COAL VS GAS

January 2012

Premier Mykola Azarov:

"A lot has been done to develop coal mining. For the first time, we have a surplus of more than 5mn tons of coal. This will allow us to replace gas with coal at our power stations."

"With gas currently costing US\$ 416, using coal instead is economically justified and reasonable. If the gas price falls to about US\$ 220, coal will become less efficient than gas."

Yuriy Boyko:

"We will convert all Ukrainian power stations to coal. This will take about a year but we've already begun the process."

PROMISED



FAILED

The Stakhanov movement's comeback

Coal extraction has been declining significantly over the past three decades in Ukraine, since it was unable to compete with cheap gas. Everything could change now.



GAS BLACKMAILING
Over January-November of the years listed below, Ukraine extracted the following amounts of natural gas less associated petroleum gas

2011
17.56
bn cu m

2010
17.52
bn cu m

2009
18.56
bn cu m

Oil extraction has decreased by 6.3%. Ukraine bought two over-priced drilling rigs which, at best, will be put into operation in late 2012.

Foreign investment in the extraction of energy resources, such as alternative gas, was close to zero. Neighboring Poland, which has vigorously undertaken the development of shale gas extraction, has already issued more than 100 exploration licenses and is planning to launch shale gas extraction in 2014. The Ukrainian government is still stuck at the stage of convincing foreign partners that their investment in Ukraine could be profitable. In the meantime,

Kyiv has stubbornly refused to listen to the companies themselves, which have demanded the creation of an improved business environment. Even before it joined the EU, Poland established guar-

PRICE TAG

Gazprom CEO Alexey Miller evaluated Ukraine's gas transit system at US \$20bn during his meeting with Premier Putin. According to Ukrainian experts, no one would indeed pay more for it under the current market situation. In that case, the transfer of as much as 100% of the transit system would only cover the three-year worth US \$200 per 1,000 cu m discount Kyiv expects to get from Moscow in exchange

ALTERNATIVE GAS. No big rush

PROMISED

15 February 2011

Yuriy Boyko and Richard Morningstar, Special Envoy of the United States Secretary of State for Eurasian Energy, signed a Memorandum of Understanding on Gas Extraction from Alternative Sources between the US and Ukrainian Governments in Washington.

31 August 2011

Serhiy Lyovochkin, Chief of Staff, announced that Shell had signed a deal with Naftogaz to invest nearly US \$ 600mn into shale gas extraction in Ukraine. Previously, Eduard Stavytsky, Head of the State Authority for Geology and Mineral Resources, claimed that Shell had already prepared plans for works, return on investment and extraction in the Yuzivka gas area.

December 2011

Vadym Chuprun, Deputy Chairman of Naftogaz, determined a deadline: "Ukraine will start the extraction of industrial shale gas in 2015. Exxon-Mobil will launch the extraction in Western Ukraine. By 2020, Ukraine is planning to extract 4-5bn cu m.... But the deadline might be brought forward. The key thing for us is to find the best terms for cooperation."

January 2012

Eduard Stavytsky, Head of the State Authority for Geology and Mineral Resources, said that National Joint Stock Company Nadra Ukrayny and British company, Cadogan Petroleum Plc were going to start a geological survey in the Lviv coal basin in late January 2012. Investment prior to the confirmation of shale gas deposits will amount to US\$ 95mn. We will be able to extract 1-2bn cu m of gas per year in this area.

According to the US Department of Energy estimates, Ukraine has 1.2tn cu m of shale gas. This can be compared to the reserves of natural gas in Ukraine, the extraction of which exceeds 20bn cu m annually, making Ukraine the fourth richest European country in shale gas, behind Poland, France and Norway. Mykola Zlochevsky, the Minister of Environment and Natural Resources, stated that potential deposits of shale gas in Ukraine could reach 30tn cu m.

FAILED

Bohdan Sokolovsky, an expert in gas, talking about shale gas extraction, states: "Ukraine has signed numerous documents and announced many intentions regarding shale gas exploration and extraction. Now, they should all be implemented. Maybe, the government is doing something, but no one knows exactly what is going on. It could possibly be a pleasant surprise ..."

Meanwhile,

Orlen Upstream, a Polish company, drilled the first shale gas well in December 2011, 30 kilometers from the Ukrainian border. Exxon Mobil is already drilling 30km from the border, also in Poland.

As a result of large scale shale gas extraction in the US, its average price fell to US\$ 127 per 1,000 cu m last year, while experts project a further decrease to US\$ 70-80 per 1,000 cu m in the coming years

antees for stable playing rules, while in Ukraine, these rules can often change, based on the whims of politicians. In September 2010, the government proudly announced the signing of cooperation agreements with a series of Western companies for the extraction of shale gas. Yet, all of the latter are still assessing underlying risks.

The same applies to the construction of the NLG terminal. Neighboring Poland, which also embarked on a similar project, has already begun construction and is planning to receive liquid gas from Qatar in two years. Ukraine announced this idea back in 2010 and wasted 2011 on tenders for the development of a feasibility study, the selection of the Spanish company, Socoin, as the winner and the organization of international road shows, lasting several months, to search for foreign investors (is not known whether any investors were found). Meanwhile, Mykola Azarov promised that actual construction would begin in January 2012.

On 1 February, it will be a year since Ukraine became a member of the European Energy Community. The government had pledged to conduct a range of reforms that would bring Ukraine's energy sector closer to European gas, electricity and renewable fuel standards in 2011. However, there is little to be proud of as yet: relevant documents have either not been drafted or are still "being finalized" which has no specific meaning. Fulfilling commitments within the Community framework would, in fact, be the best starting point for negotiations with international companies regarding the extraction of shale gas or building the NLG terminal, since the abovementioned actions are the best way for a country to show that it has chosen the course of European development.

With these unrealized plans in mind, official declarations about the search for alternative gas suppliers or its purchase on

ARGUMENT

Gazprom cut gas price for some European companies including German WINGAS, French GDF Suez, Italian Siner-gie Italiana, Slovak SPP and Austrian EconGas. They were all going to sue Gazprom for its price policy

spot markets look ever more unrealistic. Firstly, these initiatives could have been implemented two years ago, if only there was the will to do so. Secondly, what can Ukraine offer Turkey, for instance, to get a quota for its tankers to pass through the congested Bosphorus? This task is no easier than all the previous ones. Moreover, there is currently no way to transport gas from Turkey to Ukraine since it can only be transported in a liquid state, which in turn requires the construction of an NLG terminal in the Ukrainian port. As we well know, this will take several more years.

Realizing that the price of Russian gas will continue to grow year after year, the government has had enough time to prepare for decreasing Ukraine's dependence on Russian gas supplies. Still, it has not rushed to implement specific reforms, tying them directly to the outcome of negotiations between Ukraine and Russia. In other words, if the government comes to terms with "big brother," changes can wait; if not – they will implement reforms to show their strength. It appears that the way to energy independence is not the objective of those in power wishing to strengthen the country, but rather a bargaining chip and a tool of pressure to once more force the Russian partners to come to the negotiating table and find yet another "scam for two." ■

THE SEA INSTEAD OF PIPES. A good bargain?

June 2011

Mykola Azarov promised the start of the construction of an NLG terminal in Ukraine by the end of 2011 when speaking at the World Economic Forum in Vienna

PROMISED

August 2011

Vladyslav Kaskiv, Head of the State Agency for Investment and National Project Management, announced the conclusion of the first stage of the tender to draft a feasibility study for an RNLG terminal to accept natural liquid gas

January 2012

Vladyslav Kaskiv claimed that a set of documents was expected to be signed in Davos on 25-26 January to set up a joint venture with Azerbaijan for the supply of liquid gas to Ukraine. Socoin, the Spanish company which has drafted the feasibility study for the project, is supposedly finalizing its work over the next 3-4 weeks.

FAILED

A closer look at the NLG terminal implementation plan reveals how the authorities are dragging out the section of the plan that could, if necessary, be sacrificed for deals to cut the gas price agreed with Russia, without any significant consequences for Ukraine. 21 months has been designated for the organizational and preparation stage before the project work begins, while construction can begin in 30 months. For example, the entire first quarter of 2012 is designated for "road shows and a PR campaign, approval of the feasibility study by the government and determining government participation in the project." How can a country, which is so dependent on just one supplier of gas - a very dangerous position as regards its national security, and for several years now, has used the threat of the diversification of its imports as its key argument when trying to exert pressure in negotiations, afford such a luxury? How is it possible to expect the Kremlin to take such threats seriously with such an approach?

FAILED

January 2012

Mykola Azarov openly admits why all energy projects are being delayed: "We are counting on finding a common language with our Russian partners within a limited period. And we'll have adequate capacity to last until then." Unlike Ukraine's Premier, it appears that the Kremlin has a different view of the situation. Moscow believes that finding "a common language" with a country that has yet to find an alternative to Russia's gas supply monopoly, should be done on Moscow's terms. While Kyiv has been trying to reach an agreement with Moscow, the latter has already launched Nord Stream, an alternative route to transit gas which bypasses Ukraine, and is keeping South Stream, another alternative transit pipeline, in store.

Lock, Stock and Two Smoking Pipes

Russia's gas talks with Ukraine are just a small element of its geopolitical game. The jackpot is control over energy supply to Europe



PICTURE: IGOR LUNACHENKO

Author:
Oksana
Kushnir

No matter what those in power in Kyiv think, the Kremlin views their role on the energy map as greatly limited and nominal. Moscow needs Ukraine to block access of other gas suppliers to the EU and fill Gazprom's shallow treasury. For some reason, though, Ukrainian politicians think this is normal.

PUTTING RUSSIA WHERE IT BELONGS

European countries saw all threats of depending on just one gas supplier a decade ago. They intensified projects to diversify their gas sources and switch to different fuels. Today, every EU member-state is implementing them in all possible ways: they are building new liquid gas ter-

minals, developing their own extraction of shale gas and other fuels, building new pipes in gas chains and streamlining gas pumping through their territories. Slowly, yet confidently, the EU is decreasing its dependence on the only source of gas, i.e. Russian.

Increasing independence requires a change of tone in negotiations between Europe and Russia. Just a few years ago, Europeans readily accepted Russia's reluctance to ratify the Energy Charter Treaty and turned a blind eye to Gazprom buying up energy companies on the EU internal market through its affiliated companies. Today, after the adoption of the Third Energy Package aimed at increasing competitiveness on energy markets through segregation of companies that extract, transit and sell fuels, among other things, Gazprom finds its access to running European gas networks blocked. Gazprom's key partner companies have been investigated for signs of monopoly conspiracy under an order from the European Commission. French, Polish and German energy companies that were Gazprom's friends just days ago have now sued it for overvaluing its gas, while Russia is asking, rather than demanding, the EU to grant its South Stream the status of a trans-European project which will allow it to draw investment.

The EU has now almost accomplished what is still an objective for Ukraine: it has determined Russia's significant, yet clearly outlined place in its energy balance. Indeed, Gazprom supplies up to one third of the EU's imported gas, which is a lot. Yet, despite the projected growth of gas consumption in European

states, they do not want to buy more gas from Russia as this will damage Europe's national security. Europe is not interested in Russian projects: it has reached its limit of supply from Gazprom. That was the reason for the European Commission's cool greeting of the South Stream launch and support of the Southern Gas Corridor rather than the South Stream despite all efforts made by the Kremlin. The Southern Gas Corridor is supposed to transit gas from the Caspian area, i.e. Turkmenistan and Azerbaijan, to the EU. These two countries will meet the EU's growing demand for gas in the decades to come.

This makes things much more difficult for Russia. For Gazprom, it means that the EU will reduce or even stop the funding of infrastructure projects. With time, the amount of gas Gazprom exports to the EU may fall furthermore while the price will also shrink as a result of spot market development. The revolution of shale gas exported from the US discourages European companies to work in Russian fields under the current terms. For instance, Statoil, a Norwegian partner in the Shtockman field development, has already announced that it is certain of its future success in shale gas projects. "The Russian gas sector will face some serious competition for the share of the European gas market estimated at 13-40% after 2030," commented Valeriy Yazev, President of the Russian Gas Community, at the Gas Russia 2011 International Forum. "Clearly, we need to get closer to 40%." And the East is hardly more promising. China, for instance, has not agreed to the price offered by the Russians. Instead, it bought extra gas from Turkmenistan in November 2011. According to Societe Generale analysts, Turkmenistan will remain the key gas supplier to China for the nearest future.

To preserve its role in the West, Russia needs to look for projects to take part in, other than those related to the supply of its gas, and block alternative offers in the meantime. One of the projects could be a "gainful" proposal to transit Turkmen gas to the EU borderline via available pipelines

Valeriy Muntiyau,
Authorized
Representative of the
Cabinet of Ministers
for Cooperation with
Russia, CIS and
EurAsian Union:
Ukraine is indeed
discussing Naftogaz-
based joint ventures
to run the gas transit
system and gas
distribution chains



THE SECRECY OF NEGOTIATIONS MAKES VIEWERS THINK OF THE WORST SCENARIOS

through Russia and Ukraine. Russia's argument is that anything could happen before Nabucco¹, or any other pipeline is completed and in the meantime Europe can securely cut a deal with Turkmenistan sometime soon, while the Russians will make sure gas is delivered right to the EU's Eastern borderline today. Perhaps, this scenario has been offered to Ukrainian politicians as well. Coupled with the South Stream spooks, it could have convinced the Ukrainian party to accept the Russian proposal.

WHAT IS UKRAINE'S INTEREST?

How the EU, let alone Ukraine, will benefit from this scenario is yet unknown. Firstly, Europe will no longer view the Ukrainian gas transit system as an alternative supply option if it ends up under Russian control. It will become an element of the Russian system. Secondly, no matter how good Turkmen gas is, it will lose its value for the EU if transited through the Russian pipeline as this will mean pretense, rather than real diversification and the EU definitely knows the difference between the two. Thirdly, how can Ukraine benefit from this kind of a consortium? Will it have a sustain-

able gas supply? No. Since the South Stream has just been a spook for the naïve so far, gas would be supplied in smaller amounts, although sustainably at this point. Will Ukraine have a chance to streamline its gas transit system? No. There is no way Ukraine can get extra funding for the reconstruction if the consortium is really a thank you for the lower gas price in 2012. Instead, Ukraine will have to share transit income with all parties in the process. Cash flows from the World Bank or EBRR are likely to stop, so there is no point in talking to a country whose pipeline is run by a different entity. Most importantly, Ukraine will lose opportunities for real, rather than imitated, diversification of energy sources.

Ukraine should look back at the countries which have had sim-

ilar experiences rather than trying to invent the bicycle or accepting the scheme being imposed from outside. When Russia attempted to get access to the Polish pipeline in exchange for cheap gas last year, Poland rejected the deal point blank, intensified projects for the extraction of its own shale gas, and started building a liquid gas terminal. Currently, these projects are being implemented practically rather than on paper. After ten months of failing gas price talks, Polish PGNIG sued Gazprom at the Stockholm Court that already has a pile of similar claims from German, French and other companies. Moldova has also had a hard time coming to terms with Gazprom, so it asked the European Commission for some help in negotiations. The Moldovan parliament took up control over negotiations with Russia while the government has publicly confirmed its readiness to implement all European reforms, although it must be feeling huge pressure to surrender strategic interests from Russia.

What is Ukraine doing? Kyiv responds to many proposals of help from European structures with silence. When the talks with Russia reach a particularly critical point, Ukraine opens the second front: Volodymyr Makukha, Deputy Minister of Energy, tells journalists that Ukraine is not happy with the European party. The efforts of Ukrainian MPs to find out the essence of the talks, let alone control them, are useless and hopeless. The secrecy of negotiations makes viewers think of the worst scenarios and aggravates the effect of media provocations and manipulation.

The EU and Ukraine are consumers of gas. Their common objective is to decrease dependence on just one supplier. A reasonable way out for both would be to think of common diversification options instead of mistrusting each other. If Ukraine provided free access to its gas transit system and the EU managed to get gas transited from Turkmenistan through Russian territory – and it has the necessary instruments to do so – Ukraine would end up with a real, rather than pretence diversification. The cost of gas would also be different from that promised by Russia today. ■

¹ The launch of Nabucco is postponed; the current estimated launch date is 2019

Energy Quasi-Empire

Some post-soviet republics have staunchly chosen to diversify their energy flows. As a result, they are successfully exiting the trap of energy dependence

Author:
Oleksandr Kramar

On 25 November 2011, Aleksandr Lukashenka surrendered the second part of BelTransGas to Gazprom, while Turkmen President, Gurbanguly Berdimuhamedov, took part in the ceremony of ending the pipeline to transit Caspian gas to the Pacific coast in Guangdong at the end of his four-day trip to China. This came after he had managed to negotiate another 25bn cu m increase in the supply of Turkmen gas to China with President Hu Jintao.

RUSSIA LOOSING ASIA

In soviet times Central Asian countries were hugely dependent on Russia, as much as either Ukraine or Belarus, despite their abundant gas resources and intense extraction. Under President Yeltsin, Uzbekistan and Turkmenistan had opportunities to transit their gas sold to other countries through Russian

pipelines, even if this was in exchange for low fees for Russia to transit its gas to Europe. After a few years of Mr. Putin's presidency, these countries then faced deals ensuring Gazprom's monopoly on buying all gas they exported for decades to come.

Eventually, though, Gazprom found itself trapped in its own greediness. As the recent crisis unfolded, pushing oil and gas prices into a steep decline while at the same time consumption in Europe shrank, Gazprom refused to fulfill the contracts that guaranteed its monopoly for local gas unilaterally. The better diversified economy of Uzbekistan survived the shock, even though Russia's reduction in purchased gas by a quarter of the 42bn cu m in 2008 hit Turkmenistan's extraction-oriented economy hard.

Russia subsequently offered Turkmenistan an increase in the

amount of gas it purchased to the 2008 level in exchange for lower rates and wider access to gas deposits for Gazprom. But Ashgabat opted to diversify its export routes that are now readily laid in all four directions of the world. Over 2009-2010, Turkmenistan built gas pipes allowing the country to switch most gas from the Northern route to Russia, southward and eastward, i.e. to Iran and China. As a result, Turkmen gas exports began to grow intensely (33.6% in 2010), while the abovementioned countries purchased 1.5 times more gas than Russia, with 12 and 14bn cu m compared to 10bn cu m respectively.

This gave Turkmenistan a dynamic growth of investment, worth a total of US \$9.7bn in that year. And over 9 months of 2011, the amount of investment hit US \$8bn or 45% of GDP. The arrival of foreign investors resulted in the quick



exploration of natural gas deposits that now amount to 44.25tn cu m according to the Gaffney, Cline & Associates, a British consultancy firm, including an already confirmed 25.1tn compared to Gazprom's 19tn. The national program for 2011-2013 provides for an up to 230 and 180bn cu m annual increase in Turkmen gas extraction and exports which is roughly the equivalent of what Gazprom is currently exporting outside the CIS Customs Union.

The launch of the first section of the Turkmenistan-China gas pipeline in December 2009 was the first in a series of hard knocks to the plans of expansion for the Asian part of the "energy empire," a popular name for Russia among its own top officials. Firstly, this has ruined Russia's monopoly in exploiting resources in Central Asia; secondly, this dims the prospects of Russian gas exports to the vast Chinese market. According to CNPC, the Chinese state-owned oil company, China is going to import 30bn cu m of gas from Turkmenistan in 2012. After the pipeline is extended to the economically advanced shoreline provinces, with the recent pipeline ending ceremony by Messrs. Hu and Berdimuhamedov as one of the steps to draw the plans closer to conclusion, Turkmenistan will be pumping up to 65bn cu m of its gas to China by 2015.

Kazakhstan and Uzbekistan also look willing and prepared to sell most of the gas they export, i.e. 12-15 and 10bn cu m respectively, to China. Of course, this will question the need, amounts and deadlines for Russian gas supply to China in the next decade, as well as the diversification prospects of its gas markets. Russia has been using to blackmail Europe every time their gas relations get tenser.

Another project being intensely built is TARI, a 1,700km long pipeline from Turkmenistan to India that runs through Afghanistan and Pakistan with a capacity of up to 33bn cu m. It is supposed to take Middle Asian gas to the Indian Ocean coastline, thus supplementing the Iranian section of the South Stream. In mid-November 2011, Pakistan and Turkmenistan agreed on a gas price for the former, while Gazprom is now competing for the right to take part in the project – without much success though, according to a tough comment made by the Turkmen Ministry of Foreign

Turkmenistan's natural gas deposits now amount to **44.25tn cu m** including an already confirmed **25.1tn** compared to Gazprom's 19tn

Affairs. Ashgabat insists on considering the prospect only after the four countries complete their negotiations and launch the pipeline.

IMPORTANT NABUCCO

Currently, the process between transiting parties and consumers of agreeing a supply of 40bn cu m of Turkmen gas to the EU through the Trans-Caspian gas pipeline and Nabucco, is already on the finish line. In early November 2011, Mr. Berdimuhamedov confirmed that "the export of fuels to Europe is the most important component of Turkmenistan's foreign policy strategy," despite Turkmenistan's interest in Asian markets for its gas, "thus the Transcaspien system is a very significant project."

Moreover, the project has now become a matter of interest for France and Germany, two key play-

baijan is planning on building a joint underwater gas pipeline with Turkmenistan despite the stonewalling of "defining Caspian legal status," that is determining the Caspian Sea as the sea, or lake, with the relevant division of its underground area and control over its surface.

MOSCOW, AFRAID AND BLUFFING

Moscow's response to all this is fairly sensitive. Dmitri Medvedev has claimed the construction of the Transcaspien Pipeline without the consent of all Caspian countries is impossible, while Konstantin Simonov, Chairman of the Russian National Foundation for Energy Security, has threatened other parties that Russia's response will be "tough, and probably in a military form."

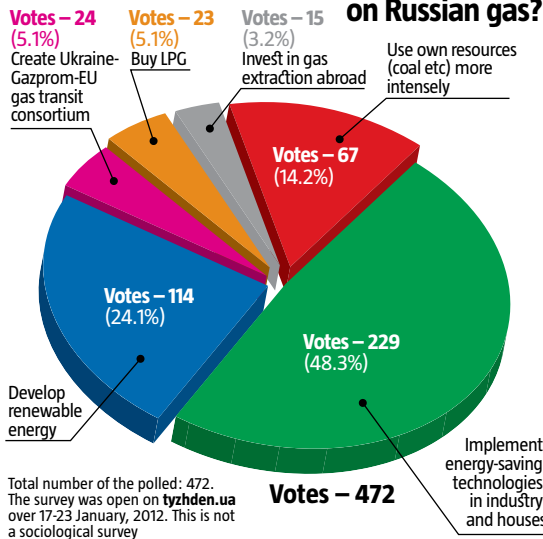
Yet, Western countries have acted decisively. Richard Morningstar, Special Envoy of the United States Secretary of State for Eurasian Energy, and his advisor Daniel Stein have said in both Baku and Ashgabat respectively that "no force will interfere" once the EU, Azerbaijan and Turkmenistan agree on the implementation of the Transcaspien pipeline. Matthew Bryza, US Ambassador to Turkmenistan, stated that the US is already thinking of ways to help Azerbaijan protect its energy infrastructure on the Caspian basin.

Russia will have nothing to outweigh gas deals between the EU and Central Asian countries, particularly if supported by the US and NATO. By contrast, a plausible prospect is for Russian diplomacy to intensify its efforts in Europe, the consumption end of the new gas chain. It has always been based on "caring about the energy security of Russia's European partners," segregating them with all kinds of privileges and stories about the "ephemeral Russian threat" and "lack of reason behind the European search for an alternative to its conventional reliable partners." Also, Russia might try to affect the situation in Azerbaijan, Turkmenistan and Uzbekistan internally by discouraging their ambition for proactive independent steps. As Transcaucasia and Middle Asian states intensify efforts to use their resources for their own good, Russia loses much of the leverage it needs to play the energy game with the EU and China successfully. ■

RUSSIA WILL HAVE NOTHING TO OUTWEIGH GAS DEALS BETWEEN THE EU AND CENTRAL ASIAN COUNTRIES

ers in the EU, in addition to the European Commission. In April 2011, France signed a declaration of cooperation in its energy sector with Turkmenistan. On 17 November 2011 during his trip to Ashgabat, Guido Westerwelle, German Minister of Foreign Affairs, said he was "sure that the talks on Nabucco would have a successful outcome and both Turkmenistan and Azerbaijan would join the project." Azer-

How can Ukraine eliminate dependance on Russian gas?



French Accent

Alain Guillemoles talks about what the French don't know about Gazprom and Ukrainians don't realize about their own energy prospects

Interviewer:
Zhanna
Bezpiatchuk

Photo:
Andriy
Lomakin

Gazprom is not the only agent or instrument of Russian energy neo-imperialism. Others include RosAtom, the state nuclear power corporation, and the ruble zone. A country that ends up trapped in the triangle of Gazprom, RosAtom, and the ruble as a reserve currency loses any real space to maneuver. In fact, even the greatest dependence on Russian gas is not a barrier—worse things can happen. No matter how often a country subsequently declares its European integration plans, it may eventually lack the resources needed to implement them. Alain Guillemoles, a French international reporter and author of *Gazprom: the New Empire*, has a personal view of the post-soviet reality. He visited Ukraine as part of “The European Experience: France,” a joint project by the French Institute in Kyiv and Ye Bookstore.

U.W.: Over the past four to five years, a number of large-scale journalistic investigations about Gazprom have been published both in the West and in Russia. This is a multifaceted issue that raises many questions: Which companies does Gazprom hire to procure goods and services, and why? How does it collaborate with foreign partners? What role does it play in Russian foreign policy? — Which of these questions does your book address?

— I began this work in 2006. At that time, I can say, in France almost nobody knew what Gazprom



was. When people use gas to cook or take a shower, they don't care where it comes from. There was no clear understanding of the energy situation. As a journalist specializing in Eastern Europe and Russia, I knew that Gazprom had played an important role in the Russian presidential elections, so Anna Lazareva and I decided to investigate it. Working within the context of Gazprom, we simultaneously told the story of Putin's rise to power. We wrote a history of Gazprom from its creation until 2006. From 1989-

1992, Viktor Chernomyrdin served as Gazprom's Board Chairman and subsequently became Russia's prime minister. Dmitri Medvedev was also the company's Board Chairman in 2000-2001 and 2002-2008. There was a huge difference between these two periods. Under Chernomyrdin, Gazprom was almost a “state within a state” creating its own policy. Then Putin became president. He managed to seize power inside Gazprom and use it as a tool to increase his authority throughout the country.

BIO

Alain Guillemoles

works as an international economics reporter for *La Croix*, a French daily. His focuses include Central and Eastern Europe and Russia. From 1994-1996, Mr. Guillemoles reported on Ukraine on a permanent basis. He wrote a biography of Bernard Kouchner in 2001; *Meme La Neige était Orange: La Revolution Ukrainienne (Even the Snow Was Orange)* in 2005; *Gazprom: le nouvel empire (Gazprom: the New Empire)* together with Alla Lazareva in 2007; and *Sur les traces du Yiddishland (Looking for the Yiddish Land, a Country Without Borders)* in 2010. Also, Mr. Guillemoles writes detective stories under the pen name Renaud Reberdy.

U.W.: One stereotype in Eastern Europe is that France is a Rusophile country. You mentioned the French hardly knew what Gazprom was until recently. Is there a correlation here—the less people understand the country, the more they like it? Today's Russia is the country of Gazprom, not Dostoyevsky.

– The French have a very clear idea of what Putin's regime is. Our press closely covered the human rights violations during Russia's parliamentary elections, even claiming that the results were rigged. Our press might even cover these issues more than the Ukrainian press does. It would be a mistake to mix up our cultural interest in Russia with the current political reality. We don't think of Putin as Russia. It's true that our companies do business with Russia; sometimes it's very cynical.

U.W.: During one of your earlier visits to Ukraine you said RosAtom plays the same role in Putin's foreign policy strategy as Gazprom does. Can you really compare the two in terms of their strategic significance for Russia's imperial ambitions?

– Nuclear energy is also important. However, if you look at the percentage of nuclear energy used for electricity, you see that gas plays a much more important role in consumption. After the Fukushima disaster, there is less confidence in nuclear technologies, and many countries have stopped developing nuclear energy – Belgium, Switzerland, Italy. Gas is the main source of energy for the next 50 years. On the worldwide scale, the market for nuclear energy technologies is very small. There are very few companies that compete in it, including Korean, Russian and American players. The German company Siemens has just recently withdrawn. I think it'll be very difficult for Russia to gain any market, especially because the Koreans are very strong and can produce low cost nuclear technology.

U.W.: So RosAtom is the "new Gazprom" for post-soviet countries only?

– It could be the "new Gazprom" for a country like Ukraine and former soviet countries in

which Russian technologies are already used. Outside the FSU, RosAtom sells nuclear power plants to Iran and is trying to gain a foothold in the Asian market. Still, I don't see any real prospects for global expansion of Russian nuclear technologies.

U.W.: Ukrainians often have an inferiority complex regarding the energy sector. Objectively, they have failed to guarantee their energy security. What do you see as Kyiv's mistakes in this respect?

– Its greatest mistake is the overexertion of Ukraine's energy resources. The same manufacturing results and quality of life could be achieved at a much lower cost. As a comparison: France, which has a comparable territory and even greater population, uses less than half the gas that Ukraine consumes yearly.

In my opinion, in order to strengthen its energy security, Ukraine needs to formulate a plan of action. Instead of being developed for the purpose of political and economic independence, its energy sector serves the interests of various oligarchs.

Ukraine has huge uranium fuel resources, but rather than develop and extract them, it buys uranium from Russia. This is a paradox, but not the only one. For example, in France we have started producing biofuel from beetroots. 13% of the machine fuel used in France today is made with beetroots. When I discovered that, I immediately thought of Ukraine. Such technology could be used to meet the country's own energy needs and could even be exported. Of course, the equipment needed to set up a biofuel production facility would be quite expensive, but the investment would pay off if Ukraine had its own energy policy.

U.W.: What is the predominant image of Ukraine in the French press?

– My colleagues are writing a lot about Tymoshenko's case; it's the biggest story when it comes to Ukraine. France was hugely interested in Ukraine during the Orange Revolution. France and the rest of Western Europe suddenly discovered that there was such a thing as Ukraine and it wanted to join the European family. It was

something new for us. But just a few years later, the Party of Regions won the 2006 parliamentary elections and Yanukovich was running the government. Western observers did not understand this. Why did Ukrainians protest in the streets in 2004 only to accept the same results a few years later? Now Europeans want to understand whether Ukraine really wants to be closer to Europe, and that's a question only the Ukrainians can answer.

U.W.: Your latest book is a history of Jewish communities in Central Europe including Ukraine. Why have you embarked on this issue as a journalist?

– This book was based on some reports that I made for La Croix. I was following the traces of Yiddish culture and Yiddish past. I researched cemeteries, synagogues and buildings. In Ukraine I visited Drohobych,



EUROPEANS WANT TO UNDERSTAND WHETHER UKRAINE REALLY WANTS TO BE CLOSER TO EUROPE

Uman, Chernivtsi and Kyiv. It was forbidden to discuss these issues during the communist period. I wanted to find out how people came to terms with their own history over the past 20 years. Sometimes you have great initiatives to commemorate the past in Ukraine, but the state has not yet come to a consensus; it has not yet come to a common collective understanding of its history. I'm talking about the Famine or the Holocaust, Ukrainian Insurgent Army (i.e. UPA), or Ukrainian People's Republic (UNR). Significant events occurred in some places, yet there is no sign of what happened in the past. For example, two years ago I was in Lviv in a forest where the Nazis massacred nearly 500,000 people. It's a second Babyn Yar but there is no sign to memorialize it. The same thing goes for the many uprisings of the late 1920s. Ukrainian officials I've talked to have never been hostile or biased about memorializing the victims of genocide, quite on the contrary. But they would immediately switch to other priorities. ■

Down to earth



PHOTO: REUTERS

LAST week the excitement surrounding the rush for shale gas in Poland was tempered with some unwelcome news. Seven people were charged with offering or receiving bribes in the allocation of concessions to look for the gas in 2011.

The environment ministry handed out the last of 109 exploration concessions in the second half of last year, most of them to foreign firms or their Polish subsidiaries. The prices, at around €100 per square kilometre, were trivial.

The sums involved in the bribery scandal are also not large: thousands rather than hundreds of thousands of euros, according to Waldemar Tyl, Warsaw's deputy public prosecutor. But Mr Tyl insists that the evidence against those accused is compelling.

The seven include the head of the environment ministry's geology department, two other ministry officials and directors of three

Polish companies, all of them linked to Petrolinvest, a large energy concern. Neither the ministry nor any of the three companies were prepared to put someone up for interview.

But perhaps more telling than the investigation is what it reveals about Poland's attitude towards what many have hoped will be its new-found resource wealth. For the last few years the country has been getting ever dizzier at the prospect of ending its dependence on Russian gas and becoming a "new Norway". Last summer a US study heightened the fever by suggesting that Poland had 5.3 trillion cubic metres of accessible reserves, more than had been previously estimated.

But some experts, such as Grzegorz Pytel of the Sobieski Institute, a think-tank, have been warning for some time that Poland is as much like gas-rich Turkmenistan or Uzbekistan as it is Norway.

Starting, like the former Soviet states, with laws designed for a climate in which a handful of state-owned firms would be operating, Poland invited investment from multiple domestic and foreign companies. "If you have a system like this where you know that these licences are potentially worth a lot of money, but you can get them virtually for free, it's bound to be corruption-prone," says Mr Pytel. He says the new corruption investigation may be just the tip of an iceberg. Increasingly active environmental campaigners agree.

The Polish government sold the shale concessions so cheaply because of the speculative nature of the investment, and because the investors would have to bear all of its costs. The country has very little home-grown industry to service shale-gas development. Contrast with Norway, which manages to levy taxes worth 78% of revenues on the likes of Exxon because local service companies look after all the technical difficulties involved in extracting gas.

The Polish government insists that the system is not to blame for any individual wrongdoing. Still, it is working on a new legal framework for shale-gas exploitation. A new geological and mining law [paywall] came into force on January 1st, applying EU regulations and simplifying procedures for investors.

Environmentalists, however, complain that although the law gives concession-holders potential buyout rights to properties where they might want to set up a drill, it says nothing about "fracking fluid"—the huge quantities of water and chemicals that shale-gas extractors pump into the ground in order to crack shale rocks and get to the gas.

In the next three months the government should present a new law on the taxation of shale gas. The concurrent corruption investigation could have a sobering effect on a country caught up in flighty dreams of riches. ■

Rule of Law Heads the List of Needed Reforms in Ukraine

President Victor Yanukovich set an ambitious reform agenda for the Government of Ukraine early in his Administration. This agenda has seen progress in some areas but run into complications in others. Many U.S. assistance programs have historically focused on assisting Ukraine's efforts to introduce reforms in line with European norms and that is the case today as well. The ultimate goal is to fulfill the desire of the large majority of Ukrainians to integrate with Europe and build institutions based on European Standards. Of all the areas in which Ukraine seeks to introduce reform, none is more essential than the full establishment of rule of law. We are committed to helping Ukraine complete the transformation of its legal and judicial systems into ones that are fair, democratic and independent – and that are accountable to the law and to the Ukrainian people.

People's faith in government is eroded wherever there is unequal access to the courts or selective prosecutions, when the people believe the judicial system is unfair or politicized and specifically when the system favors the elites or those with high-level connections. When such an impression gains currency, citizens will not trust the decisions of their courts or believe that the system serves their interests.

By contrast, an independent judiciary that stands between the powerful state and the individual citizen is essential to democracy. Thomas Jefferson, one of the greatest thinkers among the founding fathers of the United States of America and our third president, wrote, "An independent judiciary that will enforce the laws against the ruling class as well as the common man is essential in ensuring that government serves all people and not just those who can seize and exploit positions of power."

What other reforms, however well intentioned, can hope to succeed in the absence of free and honest courts? Even if they are consistent with every international norm and are models of justice, laws do not enforce themselves. A qualified and



PHOTO: UNIAN

Author:
By John F. Tefft,
Ambassador
of the United
States of
America to
Ukraine

independent judiciary is critical to the protection of the fundamental rights of Ukraine's citizens and to Ukraine's continued democratic and economic development. The importance of rule of law to economic development cannot be overstated. Without courts that can reliably settle disputes and uphold contract obligations, entrepreneurs and foreign investors look to other markets for fear that their hard work can be stolen by rivals or corrupt officials.

Earlier this year, President Yanukovich ordered that the draft legal framework for judicial reform be amended in line with Venice Commission recommendations. While this would represent an important step forward, other proposed amendments to the Law on Judiciary and Status of Judges do not advance judicial reform in a manner consistent with international norms. It is critical that all judicial reform initiatives preserve and further the independence of the judiciary and its institutions, including especially the Supreme Court, which should be the ultimate arbiter of the rights and freedoms of Ukrainians.

The same can be said of other legal reforms. We have also been advising the government on President Yanukovich's call to bring the Criminal Procedure Code (CPC) and law on the Procuracy in line with standards set by the European Court of Human Rights. The draft CPC wisely seeks not to fix the current system, but to create a new system based upon the principle of adversariality, although it must ensure that independent judges control the proceedings. Prosecutors should not have enhanced power to choose and evaluate evidence; this is the role of the judiciary, with equal input from both the prosecutor and defense counsel.

The events of recent months have reminded us of the need for an independent judiciary overseeing an adversarial system in which the procurators and defense attorneys are on an equal footing. This is the best way for Ukrainians to defend their democratic system and their individual rights and freedoms. ■

The Price of Isolation

The pause in European integration makes Ukraine ever more vulnerable to Russia's economic pressure

Author:
Oleksandr Kramar

On 30 December 2011, Mykola Azarov commented on negotiations with Russia on the First National TV channel. "Both the President and I have made it clear that the Russians are very wrong to think that we will accept any demands that they impose on us," he said. Unlike Premier Azarov, Moscow seems to think otherwise, and for good reason.

MISLEADING OBJECTIVES

When Viktor Yanukovich paid his first official visit as President to Moscow in early March 2010, he said how sorry he was for "five wasted years," "the romantic European hopes of his predecessors," and "his intention to start a new page in Ukraine-Russia relations." It appears that he missed the fact that the "readiness of Messrs. Medvedev and Putin to turn the page and start a new one" boded no good either for Ukraine or for himself as the political leader, who put relations with Russia at the heart of his election campaign. Mykola Azarov, who claimed that he repre-

sented the first generation of Ukrainians in his family, was even more disappointed with the Kremlin's "friendliness." His evaluation of the situation today looks nothing like what it was at the meeting with the Russian leadership in Novo-Ogorevo in March 2010, immediately after he came to office.

In his New Year's letter to Viktor Yanukovich, Dmitri Medvedev stressed the "constructive nature" of cooperation between Ukraine and Russia in 2011, even if this "constructive nature" turned out to be in favor of only one of the two parties. Mr. Med-

vedev mentioned the increase in trade between Ukraine and Russia, the ongoing expansion of interregional contacts in education and student exchange, and the intensification of integration processes as a result of the CIS Free Trade Zone Agreement, signed on 18 October 2011. However, trade growth was outpaced by the increase in Ukraine's trade deficit, due largely to high gas prices. Apparently, the ongoing expansion of interregional and education contacts is the important instrument used by Moscow to bring border regions, especially Eastern and Southern Ukraine, closer to Russia and to drag Ukraine into the "Russian World".

THE SPIRIT OF FREE TRADE

Initially, Gennadiy Anishchenko, Chairman of Russian Consumer Goods Supervisory Authority, made sarcastic comments concerning the adaptation of Ukraine's phytosanitary norms to EU standards, saying that the changes "essentially contain recognition of the citizens of Ukraine as animals". He later said that the quality of the product Ukrainian cheese makers exported to Russia was poor, threatening to ban the import of Ukrainian cheese into Russia. The official reason was the increasing share of vegetable fats in Ukrainian cheese. It is difficult to judge the quality accurately, but according to Ukrainian phytosanitary inspectors, Russia never provided any documents to confirm Mr. Anishchenko's criticism, while just one cheese maker in nine produces cheese that contains vegetable fats for Russia, and such producers have relevant permits. Even if the share of vegetable fats has grown in Ukrainian cheese over Q4'11, as Mr. Anishchenko claims, why did it take Russia so long to notice and deal with it? After all, the import of palm oil to Ukraine has been shrinking lately and one third of all imported palm oil has been re-exported to Russia.

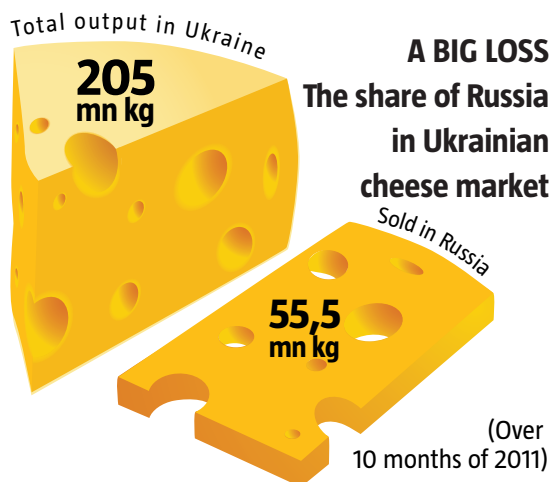
There is no doubt that the reason for such "concern" was the fact that Anishchenko only noticed the "increased share of vegetable oils" during the latest gas conflict and the fact that Ukraine has adapted its phytosanitary



THE READINESS OF MESSRS. MEDVEDEV AND PUTIN TO TURN THE PAGE AND START A NEW ONE BODES NO GOOD FOR UKRAINE

vedev mentioned the increase in trade between Ukraine and Russia, the ongoing expansion of interregional contacts in education and student exchange, and the intensification of integration processes as a result of the CIS Free Trade Zone Agreement, signed on 18 October 2011. However, trade growth was outpaced by the increase in Ukraine's trade deficit, due largely to high gas prices. Apparently, the ongoing expansion of interregional and education contacts is the important instrument used by Moscow to bring border regions, especially Eastern and Southern Ukraine, closer to Russia and to drag Ukraine into the "Russian World".

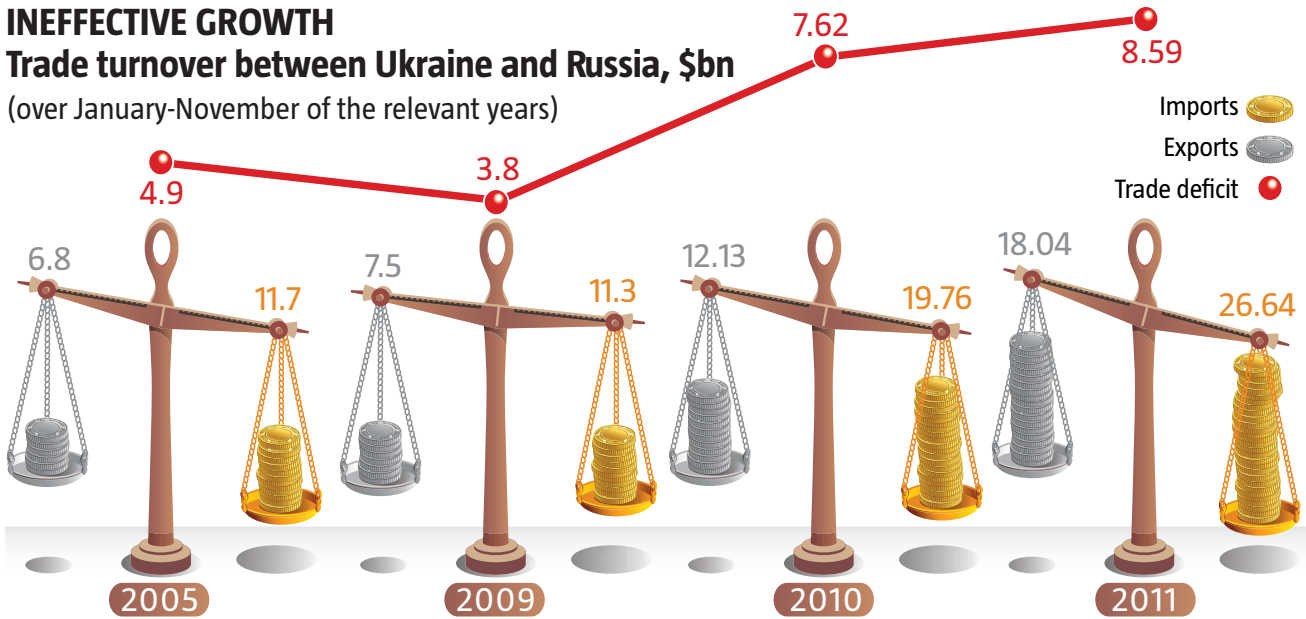
Kyiv, on the other hand, had no "constructive benefits" whatsoever. The only positive outcome for Ukraine, or so the government says, was the CIS Free Trade Zone Agreement. First of all, though, it has not yet been ratified, and sec-



INEFFECTIVE GROWTH

Trade turnover between Ukraine and Russia, \$bn

(over January-November of the relevant years)



norms to European ones, which is inconvenient from the point of view of dragging Ukraine into the Customs Union, since Russian norms remain unchanged. The fact that every tiny step Ukraine takes towards the EU causes the Kremlin excruciating pain is evident in a statement made by Sergei Glaziev, the Responsible Secretary of the Customs Union Committee on 15 December 2011. According to Mr. Glaziev, Kyiv should have got the green light from Moscow first, before taking steps towards EU integration, and consulted with Customs Union countries before signing the Free Trade Agreement with the EU, since the agreement with the Customs Union had been signed earlier.

In the final instance, the reasons behind Russia's claims about the quality of food imported from its neighboring countries are familiar from its earlier cooperation with other post-soviet states. The growing tension between Georgia and Russia resulted in restricted imports of Borjomi mineral water and Georgian wines in the spring of 2006. This mineral water/wine war lasted five years. In 2007, Russia started the cheese wars with Ukraine, followed by milk conflicts with Belarus in 2009. During its anti-Tajik campaign in November 2011, the Russian Consumer Goods Supervisory Authority announced that

it intended to ban the import of vegetables from Tajikistan since they did not meet phytosanitary standards. As soon as the formal pretext – the imprisonment of a Russian pilot – was resolved, the quality of the vegetables magically improved dramatically and Russia has forgotten its intent until the next controversy.

The prospect of Ukrainian pipe exports to Russia is also in question. If, during the “confrontational” 2008-2009 years, the annual quota for Ukrainian pipes exported to Russia increased from 419,000 to 428,000t, then last year, during the era of “constructive relations”, it was reduced to 300,000t. Under the contract signed on December 30, 2011, the quota for the first six months of this year is 150,000t, what happens afterwards will most likely depend on how Ukraine behaves.

The annual quota for Ukrainian pipes exported to Russia was **428,000t** in 2009,

300,000t in 2011 and

150,000t in 2012

“IF WE DO NOT CHANGE OUR DIRECTION, WE ARE LIKELY TO END UP WHERE WE ARE HEADED”

Chinese proverb

On 10 January, Mr. Azarov commented on gas talks with the Kremlin: “We are telling the Russian leadership that if we are to be strategic partners in the future, we should build our cooperation accordingly, as strategic partners.” But the essence of the problem lies in the fact that Russia has never viewed Ukraine as

an equal partner, while with its actions, our current government is narrowing its room for maneuver, pushing the country and itself into a dead end. Playing its multi-vectored game and overestimating its own strength in blackmailing Europe, it has, in essence, voluntarily refused to sign FTA with the EU, which among other things, offered additional opportunities for the sale of Ukrainian goods on the European market and in either case, would have weakened the negative impact of likely trade wars with Russia.

Jerzy Buzek, President of the European Parliament, recently commented on possible economic sanctions against the Ukrainian government if it fails to stop its repression of members of the opposition. He said that there were no such plans “so far” and that he would not want to get ahead of himself. At the same time, the Europeans also did not want to get ahead of themselves six months ago and suggest that they would have to refuse to sign the already long-suffering Association Agreement and FTA as a result of the inadequacy of the Ukrainian leadership. By contrast, Russia will use this situation to increase pressure on ever more aspects of its bilateral cooperation with Ukraine. This is the price of Ukraine's isolation from Europe. ■

The Ghost of the Past

Mr. Putin is motivated by historical nostalgia which is out of touch with reality

BIO*

Zbigniew Brzezinski

is an American geostrategist, political analyst and statesman

1966-1968 – member of the Policy Planning Council, US Department of State

1968 – Chairman of the Hubert Humphrey Foreign Policy Task Force

1973-1976 – Director of Trilateral Commission with USA, Europe and Japan

1977-1981 – National Security Advisor for President Carter

1981 – President Carter presents Dr. Brzezinski with the Presidential Medal of Freedom for his contribution to the improvement of US-China relations and US national security policy

1987-1988 – member of the US National Security Council - Defense Department Commission on Integrated Long-Term Strategy

1988 – co-chairman of the Bush National Security Advisory Task Force. Also, Dr. Brzezinski chaired the US-Ukrainian Consultative Committee



PHOTO: REUTERS

Interviewed by:
Zhanna Bezpiatchuk

Dr. Zbigniew Brzezinski is definitely the most well-known geostrategist of the late 20th and early 21st centuries. Serving in key positions in US foreign policy, the Polish-born Dr. Brzezinski paid significant attention to Eastern Europe. During the Cold War, Dr. Brzezinski was among those who laid the foundation of its possible comeback to Western democracy. For many, his phrase about Russia as a Eurasian empire with Ukraine and an Asian empire without it outlined the essence of the geopolitical reality in which Ukrainians still find themselves trapped. *The Ukrainian Week* had a chance to ask Dr. Brzezinski a few questions. Among other things, his answers

include projections for Ukraine's geopolitical future.

U.W.: Putin has declared his intention to create the Eurasian Union. The Common Economic Space of Russia, Belarus and Kazakhstan will come into effect in 2012. How do you assess the prospects of this Union on the grand Eurasian chessboard?

Unfortunately, Mr Putin is motivated by historical nostalgia which is out of touch with reality. The fact of the matter is that neither the Kazakhs, nor the Ukrainians, nor the Belarusians want to be part of an even somewhat camouflaged empire again. As a result, any effort to make it into new Russian empire will produce resistance. And such resistance will further damage Russia's ability to become a modern, success-

ful democratic and eventually even European state.

U.W.: What role will Ukraine play in this process?

Ukraine has to be aware of the fact that its interests could be badly jeopardized if it were to again become a province of Russia. I would like to think that President Yanukovich does not wish to be a governor in Kyiv in an essentially Russian-dominated province.

U.W.: What are Ukraine's prospects in the geopolitical game between the EU and Russia?

I think that Ukrainians have to exercise their best choice. It seems to me that Ukrainian independence and Ukrainian prosperity are more likely to be assured within the framework of a

*Info from Wikipedia

larger cooperative Europe that eventually includes not only Ukraine but also Russia, and not in a territorial empire essentially restored by the Kremlin in which one nation dominates over the others. However, let me add here that if Ukraine is to make a choice for Europe, it has to face the fact that Europe is self-defined as a democratic entity. And a democratic entity does not put democratically-elected, former leaders in prison.

U.W.: How would you assess the development of the Ukrainian political elite over 20 years of independence?

I think the top political leadership of Ukraine over the last 20 years has deteriorated in quality. But at the same time I also note that a whole new generation of younger political leaders is emerging on the Ukrainian scene. Therefore, I'm optimistic that in the longer run the desire for independence and democracy that are both important will become the dominant political reality in Ukraine. I'm worried about the short-term prospects for Ukraine. I'm more confident about longer-term prospects.

U.W.: How many years do you mean by "short term" prospects for Ukraine? Is it five, ten or fifteen years?

Well, precisely in that time range anyway from five to fifteen years. This will depend not only on changes within Ukraine but also on the pace of Russia's democratization because Russia is now entering a new phase. It is, in my judgment, the third phase of its post-communist transition. The first phase was to contain the disintegration, to stop it. The second phase was to restore centralized power, and Putin played the pre-eminent role in that. The third phase, which is now beginning, is the emergence for the first time in Russia of an authentic middle class-based, young internationalist civic society — that is a new phenomenon in Russia. And I think it is going to now gain in strength. But no one can predict precisely how long it will take before it becomes politically dominant.

U.W.: Do you think the recent political protests in Russia look promising?

They look promising. They hold out the prospect not only of Ukraine but of Russia at some point being part of a larger West in which the principles of independence and democracy are universally respected. ■■

LATEST PUBLICATIONS*

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Neither Sticks, Nor Carrots

The 2012 State Budget entails neither significant increase of fiscal pressure nor pre-election overtures to the electorate

By signing the 2012 State Budget bill, the President has approved what appears to be a perfectly realistic budget with revenues estimated at UAH 332.8bn and spending amounting to nearly UAH 358.1bn. These figures are fairly conservative, yet this does not mean that the country's financial plans will be accomplished. The bill does not account for some very likely shocks both in and out of Ukraine.

As the 2012 State Budget was drafted, projections of real GDP growth sparked heated debates. In Ukraine, however, it makes more sense to look at the nominal indicator instead. The deflator, which is the ratio of nominal GDP expressed through market prices in the current year to the real GDP in prices of the base year, has not recently dipped below 15-20%. Under such circumstances, the index of real growth - whether it is 4% or 5% - does not really matter, even if it still has some impact on projected tax revenues. A slowdown in the development of Ukraine's key trade partners has resulted in a UAH 5bn decrease of expected nominal GDP growth.

Another troubling aspect is the growing national debt. Apparently, these concerns are justified even though the problems are purely theoretical at this point. In 2011, real GDP growth in Ukraine outpaced its debt growth. In mid-2011, the sovereign debt to DGP ratio hit 40% and later sank to 36-37%. This is a rather acceptable figure given the fact that it isn't likely to skyrocket any time soon, as lenders are reluctant to issue new loans to the country. Still, a significant portion of Ukraine's liability is denominated in foreign currencies further burdened by enormous foreign liabilities in the corporate sector. This has led to fears of hryvnia devaluation that could tilt the economic

Author:
Dmytro
Boyarchuk,
CASE Ukraine
Executive
Director

situation, multiplying the budget burden and fiscal pressure. Even printing money will be of little help under this scenario. Devaluation could be sparked by developments on foreign markets, including, among other things, plummeting demand and collapsing prices for Ukrainian exports. The price of Russian gas is a key issue for Ukraine in this context, and it remains unresolved. Therefore, the approved state budget is merely a working draft that could be amended many times as a result of various factors.

The parliament only passed the 2012 State Budget because it needed to do so in order to revive cooperation with the IMF, among

due taxes respectively. The State Budget calculations are based on the assumed growth of corporate income by UAH 10.9bn to UAH 293.6bn in 2012. This is a realistic projection. Moreover, it might indicate the government's milder approach to business in 2012, particularly regarding the infamous advance tax collection. Still, it might search for extra resources to please the electorate in 2012. SMEs are most likely to keep hiding in the shadows, yet their share of budget revenue is fairly small. Two thirds of all taxes are paid by big taxpayers that have no way of hiding.

The budget deficit will be largely bridged through privatization. The government expects to sell state property worth UAH 10bn, a perfectly realistic expectation given the sale of VAT UkrTelecom for that amount alone in 2011. On 20 December, the President received a bill On the State Property Fund of Ukraine (SPFU), which, if signed, will remove the SPFU from the parliament's jurisdiction. Even if a surprise occurs and the Party of Regions loses its grasp of the Verkhovna Rada, the SPFU will remain under the President's control, and power consolidation is the next step to quick and "proper" privatization.

The approved public spending is a whole different story. Quite a few experts have criticized the decline of capital public investment, yet that is hardly a problem since capital public investment has always been ineffective and should not be viewed as an instrument of economic development. Still, the government plans to increase spending on law enforcement agencies prior to the election. In Russia, for instance, salaries for police staff have been tripled while in Belarus, KGB and police officers are paid more than many employees of Western corporations. Ukraine seems to be moving in the same direction. ■



2012 CAN BE AN ECONOMIC CHALLENGE FOR EVERYONE

other reasons. Apparently, the likelihood of hryvnia devaluation will be extremely high unless Russia makes some concessions in terms of gas price and Ukraine obtains foreign currency denominated injections from abroad. Moreover, the hryvnia could collapse well before the election, as purely administrative leverages will hardly help the NBU to maintain the current rate. This is unacceptable for those in power. In fact, given the current complex situation, it is worth noting that the government has not included any election "carrots" in the new budget. Yet, such incentives could still emerge in mid-2012 closer to the parliamentary election when the government gets a more realistic view of these developments.

The State Budget revenues are actually well-balanced. The government's tax hunger has fueled significant buzz, yet its growth has been much slower in 2012 than in 2011. This is despite the fact that inflation automatically increases corporate nominal income and

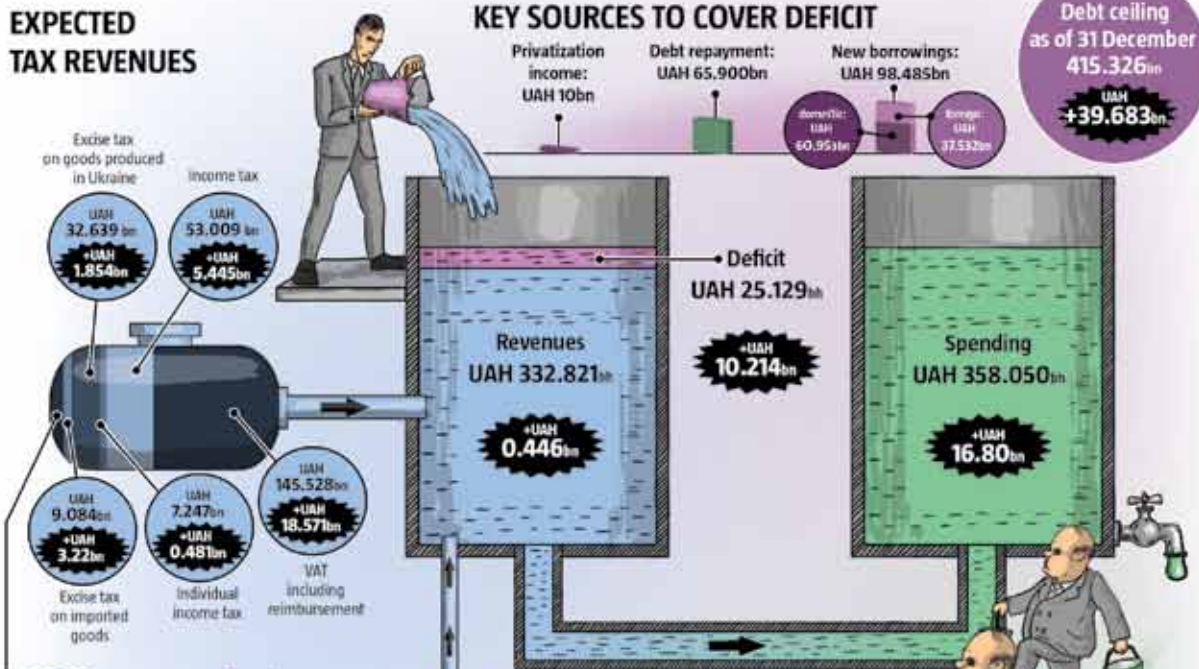
The 2012 State Budget bill appears to be perfectly realistic with revenues estimated at **UAH 332.8bn** and spending amounting to **UAH 358.1bn**

2012 BUDGET FLOWS Compared to 2011

EXPECTED TAX REVENUES

KEY SOURCES TO COVER DEFICIT

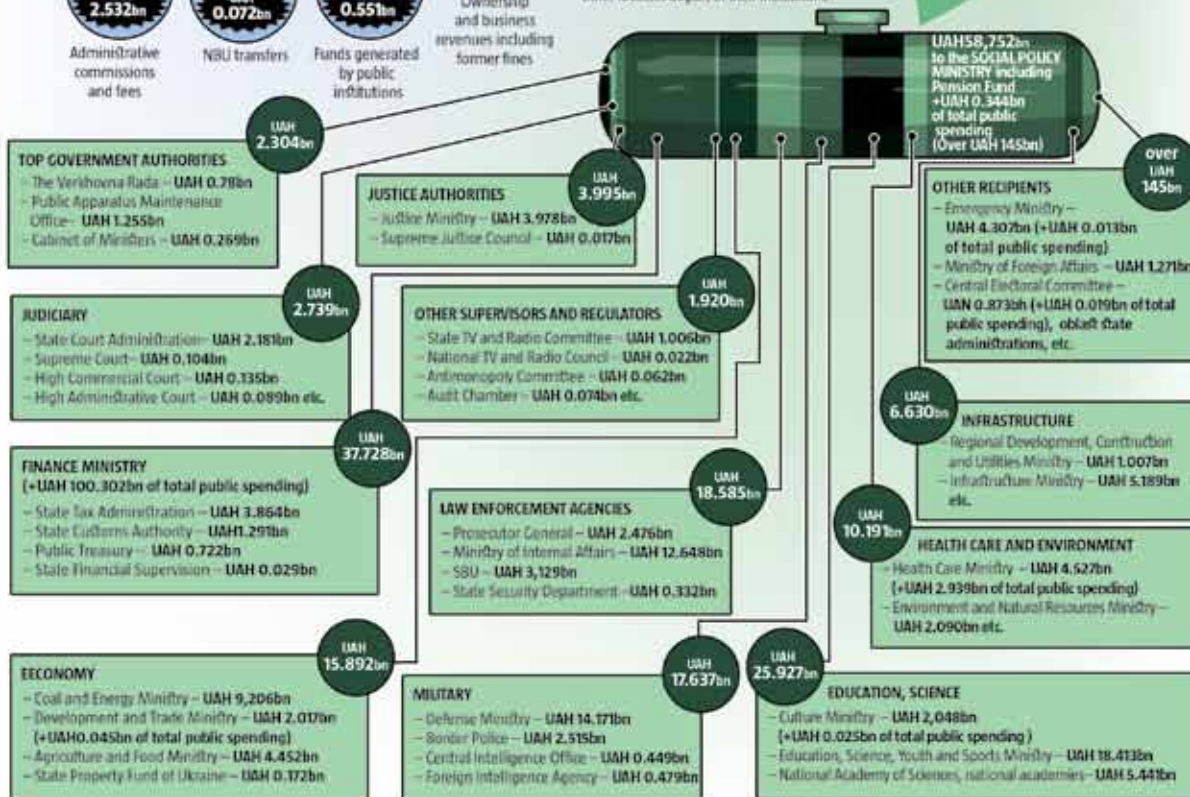
Debt ceiling as of 31 December
415.326bn
+39.683bn



ESTIMATED GOVERNMENT BUDGET

accentuates supervisory and law enforcement authorities

Some spending items included in the 2012 Budget are listed below. Recipients/administrators of funding by sectors are assigned obscurely. Responsibilities often overlap while some recipients have their own educational, medical and other facilities as part of their institutions.



Under the Macroscope

Even successful industries in Ukraine will have to tighten their belts in two years unless the government revises its economic policy in 2012

Author:
Ildar Gazizulin,
Senior
Economic
Analyst
at the
International
Center
for Policy
Studies (ICPS)

Ukraine will face a slew of unpleasant surprises in 2012, due to its excessively open economy and the lack of diversity in its industry. The processes will occur against the backdrop of a global recession, but with a certain national hue. It is doubtful that output will plummet again, the way it did in August 2008, but the economic growth rate will slow down in 2012. In Q4'11, oil, steel, grain and other agricultural product prices already began to fall on commodities markets. The decline in export revenue will have an adverse impact on the hryvnia rate and domestic consumption. But overall, economic growth factors will not differ significantly from those of the past two years. In 2012, Ukraine will not see the record-breaking harvest it had in 2011, since farmers say they will have to replant over 50% of winter grains as a result of the bad weather

last year. Euro 2012 will be an economic benefit, but there is little likelihood that it will significantly improve the difficult situation in the construction and other sectors.

GDP: NOMINAL GROWTH

In 2012, consumption and the gross accumulation of fixed capital will grow by 5% and 6% respectively. Export and import growth will slow down to 3.8% and 6% respectively against the backdrop of the global recession. As a result of the export deflator exceeding the import deflator, the difference in nominal turnover growth rates will be lower. In 2012, the industrial output growth rate will be at a level of 7%. Demand for raw materials will grow much slower compared to the pre-crisis period, resulting in relatively stable global prices for resources. As in 2011, steelworks and mechanical engineering will

remain the biggest contributors to 2012 growth.

There is the risk that the ever-worsening situation on international markets than expected, will lead to a significantly slower economic growth rate than indicated in Ukraine. For one thing, this will be a result of the lack of diversity in Ukraine's industry. It essentially centers around three to four key branches. This state of affairs has remained the same since 2000 when Ukraine's economy began to recover after its collapse in the 1990s. Secondly, Ukraine's economic vulnerability to external shocks can be explained by its excessive openness. Assuming that the global economy will be balanced in the long-term, the expected share of Ukraine's foreign trade will account for about 1/3 of the exports to GDP ratio. Over 2005-2010, this index was at a level of 48% which was significantly higher than



PICTURE: IGOR LUKIANCHENKO

the balanced indicator. Thus, demand for Ukrainian exports could plummet during the recession in 2012.

On the one hand, the situation in Ukraine is not yet critical, since its export covers a relatively vast geography. Ukraine's foreign trade is evenly distributed between the CIS, EU and other markets, including those in Asian and African countries. By contrast, there are some countries in the world that rely on just one market, such as Poland, the production of which is EU-oriented. On the other hand, though, Ukrainian products are apparently not competitive enough. Its export-oriented industries are energy consuming; increasing energy prices hit producers hard, leading to negative consequences.

INVESTMENT EXPECTATIONS: PESSIMISTIC

No matter how the US, EU, China, Russia and other countries respond to the continuing crisis, the next wave will surely not come as a surprise to investors. A lot has been said about the further escalation of the crisis in late 2011, particularly on the level of international financial institutions. Business owners had the opportunity to adjust their production and investment plans. The steep downturn in Ukraine in the autumn of 2008 was largely caused by an unexpected factor: most export contracts were short-term and terminating them was no problem. As a result, the Ukrainian economy plunged steeper and deeper in comparison to other countries.

In recent years, direct foreign investments have been bypassing Ukraine, maintaining a level of nearly USD 5bn which is half of the pre-crisis rate. In 2011, though, there was a sudden jump in capital investment, following two years of decline. However, it's doubtful whether this trend will continue, in view of the likely decline of corporate income and more restricted access to loans in 2012. A 6% increase in the gross accumulation of investment capital will be due to the private sector while public investment will shrink.

PRICE EXPECTATIONS: AGFLATION

The increase in food prices is the key inflation factor. In this context, Ukraine can expect at least two additional obstacles, including a worse

harvest compared to 2011 and the focus of exporters of agricultural products on excessive profits, coupled with increasing food prices on foreign markets after the fall in 2011 prices.

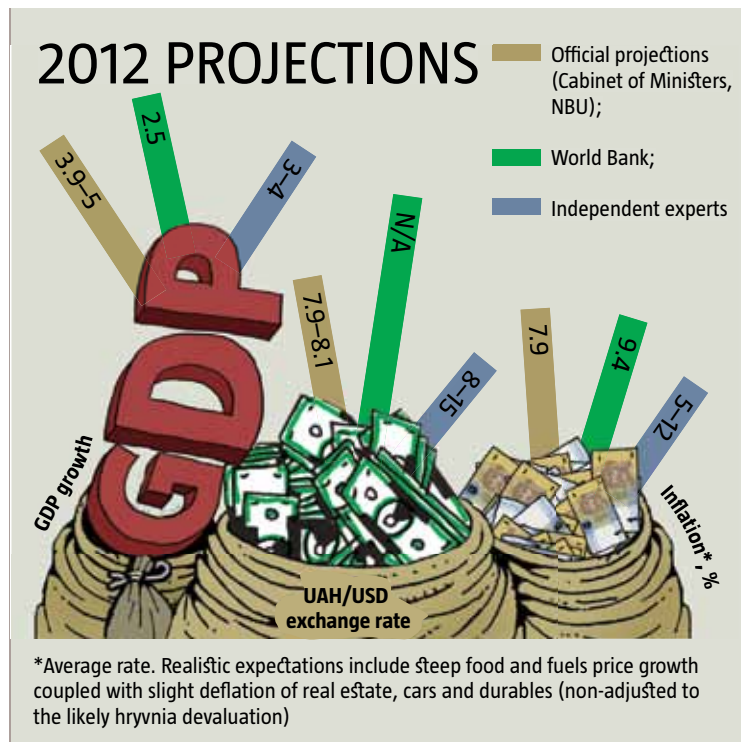
The situation in the industrial sector is predictable. Debt problems in the Eurozone and losses in the global banking system lead to decreased lending, which in turn restricts investment activity, growth in the construction industry and global demand for steel. Under these circumstances, it is worth realizing that Ukraine's balance of payments deficit will increase, as will its trade deficit. Foreign investment in Ukraine will shrink considerably compared to 2009 while corporate players and the government will have a harder time finding lenders and restructuring short-term foreign liabilities. All prerequisites for the devaluation of the hryvnia are apparent.

NATIONAL CURRENCY: DEVALUATION

In 2011, the NBU managed to maintain the hryvnia rate through the sterilization of liquidity, particularly via tough administrative leverages, first and foremost, the regulation of retail currency exchange transactions. Will these measures be sufficient for 2012?

According to ICPS estimates, the hryvnia will devalue against the

US dollar. This trend will result from the earlier reinforcement of the real rate and the reduction in gold and currency reserves in 2012-2013. In the best-case scenario, the average annual hryvnia rate will be UAH 8.3:USD 1, falling to UAH 8.6:USD 1 by the end of the year. On the one hand, the devaluation could help the industry reduce costs. On the other hand, to a certain extent, it would make imported goods less attractive, which would improve Ukraine's balance of payments. But in actual fact, the problem is the growing demand for imported goods, including gas and other energy resources that accompanies the increasing export income in Ukraine rather than the fact that hryvnia exchange rate is not at its best. Even if export markets provide a favorable background, the balance of payments will still deteriorate. Ukraine does not produce many products, which means that it is forced to spend a significant share of its national income on imports. This is a vicious circle and it's doubtful whether it can be broken in 2012. So far, the innovations in the economy have not been productive. As a result, the balance of payments is mostly kept up with foreign loans, which is a way to nowhere. If this sort of management continues for another couple of years, even relatively successful industries will have to tighten their belts. ■



Priority Changes

Reform is probably one of the most often used words in Ukraine. Because of its frequent, often thoughtless use, it has a hollow ring to it, having lost its essence. In reality, reform refers to the changes that Ukraine needs to implement in order to rise from the economic and social abyss it has fallen into, the depth of which is demonstrated by its positions in various international ratings. This, in turn, is evidence of a lack of real reforms.

The Ukrainian Week turned to the representatives of Ukraine's key partners in the international arena, as well as the National Institute for Strategic Studies, which is supposed to act as the government's think tank, with questions about the reforms that should be of top priority in Ukraine. Typically, the Institute refused to answer our questions, possibly due to the absence of such among the nation's professional strategists. The Embassy of the Russian Federation followed suit. This requires no comment, particularly in view of the "normalization" of relations between Ukraine and Russia, which have improved to the extent of the cancellation of official meetings between the two presidents.



REFORMS – NATO'S VIEW

NATALIA NEMYLIVSKA,
Director of NATO
Information and
Documentation
Centre in Ukraine

Sustainable and effective reforms should be based on a holistic approach and I believe that NATO and Ukraine have a unique tool in-hand to help Ukraine move forward qualitative and far-reaching transformations in all areas of Ukrainian society. And by this I am referring to the Annual National Program (ANP), which is the key practical instrument mapping out Ukraine's reform objectives and goals.

While the ANP is a Ukraine-driven document and responsibility for its implementation falls on Ukraine, the Allies stand ready to provide Ukraine with relevant assistance in implementing the domestic reforms outlined in the Program.

From this perspective, the ANP is truly a comprehensive reform plan and the central framework for our practical cooperation on the basis of shared values. This instrument works to bring Ukraine closer to the Euro-Atlantic family and facilitates the achievement of one of Ukraine's main priorities — its European integration ambitions. One must remember that 21 of NATO's 28 members are also members of the EU, and the values espoused by all members of these two institutions, and the US and Canada on the other side of the Atlantic, are shared and congruent.

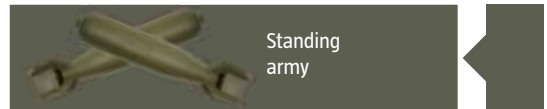
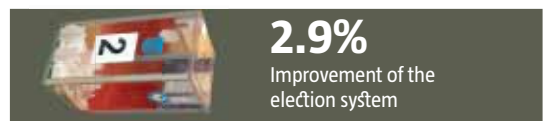
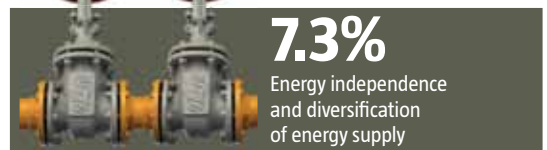
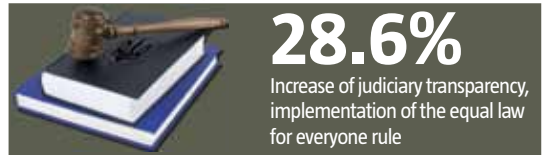
This basic broad-based reform philosophy underpins Ukraine's ANP. Mili-

tary issues for example, although a priority for Ukraine and NATO relations, only account for 20% of the Program, which means 80% is focused on other key areas, namely political and economic issues, resources, security issues, and legal issues. So, I think that NATO and Ukraine have a very good framework in place to move reforms forward in all areas, answering to that holistic approach which is key to sustainable success.

I would like to say a few words about Ukraine's ongoing reform efforts in the defence and security sectors and how NATO's current internal defence spending and procurement review could also be useful for Ukraine. As NATO Allies are also coping with the serious effects of the economic crisis and cutbacks are inevitable, the notion of "smart defence", which essentially means prioritising, specializing and seeking multinational solutions, coupled with better spending of defence euros and dollars through what has been dubbed "smart budgets", are becoming more pertinent today. Thinking about how to spend smarter in order to be able to deliver real security at a lower cost could be of interest to Ukraine. Furthermore, Ukraine's government will soon adopt the State Program on Armament Development and Military Equipment for 2012-2017, which foresees a substantial increase in Ukraine's state procurement orders for defence. I believe Ukraine could also stand to gain from adopting such a line of thinking in its defence planning process, making its own defense spending and procurement more effective. ■

Which reforms are a priority for Ukraine?

The Ukrainian Week asked its readers to share their opinions on where they would like to see improvements



OTHERS 5.5%

Total number of the polled: 2,015. The survey was open on tyzhden.ua over 1-21 December 2011. This is not a sociological survey



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Creeping DeUkrainization

The media have recently been overwhelmed with messages signaling constricted use of the Ukrainian language

The Constitutional Court passed a resolution that could result in using the languages of ethnic minorities—read Russian—in courts alongside Ukrainian, essentially meaning that Russian could replace Ukrainian. In November 2011, the Ministry of Education, Science, Youth and Sports drafted a bill to amend the Law On Elementary Education and the Cabinet of Ministers has already submitted the bill to the Verkhovna Rada. It allows authorities to establish new elementary schools or groups within existing schools where children will be taught in “their national language or any other language,” according to the explanatory note for the bill. The Verkhovna Rada previously passed resolutions cutting quotas for Ukrainian-language TV and radio productions, resulting in gradual reduction of such programming, meanwhile Ukrainian songs are predominately only played after midnight. The Ministry of Education and local authorities have encouraged Ukrainian-language schools to become bilingual, as is the case in Odesa. Moreover, Education Minister Tabachnyk would like to make all officials speak both Ukrainian and Russian.

As a result, the sectors where Ukrainian is supposed to enjoy support as the official language, such as courts, civil service, education and mass media, are shrinking. Those claiming that languages, primarily Ukrainian and Russian, should compete under equal market terms are far from objective. Following the Russian language’s soviet-era domination in a number of important spheres, including administration, science, education, mass media and entertainment, Ukrainian has a lot of catching up to do. As a result, use of Ukrainian is an entirely new development in many sectors. For “the competition of media productions in different languages” often supported by advocates of the Russian language to truly be free and fair, Ukrainian needs legislative rather than purely declarative support that

Author:
Andriy Duda

would offset its soviet-era status as a second-rate language.

After all, most Ukrainians agree that the Russian language is not in trouble, despite claims to the contrary by Tabachnyk and his ilk. Only 1-3% of those polled think that Russian is in danger; its status ranks among the least of the twenty problems with which Ukrainians are most concerned.

However, in the supposed interest of protecting the rights of the Russian language, the government is now making “facelift” amendments to laws, regulations and court resolutions that didn’t pose a threat to begin with. These measures will



THE SECTORS WHERE UKRAINIAN IS SUPPOSED TO ENJOY SUPPORT AS THE OFFICIAL LANGUAGE, SUCH AS COURTS, CIVIL SERVICE, EDUCATION AND MASS MEDIA, ARE SHRINKING

serve to restore the Russian language’s dominant position without even amending the Constitution or language laws.

THE CHARTER CLEARS THE PATH

On 13 December, the Constitutional Court approved items 4 and 5 of Article 12 of the Law On the Judiciary and the Status of Judges dated 7 July 2010. According to the two provisions, “...regional languages or languages of ethnic minorities can be used in court under the Law of Ukraine On the Ratification of the European Charter of Regional and Minority Languages...”

This is not the first law to legally reinforce the status of the Russian language through Charter provisions, yet such citations are inaccurate. Ukraine ratified the European Charter for Regional and Minority Languages in courts very subtly. According to the Law On the Ratification of the European Charter dated

15 May 2003, Kyiv has undertaken the following commitments: 1) ensure that appeals and evidence submitted to criminal courts in written or oral forms shall not be rejected or deemed unacceptable only because they are filed in regional or minority languages; 2) allow submission of documents and evidence in regional and minority languages to civil courts; and 3) allow submission of documents and evidence in regional and minority languages during proceedings related to administrative issues. Moreover, the government has pledged “not to deem documents drafted inside the country illegal for any party to a legal proceeding only because they are written in regional or minority languages” and to “ensure that the most important national laws and legal documents concerning individuals who use regional and minority languages exist in the respective languages unless otherwise available.”

The “use of regional or minority languages alongside the state official language” is the inaccurate part of the legislation. It may be interpreted too extensively at local levels. Moreover, the Law On the Judiciary and the Status of Judges does not reflect the principle of the “territoriality” of regional languages, as MPs indicated in an appeal to the Constitutional Court of Ukraine.

As often happens in Ukraine, the Constitutional Court’s resolution failed to clarify the situation. Rather, it merely confirmed that the provision regarding the use of regional languages in court proceedings introduced by the law dated 7 July 2010 is constitutional under the Law On the Ratification of the European Charter of Regional or Minority Languages.

Paradoxically, Ukraine still has not passed a law on the procedure for implementing the European Charter of Regional or Minority Languages. This means that linguistic features of the Law On the Judiciary and the Status of Judges as well as other language-related items based on the Charter cannot offi-

In its opinion on the bill on the basics of state language policy, the Venice Commission described it as an “ill-balanced bill... that lacks measures to support the role of the Ukrainian language as the official state language and properly protect regional and minority languages other than the Russian language.”

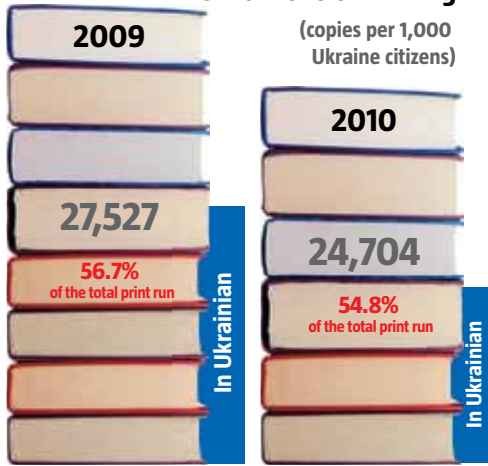


Squeezing the Language Out

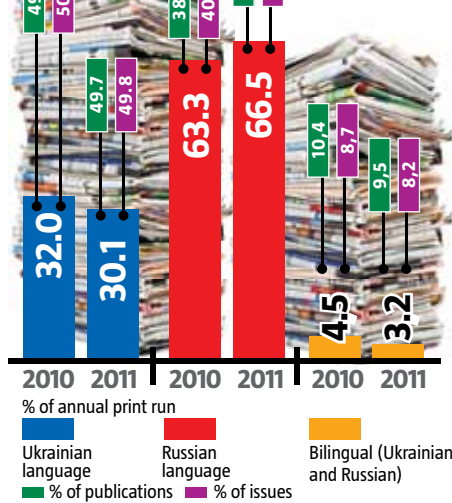
Ukrainian is being pushed out of many areas of public life

Over the past two years, temporary improvements in the status of the Ukrainian language gained from 2005-2009 have been nullified. Things went back to what they had been in 2005, when the decline of Ukrainian usage peaked under President Kuchma. Over the ten years leading up to 2005, the share of Ukrainian-language print media had declined from 47% in 1995 to 31% in 2005, accompanied by the growth of Russian-language print media from 47% to 64% respectively.

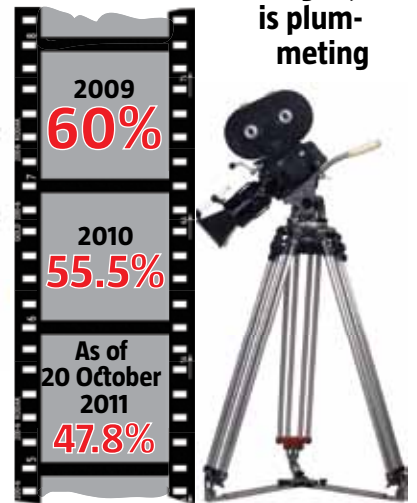
The print run of Ukrainian-language books and brochures published in Ukraine is shrinking



More and more newspapers switch to Russian

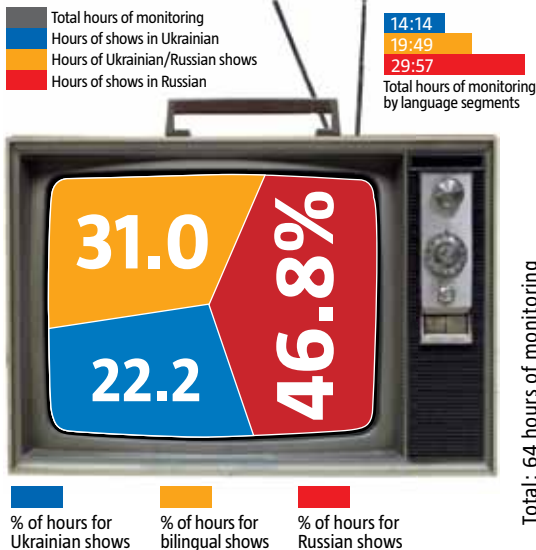


The share of films dubbed in Ukrainian and shown in movie theaters legally is plummeting

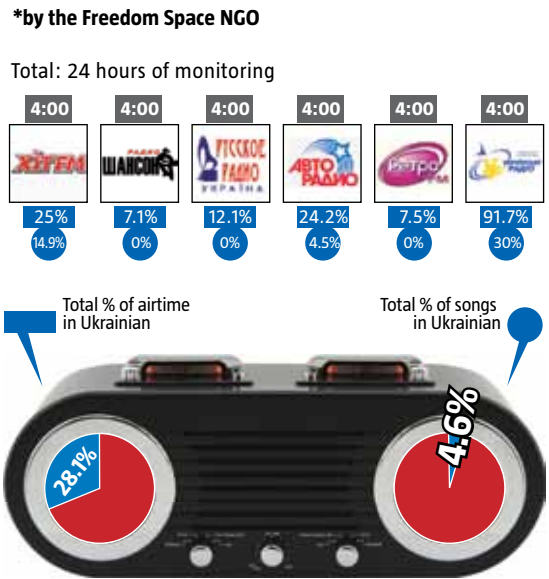


UKRAINIAN IS DISAPPEARING FROM TV AND RADIO

Based on monitoring of the eight most popular TV channels from 6-10 p.m. on weekdays and 12-4 p.m. on weekends held in late October 2011



Based on the monitoring* of six most popular radio stations from 4-8 p.m. on 31 October 2011



Based on the following research: The Language Balance in Ukraine in 2008-2009 by Olena Medvedeva, The Status of the Ukrainian Language in Ukraine by the Freedom Space volunteer campaign, and data from the State Statistics Committee

cially be enforced today. Yet we suspect that despite all this, some officials—including recently appointed judges—will use the charter to replace the official Ukrainian language with Russian arbitrarily in courts. In the meantime, legislation will be adjusted to fit this new custom-made reality.

**PUSHKIN:
THE NATIVE FRENCH-SPEAKER**

According to Vadym Kolesnichenko and Serhiy Kivalov, two Party of the Regions MPs and the bill sponsors, a language obtains “regional” status provided that at least 10% of a given territory’s population speaks it natively. A requirement this low is rare in Europe, but Kolesnichenko and Kivalov go even further, defining a native language as the first language “an individual learns to speak in early childhood.” Some see this provision as an attempt to preserve the consequences of russification, but it looks more like a provo-

cation against Russian culture. It means that Anton Chekhov was a Ukrainian speaker given his confession to friends Maksim Gorki and Lazarevski, “I spoke Little Russian (Ukrainian) exclusively as a child.” In fact, French should have been Aleksandr Pushkin’s official native language, as he had learned it in his early childhood.

Under bill 9073, local authorities are supposed to decide whether to grant a language official “regional” status. According to their resolution or based on the collection of signatures from the public, a language with less than 10% of native speakers in a given territory can also become an official “regional” one. Although the bill does not specify which councils are authorized to make such decisions, the Explanatory Note accompanying the bill suggests that any council will do. Meanwhile, decisions made by oblast councils are superior to those of county and lower

councils—this runs counter to the principles of local self-governance in Ukraine in terms of power distribution among councils. According to estimates by the bill’s sponsors, Russian will become an official “regional” language in 13 out of 27 oblasts of Ukraine, including Kyiv. Crimean Tatar language will obtain the status in Crimea, followed by Hungarian in Zakarpattia Oblast and Romanian in Chernivtsi Oblast.



**UKRAINE HAS NOT PASSED
A LAW ON THE PROCEDURE FOR
IMPLEMENTING THE EUROPEAN
CHARTER OF REGIONAL OR
MINORITY LANGUAGES**

The latter is a perfect illustration of how absurd the outcome could be, as civil servants including village mayors in entirely Ukrainian-speaking districts will be forced to learn Romanian.

INTERNATIONAL EXPERIENCE



Filip Dewinter, the leader of Vlaams Belang, the right-wing Flemish party, holds the Flanders Republic Street sign during protests in Brussels

PHOTO: REUTERS

**THE DARK SIDE OF BILINGUALISM:
the number of official languages
grows, but problems do not decrease**

The Venice Commission has already criticized bill 9073 as a document that discriminates against the Ukrainian language.

Surprisingly, a thorough analysis of the documents accompanying the bill sponsored by Kolesnichenko and Kivalov reveals financial motivation. "Since the State Budget provides for funding to ensure the development and use of Ukrainian as the official state language, and to enforce the Law of Ukraine On the Ratification of the European Charter of Regional or Minority Languages, the implementation of this bill does not require extra funding," according to the Explanatory Note. As a reference: the 2011 State Budget allocated UAH 1.1 million to implement the Charter and 3 million for development and use of the Ukrainian language, totaling UAH 4.1 million (US

\$512,000). Thus, either the Explanatory Note lies or its authors are not qualified to estimate the real cost of bilingualism in 15 counties and having three official languages in Crimea. According to the most modest estimates, enforcement of the bill will cost taxpayers at least UAH 1.3 billion annually (US \$162.5 million) as documentation and clerical work switch to a bilingual system, and that's just the beginning.

No wonder that Party of the Regions MPs have failed to see the political and social impact of the bill if passed—they can hardly even calculate the real cost of its enforcement. This sort of policy could spark unprecedented ethnic tension in Ukraine. Virtually all European states have chosen to give up linguistic and ethnic rivalries on the regional scale in order to preserve ethnic peace. ❏

**Author:
Andrii Skumin**

Representatives of pro-Russian organizations in Ukraine often allude to the "European tradition" or "global experience" as they build up arguments in favor of bilingualism. In reality, it is exactly this tradition and experience that show it is better for a country to have just one official language. This saves government money spent on supporting bilingual or multilingual facilities. Moreover, several official languages are an inefficient tool in solving language and national issues.

Countries with two or more official languages are rare, including territories inhabited by distinct ethnic groups speaking their own languages, such as Belgium, Switzerland, or Canada, or former colonies that mostly become virtually monolingual with the language of the titular nation that is eventually defeated.

Some colonial countries which gained independence in the 20th century tried to combine two missions: consolidate their own identity via the revival of the national language and preserve equal rights for all citizens and a special (sometimes even official) status for the language of the former mother country on the other. This has actually resulted in the dominance of the language of the former colonizers.

In Belarus, bilingualism has degenerated into the virtual dominance

of Russian. The 2009 census shows that only 23% of the population speak Belarusian at home. Polls show that only 6% use Belarusian on a daily basis, while 74% speak Russian. Kazakhstan, where Russian dominates, is now following the same path, with 60% of the population speaking fluent Kazakh (for Russian the figure is 80%). The example of Ireland is revealing: insufficient efforts to support Irish have resulted in its being ousted by English. After gaining independence in the early 20th century, nearly 20% of the Irish spoke Irish exclusively; now only 70,000 out of the 4.5 million population use it daily (although nearly a third of the population names it as their mother tongue). This is the result of the limited areas where Irish is obligatory as an official language. As a subject on the curriculum, it is only compulsory at primary schools; it is also taught at middle schools, but universities are dominated by English. The latter is also the language of official documents. Only in 2005 was Irish introduced into official communication alongside English. This is what threatens Ukraine, if the scope of using Ukrainian as the official language continues to be reduced.

Finland is a bilingual country, where such problems do not have any negative reverberations. In the near future, Finland could lose the status of a bilingual state altogether, because the costs for bilingual facilities are too high. ❏



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How to Bring Up a Ukrainian-Speaking Child

in a Russian-speaking or bilingual environment

Author:
Inna Zavhorodnia

Photo:
Denys Kuksenko

Volodymyr and Olha Honchar live in Kryvyi Rih, a predominantly Russian-speaking city in Eastern Ukraine. As have many other young people all over the country, they have made a choice in favour of their native Ukrainian as adults. For Danylko and Darynka, their son and daughter, Ukrainian is the language their mother and father speak. “We always speak Ukrainian at home,” Volodymyr says. “So, when our kids were born they learned to speak Ukrainian as well.”

This proves that bringing up Ukrainian-speaking children in Kryvyi Rih, where most people speak Russian, just like in Dnipropetrovsk or Kyiv is possible. Yet, kids will never grow up to be Ukrainian speakers on their own in surroundings that are predominantly Russian-speaking, or bilingual, with Russian dominating most aspects of public life and mass media. This forces their parents to create Ukrainian-speaking communities for their children and choose Ukrainian-language media products.

“We only buy children’s books in Ukrainian,” Mr. Honchar says. “The same thing with CDs and DVDs: they are now available in high quality and are dubbed fantastically. Also, we watch all hit movies and cartoons dubbed in Ukrainian in the cinema.” Little Darynka brings a book to show us. “I have this nice Yasochka’s Book in Ukrainian,” she boasts. The family is proud to have fished out a toy laptop

programmed in Ukrainian; finding something like that in the nearest shopping mall is a big challenge. The novelty sparked a craze in the kids’ kindergarten.

KINDERGARTENS: LOST IN TRANSLATION

When Olha’s and Volodymyr’s kids went to a Ukrainian-language kindergarten in Kryvyi Rih, most of their friends spoke Russian. Although the teachers spoke Ukrainian in classes, they switched to Russian or surzhyk during breaks. “We heard our son and daughter use Russian words from time to time,” Volodymyr says. “Later we noticed our kids switched to Russian while talking to the kids they played with in the street. Of course, we don’t ban our kids from doing that. Instead, we ask them why they do it. We tell them that we always speak Ukrainian to Russian-speaking people and never switch to their language. So, why do they switch to Russian with other kids? ‘He doesn’t understand everything’ or ‘He told me he didn’t like Ukrainian’ our kids reply. This creates a barrier as most kids speak Russian and Ukrainian-speaking children don’t feel comfortable standing out of the crowd.”

Volodymyr Honchar believes children should not be enclosed in one language only and blocked from all others. Instead, he is trying to give them enough arguments in favour of Ukrainian. The decision is theirs though. “We try to not be too hard on them,” Olha explains. “Most grown-ups brought up in Ukrainian-speaking families who later switch to Russian were forced to speak Ukrainian by their parents, or their parents told them one thing and did the opposite themselves.”



PART OF THE UPBRINGING: Olha Khvoštova and Volodymyr Honchar create a Ukrainian-language cultural environment for their children

AUTHENTIC COUNTING RHYMES

Iryna and Andriy Prendetsky, a family in Bucha, a small town next to Kyiv, have two daughters called Maryana and Yaroslava. They began to prepare their girls for kindergarten well in advance. “We chose names that could not be twisted into Russian in a Russian-speaking kindergarten,” Iryna recalls. “My husband would really have liked Khrystyna instead of Maryana, but I told him people would call her Kristina instead, which is the Russian pronuncia-

PARENTS ARE TRYING TO GIVE THEM ENOUGH ARGUMENTS IN FAVOUR OF UKRAINIAN

tion. And who could possibly twist Maryana? A month later, we went to a doctor and heard her say ‘Oh, hi Mariashechka!’”

Four-year old Maryana began to use some Russian words after she first went to kindergarten and heard them there. “We decided to talk to our daughter,” Iryna says. “We told her there are so many different languages. We’re trying to learn English with her, and Italian as her grandma lives in Italy. We want our child to know that Russian is not the only alternative to Ukrainian.”



According to The Status of the Ukrainian Language in Ukraine in 2011, an analytical study carried out by the Freedom Space NGO, the share of children educated in Ukrainian from the 1st grade, out of all boys and girls educated in Ukrainian, shrank during the 2010-2011 school year. This year, a disappointing 82.3% of all students, and 81.2% of first-grade students were taught in Ukrainian. Eight regions including Crimea, Dnipropetrovsk, Kyiv, Luhansk, Odesa, Kharkiv, Kherson and Cherkasy Oblasts, contributed to this downturn in the national statistics.

% OF STUDENTS EDUCATED IN UKRAINIAN	TOTAL STUDENTS	1 ST GRADERS
Crimea,	8.1	6.7
Dnipropetrovsk Oblast,	81.5	81.2
Kyiv Oblast,	99.3	99.1
Luhansk Oblast,	48.5	43.8
Odesa Oblast,	73.5	69.7
Kharkiv Oblast,	75.5	74.5
Kherson Oblast,	85	83.1
Cherkasy Oblast,	99.2	98.8
Total in Ukraine	82.3	81.2

When Maryana brings Russian counting rhymes home from kindergarten, Iryna teaches her Ukrainian ones instead and tells her those are also fun to play with. “Of course, I can let it all go and maybe we’ll be lucky enough to have our kids grow up as Ukrainian speakers in a Russian-speaking environment,” the parents say. “But we believe we should work on this too. Obviously, it takes more effort for parents like us to raise Ukrainian-

speaking kids somewhere other than purely Ukrainian-speaking regions.”

THE PILLARS OF A UKRAINIAN UPBRINGING

Primary education in Ukraine is mostly provided in Ukrainian de jure: over 13,000 out of slightly less than 15,000 kindergartens are officially listed as Ukrainian-language ones. Still, children themselves speak both languages in cities like Kyiv or Kriviy Rih. Even if the children are educated in Ukrainian, a lot of their friends and teachers will still speak Russian.

Aliona Zapadniuk sends all of her three children to one kindergarten as she knows no other similar facility in town. “My kids go to the group called the Lion Cub,” Aliona says. “It was set up by the Lviv Community in Kyiv. They take the kids of their members and supporters. We are just supporters because we don’t come from Lviv. This is just a group in an average kindergarten where kids speak Ukrainian only. Right now, it has 18 children of different ages. It cannot be enlarged due to the sanitary and epidemiological station’s requirements. This is how kids are self-raised in a Ukrainian environment.”

Aliona’s friends in Kyiv who have children have been thinking of setting up a kindergarten for Ukrainian-speaking kids for quite some time. Establishing and equipping one is a challenge though. Obtaining a license for a kindergarten is even more difficult. According to the parents’ estimates, this sort of kindergarten would cost them US \$250 a month. A Ukrainian-language group which opened in an ordinary kindergarten in Obolon, a residential district in Kyiv, was a relatively easy solution to the challenge of finding a native language community for the children.

Four families made the effort to implement the initiative. Marta Vynnytska, one of the initiators behind the Lion Cub group, says too many parents would like to give their children to the group but the candidates have to wait until other kids graduate from it. “We’ve started our own charter in the group,” Aliona says. “For instance, we don’t celebrate New Year with Ded Moroz, the soviet and Russian version of Santa Claus, or March 8, international Women’s Day. Now,

we celebrate St. Nicholas’ Day instead of New Year and Mother’s Day in spring.”

Aliona and Viacheslav Zapadniuk raise their three kids based on three rules of upbringing: in addition to the Ukrainian-language kindergarten, they choose a Ukrainian-speaking environment to hang out in and Plast, the national Scouting organization in Ukraine. “We graduated from Kyiv-Mohyla Academy and keep in touch with other graduates,” Aliona says. “Also, we celebrate all kinds of holidays together. Our kids are friends with the children of our friends rather than the neighbours in our building.” Six-year old Mariyka has just been promoted to the New Scouts. Also, Plast accepts younger kids as ptashata, nestlings in Ukrainian, or Pre-Scouts.

“I took my son to see an Eastern art exhibition at the Khanenko Museum the other day,” Mrs. Zapadniuk says. “It was an excursion for 2-6 year old pre-scouts. Guides in costumes were supposed to tell the children about the East so that they could understand it. As we waited for our guide, the lady from the museum failed to tell the kids even the basic stuff, even if she was very well-educated. She hardly spoke any Ukrainian.” “Normally, families who realize how important it is to raise their kids in a Ukrainian-speaking environment stick to such communities and institutions,” says Yaryna Yatsun, a Plast member who works with pre-scouts.

In truth, parents have a hard time finding a Ukrainian-speaking environment, especially when they move from Ukrainian-speaking regions. So they create their own communities, including virtual ones. “Those Ukrainians who want to stay so unite around churches, schools, associations and communities,” Ms. Yatsun claims. “This is perfectly normal for any ethnic group willing to preserve their identity when surrounded by a foreign language or culture. Ukrainians all over the world, including USA, Canada, Germany and Australia, do the same thing.”

Maybe it is a sad fact, but the above list can easily include Ukraine itself where Ukrainians have to unite and create communication hubs for their kids to preserve their language and culture. ■

An Army for Sale

The reality of the Ukrainian Armed Forces: corrupt officers and soldiers-slaves

Author:
Denys Danko

Photo:
Oleksandr
Chekmeniov

According to a survey by the Horshenin Institute, almost 73% of Ukrainians believe that the increased funding of the army will not improve life in the military. Enlistment has not been prestigious for many years now. Paradoxically, there were 11 enlistees for each vacancy in the Dnipropetrovsk Oblast in 2011. Why was that? Because the army would feed them, they would not have to look for work or rent an apartment. After the army, they can work as security guards. All these plusses prevail over the minuses. The only thing new conscripts are not told, either before, or after taking the oath, is that a soldier is the slave of his commanding officer.

SOLDIERS FOR SALE

“In summer, soldiers work for all entrepreneurs here,” says former officer, Volodymyr Lazarenko. “They simply earn money for their commander. Those who refuse, are beaten. That’s why everyone is afraid and downtrodden.”

Mr. Lazarenko served in unit A 0801 in Ponzivka, a village near Yalta. According to him, Vitaliy Smiriagin, the local commander, has been earning at the expense of soldiers for many years. “Soldiers would run away from him when he was still the commander of another unit,” Mr. Lazarenko says. “Back then, he forced soldiers to gather three to four truckloads of rocks every day. Dead tired, the guys would fall asleep on duty. Eventually, they

could no longer stand it and deserted. The commander took the money earned by the soldiers. I mentioned this to headquarters a few times but they did absolutely nothing.” Smiriagin was later transferred to another unit, where he continued these operations.

The soldiers under Smiriagin’s command confirm Mr. Lazarenko’s words. Oleh Balabansky left the service a year ago. He remembers his stint in the army with horror. The worst thing, he says, was not the meager gruel, strict rules or even the bullying. The most difficult thing was the fact that together with other soldiers, they were given new work almost every day. “Sometimes, they would send 10 soldiers to work at a time, six to one place



and four to another, while one person stayed at the barracks, who had to clean up the whole territory by himself," Oleh recalls. "The worst job was to dig graves. I was digging one once and a guy next to us with a finger-thick golden chain around his neck kept barking "Come on, faster, faster!"

MONEY FOR OFFICERS, ICE CREAM FOR SOLDIERS

Commander Smiriagin is easy to find and still easier to negotiate with. He goes to the checkpoint, listens to the journalist's story about a truck of bricks that needs to be unloaded and offers as many soldiers as necessary. We just need two. They are waiting for us at the checkpoint next morning. The commander takes UAH 200 for the work. Nobody checks our passports. In other words, he does not care who we are and what we are going to do with the soldiers.

The latter do not ask anything either, even when we take them for an ice-cream instead of unloading bricks. They still remain silent, when they find out by whom and why they have been bought. We took the soldiers to the commanders of the Crimean Military Law Enforcement Service and confirmed our story about the purchase of soldiers from Smiriagin with a video taken on the phone.

The scared soldiers recounted their experience of military service. Private Mykola said he unloaded trucks and dug trenches in Simeyiz and Yalta. Over six months in the army, he has worked outside the barracks seven or eight times. The military police decided to pay a visit to unit A 0801 to catch the commander red-handed. Half an hour later, the roll call revealed that two soldiers were missing. The officer was unable to explain where they were. When the journalists happened to show up with the soldiers, the military police registered a violation committed by the officer - sending soldiers to work outside the base for money.

THE PUNISHMENT

The investigation revealed that Smiriagin had been sending soldiers to do work that was completely unrelated to military service on a regular basis, at the same time violating the social guarantees of the soldiers on a regular basis. The officer was found guilty

of corruption and even fined UAH 2,250 (USD 280). To put it mildly, this is a joke. In view of Smiriagin's business acumen, it is safe to assume that it will not prove too difficult to settle with the state. It's true, however, that the officer is reluctant to pay the fine so has filed an appeal.

What would the punishment have been for selling the soldiers to, let's say, sex maniacs?

It appears that this is also practiced in our military, but the military high command turns a blind eye to this problem, even if they are aware of it. During the investigation, journalists visited three military units, trying to buy soldiers for a night. In two units, one in downtown Kyiv and another one in the Kyiv Oblast, the soldier on duty recommended that we talk to the officer. This means we were not the first ones to come with such a request. It surprised no one. Moreover, the commanders agreed to "assign" soldiers. They were not particularly disturbed by the fact that according to the journalists' story, the client was a man. The soldier provided by the officer was ready to go to a sauna or a private apartment. The important thing was to be back at the barracks by morning. The cost of a prostitute in uniform - about UAH 500.

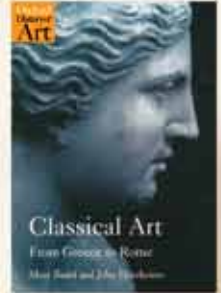
The Ministry of Defense was infuriated by all the evidence collected by the journalists. Even before this inspection was appointed and started, the military accused the mass media of insinuation and provocation. Clearly, the inspection found no evidence to confirm the wrongdoings revealed by the media.

Our hero, officer Smiriagin continues to serve in unit A 0801. His former colleague, Volodymyr Lazarenko, continues to live near the unit and says that Smiriagin's behavior has not changed. The only thing that changed in the life of the Yalta unit was that two privates were reassigned. Both soldiers sold by Smiriagin to the journalists were transferred to a unit under the Military Law Enforcement Service in Simferopol. Hopefully they will serve their last six months in the army as defenders of their homeland, not as cleaners, grave diggers or loaders. Sadly, there is no hope of two privates and journalists saving the Ukrainian army. Smiriagin-like officers abound in the thousands. ■

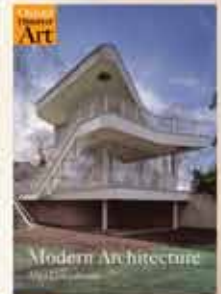
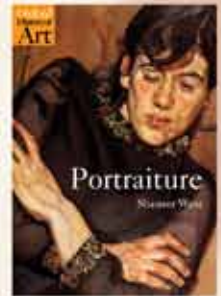


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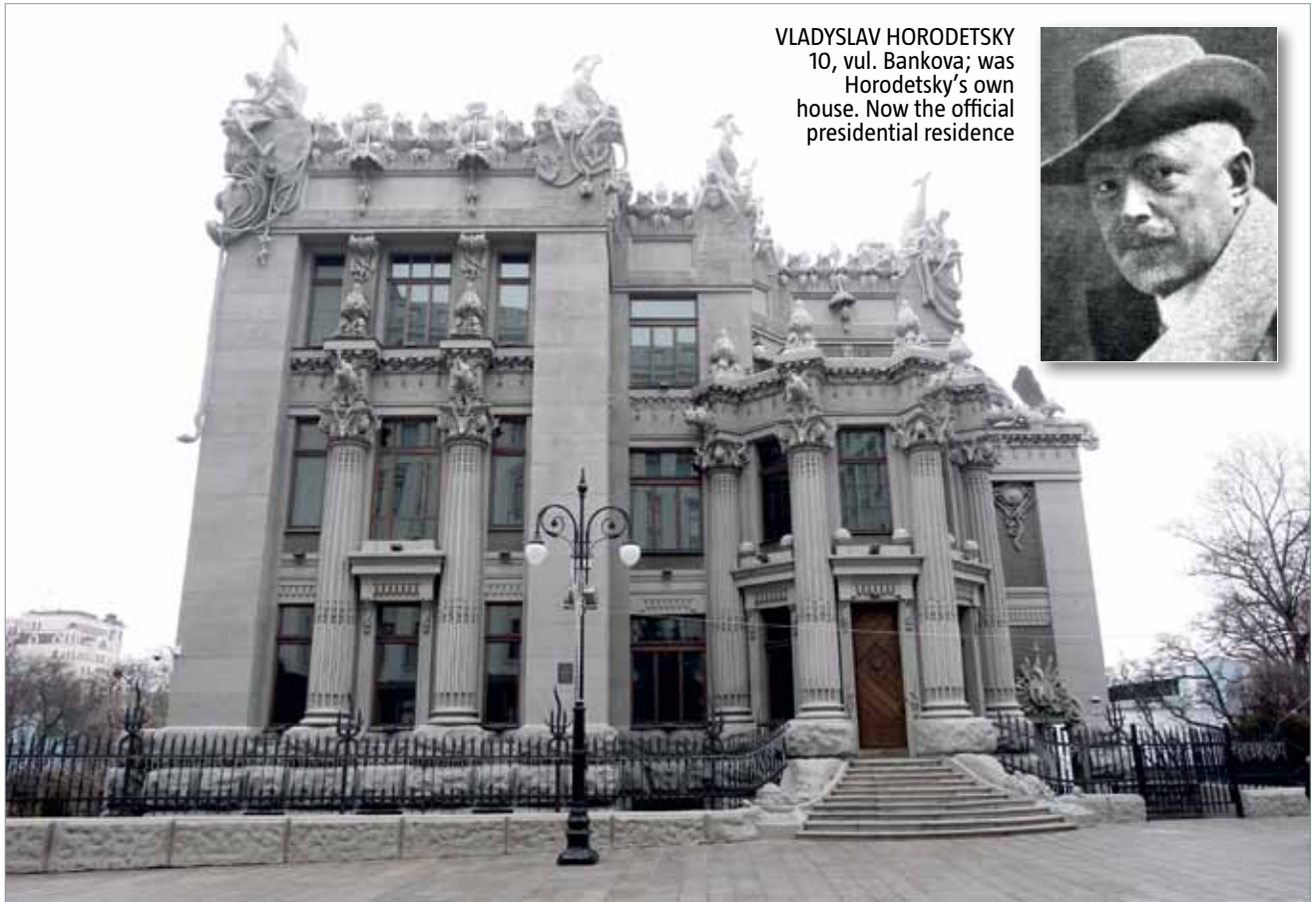


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VLADYSLAV HORODETSKY
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Horodetsky's own
house. Now the official
presidential residence



PHOTO: ANDRIY LOMAKIN

Author:
Dmytro Malakov

VOLODYMYR
PESHCHANSKY
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Hrushevskoho;
previously the
Master Sergeant
Aviation School,
now the Central
House for
Military Officers

Mediocrity is often much more proactive, ambitious and aggressive than actual talent. Unable to create something of value, mediocrity seeks out positions of perceived superiority, such as governmental or penitentiary authority. This concept came to life within the Bolshevik embodiment of absolute utopian equality. Over the past 150 years, the phantom of Communism that haunted Europe claimed many millions of lives. Intellectuals, including talented Kyiv architects, were one of the groups most fervently pursued by the Bolsheviks.



PHOTO: ANDRIY LOMAKIN

SOVIET OUTCAST

Vladyslav Horodetsky (1863–1930) designed the St. Nicolas Roman Catholic Cathedral, the Karaite Kenesa (synagogue) in Kyiv, the National Museum of Art, the House with Chimeras and many others. The intelligent, well-educated artist was born to a noble Polish family. His grandfather had been persecuted for participation in an anti-Russian uprising in 1831. Likewise, his father was stripped of his property for his involvement in an anti-imperial uprising in 1863. The Bolshevik regime threatened Horodetsky with the red terror that murdered thousands of Kyiv citizens.

Having survived the Bolshevik terror, with no possessions and no ability to work as an architect, Horodetsky fled to Poland with his family in early summer 1920 when Polish troops passed through Kyiv. He then worked as an architect in several Polish cities. Subsequently, Henry Ulen & Co, a New-York based investment firm, invited Horodetsky to work as chief architect for Persian railway facilities. Yet the hardships of Kyiv resulted in a fatal heart attack at the age of 67.

As Bolsheviks seized power in Kyiv, Volodymyr Peshchansky (1873–1926) was also forced to leave. An architect, archeologist, art expert and military engineer, Peshchansky designed several buildings in the art nouveau and neo-empire styles. Together with



PHOTO: ANDRIY LOMAKIN



DMYTRO DIACHENKO
15, Heroyiv Oborony, Holosiyiv District; former home of the Agricultural Institute; now the National Agricultural University



VASYL OSMAK
58, vul. Volodymyrska; Mykhailo Maksymovych Library

Vasyl Krychevsky, he designed the Master Sergeant Aviation School whose construction began during World War I. Later, the building was supposed to house the Military Ministry of the newly created Ukrainian State. As the winds of change brought a soviet government to Kyiv, Peshchansky emigrated to Polish-occupied Lviv in 1922, where he worked at the National Museum. His gift to the museum was a unique collection of Ukrainian antiques including icons, carpets, paintings, embroideries, books and other items. Mr. Peshchansky died at age 53.

IN PURSUIT OF SABOTEURS

A civil engineer and architect, Professor Dmytro Diachenko (1887–1942) is known for developing the Ukrainian neo-baroque style of architecture. The academic buildings and apartment blocks of what is currently the National Agricultural University in Kyiv’s Holosiyev district were constructed according to his designs in the late 1920s. Diachenko faced stern criticism as his Bolshevik-turned colleagues pointed to signs of bourgeois nationalism in his work. Soon the press was calling for “large construction projects to be approved by representatives of the working class,” not the bourgeois intelligentsia alone. In the 1930s, Prof. Diachenko designed the Commerce Academy (now home to the Ministry of Science and Education on Prospect Peremohy), stat- ➤

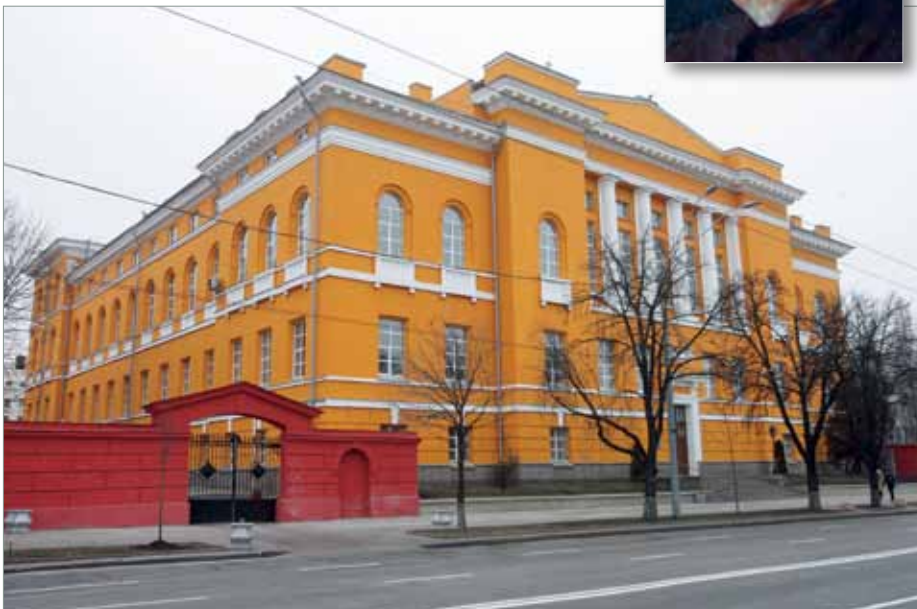


PHOTO: ANDRIY LOMAKIN

ing, “if you don’t like classicism, here’s neo-baroque.” This did little to appease his detractors, however, and the talented Ukrainian architect continued to face repression.

On 6 January 1931, Vasyl Osmak (1870–1942), a civil engineer and professor at the Kyiv Construction Institute, was arrested. He had designed two beautiful libraries next to the Red Building of the Taras Shevchenko National University, several other public and residential buildings, and drafted plans for the Dynamo stadium and Dnipro riverbank. After nine days in custody, Prof. Osmak “pleaded guilty to involvement in a military organization that conspired to seize power and transfer it to a constituent assembly.” The 60-year old architect was sentenced to five years in a concentration camp. 14 months later, the case was reviewed and Prof. Osmak was released. At the same time, five undergraduate students from the architecture department were arrested. Crafty blackmailing and intimidation by the Secret Police (GPU), including simulated executions, coerced the students to design two clubs, apartment blocks, guard barracks, an internal prison and a cellar for executions at Lypky, now a high-end downtown district of Kyiv. Professor Osmak was forced to lead the GPU architect group.

In autumn 1937, Pavlo Alioshyn (1881–1961), a well-known architect, described his occupation as “architect of the Lenin Museum” in bold letters when filling out a party questionnaire.

SERHIY HRYHORIEV
11, vul. Bankova;
previously the headquarters
of Kyiv’s
Special Military District;
now the Presidential Administration



He hoped this would protect him, despite the fact that the impressive domed structure was originally built to house the Pedagogical Museum of Crown Prince Alexei Nikolayevich. Whether by pure luck or thanks to the Lenin Museum mention, Alioshyn avoided repression. Years later, at a meeting of government bigwigs, he clashed with Nikita Khrushchev, then First Secretary of the Communist Party Central Committee, asking “Who are you to tell me what to do?” As a result, he was expelled from the Presidium of the Union of Architects.

BETWEEN NAZIS AND COMMUNISTS

World War II was a terrible test for the entire nation. Moral and physical vagrancy, a lack of architectural work, cold and hunger during the Nazi occupation of Kyiv led to the death of architects Mykola Damilovsky, Ipolyt Mohylevsky, Vasyl Osmak, Valerian Rykov and Oleksandr Smyk. As the front line advanced westward toward the Dnipro, some Kyiv-based architects intuitively sensed that liberation from occupation would be followed by yet another surge of repression given their



earlier experience under the Bolsheviks. In September 1943, Serhiy Hryhoriev, Vasyl Krychevsky and Mykola Shekhonin fled Kyiv with their families and wandered westward, never to return.

Serhiy Hryhoriev (1896–1975) is known for a series of pre-war residential buildings in Kyiv, including the grand house at 11 Bankova that used to house the headquarters of KOVO, the Kyiv Special Military District. The architect was lucky enough to outlive his high-ranking clients: Panas Liubchenko, Head of the People’s Committee Council, and Yona Yakir, KOVO Chief, repressed in the 1930s. Hryhoriev realized that the Bolshevik government would never forgive him for the two years he spent in Nazi occupied territory, and the talented Ukrainian architect soon ended up overseas. He never changed his profession and continued his work at US design firms. His creative career lasted another 30 years, giving him enough time to bring up his son Oleh, an architect as well, who later built the traditional Ukrainian five-domed baroque St. Catherine Church in Minnesota’s state capital. When his father



PAVLO ALIOSHYN
57, vul.
Volodymyrska;
formerly
the Alexei
Nikolayevich
Pedagogical
Museum, now
The House of
Teachers



PHOTO: ANDRIY LOMAKIN



PHOTO: ANDRIY LOMAKIN



PHOTO: ANDRIY LOMAKIN



VASYL KRYCHEVSKY
164, vul. Frunze; previously the Serhiy Hrushevsky College, now an academic building of the Municipal Administration Academy

died, Oleh Hryhoriev erected a tombstone made of polished granite adorned with Ukrainian ornaments and the Trident.

Vasyl Krychevsky (1872–1952), luminary of Ukrainian modern architecture, was also a painter, teacher, theater and film artist, and designed the Trident, Ukraine’s small national coat of arms, in 1918. Krychevsky left Kyiv after a soviet armored train demolished the building at 9 Pan-

MYKOLA SHEKHONIN
25, Boulevard Lesi Ukrayinky; formerly Alexei Nikolayevich Military and Engineering College; now the Ivan Bohun Military Lyceum

kivska where Professor Mykhailo Hrushevsky lived in February 1918. Not only had Krychevsky designed the building, he was also living there at the time. Saving only his most prized possessions, he fled the bombardment with his baby daughter in his arms. In the 1930s, Kyrychevsky was charged with building the Taras Shevchenko Museum in Kaniv, which he designed in the shape of a cross. As a result of this controversial design, the architect faced very real danger. In an effort to save Krychevsky, one party member noted that the museum resembled the party ham-

mer. No one dared to deny this. Based on his earlier life experience under the soviet government, Krychevsky realized that his stay in Nazi occupied Kyiv could easily become a pretext for repression. He lived his last years in Venezuela. Fedir, the youngest of the Krychevsky brothers, was the only one to return to Kyiv after the war. Poor and forgotten, he lived in Irpin, a town in Kyiv Oblast, until his death in 1947.

Mykola Shekhonin (1883–1972), a civil engineer and architect, left a significant creative mark on Kyiv, including the Alexei Nikolayevich Military and Engineering College in the city’s Pechersk district, profitable neompeire apartment buildings, the Yurkevych residential building at 8 Pankivska in the Ukrainian art nouveau style, and Kharchovych Palace of Culture in the Constructivist style. Remembering the events of 1937, Shekhonin also decided to flee before the soviets returned. He ended up in Argentina, where he continued to work as an architect, designing his own house and participating in the construction of the Resurrection Cathedral in Buenos Aires.

The intellectual genocide committed by the Bolshevik government in all spheres of human activity is still evident in Kyiv’s architecture. Over the past two decades, hardly anything of artistic value has been built in the city. Today’s architecture is overwhelmed by vanity, the foolish arrogance of the nouveau-riches and the pursuit of profit. ■



PHOTO: ANDRIY LOMAKIN

THE WESTERN BRAND

The socio-cultural revolution of soviet mods against boring clothes, music and behavior in the USSR

TOADSTOOLS

Foreign girls and foreign boys!
They are nasty toadstools
from head to toe,
homemade Broadway-looking fools.

DRAWING BY KUKRYNIKS



Author:

Oleksandr Pahiria

At the turn of the 1940s and 1950s, a new phenomenon wowed soviet totalitarian society, penetrating the USSR from Western Europe and the USA after the end of WWII. It is connected to the emergence of a youth subculture in the USSR, known as stiliagi or mods, fashionistas, dandies – however you want to call them. Stiliagi, the term to describe soviet mods who followed and copied the lifestyle of young people in the West was coined by soviet jazz musicians and became particularly popular after a sarcastic comment by soviet music critic, Dmitri Beliaev.

THE JAZZ STAGE

Historians and sociologists associate the emergence of this subculture with the birth and the growing popularity of rock'n'roll as a style of music and dance. Some see individual expressions of it among the youth communities in inter-war Western Europe and North America that evolved alongside jazz.

Jazz emerged in the late 19th and early 20th centuries in the US as a fusion of African and European music. Having become extremely popular during the inter-war period, jazz became the central cultural arena that generated youth protests against traditional behavior and the dominating etiquette. Improvisation, polyrhythm and the jazz pulse created a favorable environment for young people to search for alternative means for the development of culture and lifestyle.

During an era of prosperity and the establishment of a consumer society in American counterculture, the “flaming youth” was fascinated by jazz and cars which, thanks to Henry

Ford's assembly line, became an integral attribute of the everyday life of inter-war America. Teenagers were known for their passion for alcohol as a reaction to the prohibition instituted by the federal government. After the repeal of prohibition in late 1920s the jazz, alcohol and car subculture did not disappear, but transformed into other forms. During the height of the Great Depression which fueled unemployment and poverty, teenagers united into local groups, known as the "dead end kids," whose activities were often reflected in movies and comic books.

Different forms of lifestyles were seen among the youth in Western Europe during the 1930s and 1940s. The specific conditions of the Nazi regime in Germany brought forth the "swingjüngel" or swing kids. These were youthful fans of jazz and swing that were officially banned in the Third Reich. They evolved into the Edelweiss Pirates during WWII, as a protest against the strictly regulated life of German teenagers.

Zazous was a bright subculture in Hitler-occupied France, which became a specific form of escape from the dominating spirit of servitude and collaboration.

PROTESTING AGAINST POVERTY

Soviet mods were part of the global youth movement that emerged on the basis of the post-war street subculture. On the one hand, the factors leading to this phenomenon that stood out so brightly in soviet society included the expansion of the USSR's international contacts during and after WWII and the influx of trophy items and clothes brought by soviet soldiers from Central and Eastern Europe as they returned home from war. On the other hand – the psychological discomfort of the post-war soviet youth, which felt the acute disharmony between the miserable and monotonous life in the USSR and the "luxurious" lifestyle in the West.

Raised in the communist environment, young people had very little room to express their



SELF-EXPRESSION:
The interior of Kyiv-based Submarine mod group's premises, 1958

uniqueness and individual lifestyle. Since their early years, the party and related organizations would unswervingly watch over them, using the Komsomol (the Young Communist League), to dictate an officially determined code of conduct, as well as the moral and aesthetic values of a soviet person, that left no room for individual manifestation.

Despite the Cold War and ideological conflict with the West, during the Khrushchev thaw, soviet youth became evermore influenced by the new trends of the bourgeois world, a trend that the Iron Curtain between the two hostile camps could no longer stop. International cultural contacts that expanded in the late 1950s, imported both new ideas and goods, especially clothes, from Western markets to the USSR.

Global fashion trends penetrated the USSR as a result of steep technological progress in the West, albeit much later and strictly supervised by the central party. In the late 1950s, fashion shows took place on a regular basis in the palaces of culture, but the collections were mostly limited to clothes for dairymaids, kolkhoz and poultry farm workers, tractor operators, builders etc. The government cultivated the image of a working woman for whom bourgeois interest in "rags" was alien.

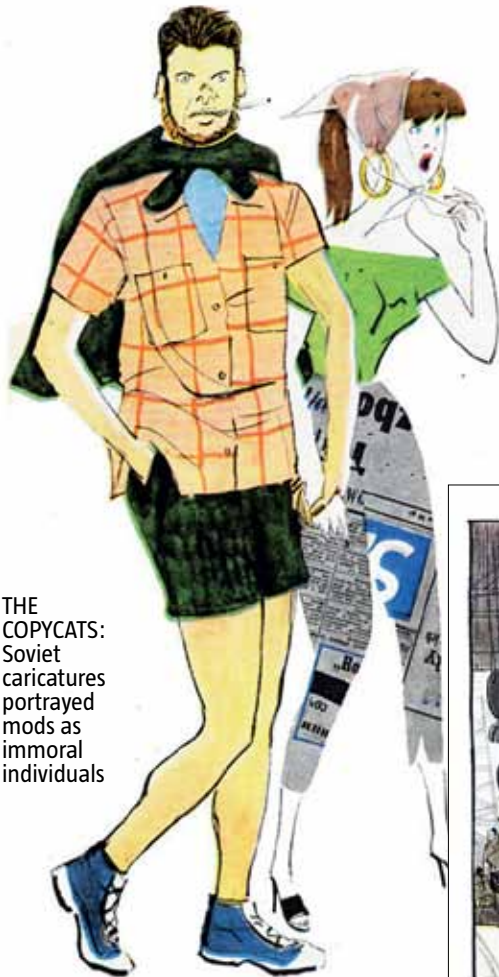
The Moscow youth and student festival in 1957 changed this somewhat, directly influencing the introduction of new elements of modern culture including fashion trends into the USSR. The ban on jazz was lifted that same year.

YOUTH REVOLT

In the late 1940s and early 1950s, the USSR faced a revolt on several levels among its youth, as the manifestation of the traditional conflict between generations and a form of protest against soviet monotony.

Western cinematography, particularly films that entered the USSR as war trophies, contributed to this. As young people watched Western films, they started to emulate the walk, dancing, hairstyles and clothes of the actors, drawing on the lifestyle of a totally different world. ▶

COPYCAT DRAWINGS BY S. GOROKHOV ALL THE VOGUE



THE COPYCATS: Soviet caricatures portrayed mods as immoral individuals

The first fashionistas emerged in the USSR in the late 1940s, peaking during the Khrushchev thaw. The mods were characterized as being demonstratively apolitical, negative or indifferent towards individual standards of the soviet code of ethics, emphatically non-conformist, spontaneously protesting against accepted model soviet behavior, way of thinking and the monotonous clothes, music, lifestyle and entertainment.

Head held high, the arrogant looking down the nose at others and a particular gait, were supposed to signal a soviet dandy's bohemian lifestyle. In their early

years, soviet mods looked more like caricatures, wearing wide colorful pants, baggy jackets, wide-brimmed hats, brightly colored socks and infamous "jungle-fire" ties. Their dress code later underwent a dramatic evolution from shocking outfits to glamorous and elegant skinny pants, backcombed quiffs, elegant wide-shouldered jackets, thin ties and cane umbrellas. Reindeer sweaters borrowed from the Sun Valley Serenade and The Girl of my Dreams films were a must for mods. Pointed shoes with platform crepe soles were their favorite footwear. Popular summer wear included bright Hawaii

A MOD RUNNING FROM SAKHALIN, DRAWING BY E. SHUKAYEV



COMPARISON

Youth subcultures in Europe and the USA in the 1930s–1950s



Swingjugend

were informal movements in the Hitler Germany of the 1930s, that involved jazz and swing fans aged 14-18. They followed English and American lifestyles and were ideologically opposed to National Socialism, especially the Hitlerjugend. Swingjugend ceased to exist after a raid on 300 young people by the Nazis on August 18, 1941.



Edelweißpiraten

were free movements in Nazi Germany that emerged in West Germany in the late 1930s as a response to the strictly regulated life of its youth. These groups included pre-conscription boys, aged 14-18. The distinction of the "pirates" was the edelweiss, special clothes, unique style and anti-Hitler songs. They participated in the Resistance movement and were persecuted by the Nazi regime.

Zazous

was a subculture in France during WWII. The Zazous expressed their individuality with the aid of loose and colorful clothes, vegetarian food, and wild swing and jazz dances, which they interpreted as the resistance and non-conformity of the French youth to German occupation. It brought together young people aged 17-20 of both sexes, from all social classes and races; they were persecuted by the Vichy Regime.

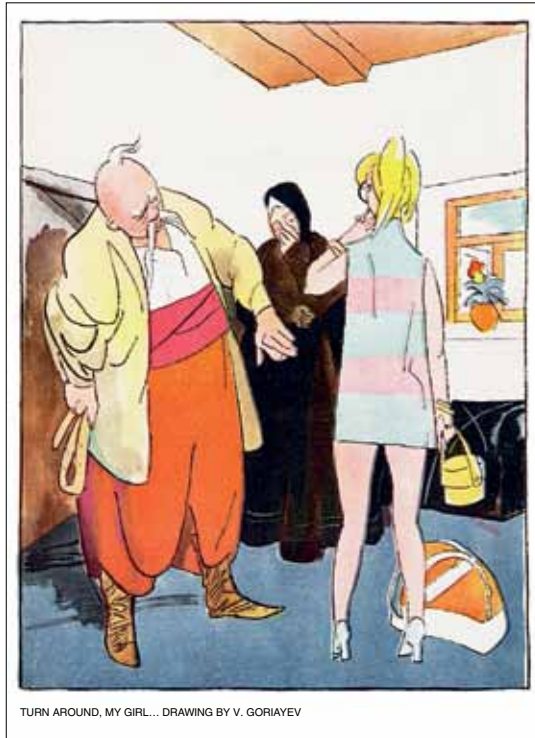


shirts with colorful floral prints and the like.

For a mod girl, it was sufficient to wear colorful makeup and a hairdo known as the “peace wreath”. Tight skirts, moulded to the hips were considered to be very chic. Copying models in Western fashion magazines, girls wore pants, silk floral print blouses and winkle-pickers.

Jazz and rock’n’roll was the favorite music of soviet mods. Their favorites were Bill Haley, Elvis Presley, Chuck Berry, Little Richard and Buddy Holly. The deficit of vinyl records made young music lovers record music on X-ray pictures, known as “rock on the bones”. They were popular until tape recorders emerged on the market. Favorite dances included boogie-woogie, rock’n’roll and the twist. In addition to clothes, music, dances and manners, mods stood out for their slang which was partly borrowed from jazz musicians.

Leningrad and Moscow were the biggest mod centers in the late 1940s and 1950s. Many foreign tourists visiting the cities left behind a visible mark of Western culture. In the mid-50s it spread to the periphery, embracing soviet teenagers in Kazan, Nizhniy Novgorod, Perm, Baku, Tashkent, Alma-Ata and Kyiv, the capital of soviet Ukraine.



TURN AROUND, MY GIRL... DRAWING BY V. GORIAEV

One community called the Submarine was started by a group of students promoting Western culture and lifestyle at 14, Saksahanskoho St., in 1957. The mods hung out at writer Vasyl Mynka’s apartment and the Writers’ Club. Some other mod communities set up in 1958–1959 had expressive names, such as Cinema and Bar Office.

ELIMINATING WESTERN STYLES

In the late 40s, the Stalin regime launched a campaign against “rootless cosmopolitanism” to eliminate the Western effect on life in the USSR. The purpose of numerous satirical articles, caricatures and critical articles was to mock and reveal the “low, immoral essence” of soviet teenagers portraying them as potential enemies of the soviet government. During the Khrushchev thaw, the communist regime mobilized all party and Komsomol efforts and law enforcement agencies for a comprehensive campaign to eliminate the mod subculture.

All sorts of measures, including the criticism of young people living immoral lives at Komsomol and student meetings, talking to parents, street raids by volunteer squads, preventive measures by the KGB and expulsion from colleges and the Komsomol, were supposed to save the young soviet generation from free-thinking and the following of bourgeois cultural standards, which the soviet authorities considered to be dangerous. As repression unfolded and the first generation of soviet mods matured, by the 1960s, the first wave of youth subculture in the USSR was gradually replaced by the motley, widespread fashion of Brezhnev-era prosperity. ■

Bikiniarze

was a 1950s youth subculture in communist Poland. Its representatives admired jazz music, the American culture and wore eccentric clothes. The Polish communist government launched an intense campaign against the movement, considering it to be a manifestation of cosmopolitanism and love of the “bourgeois” American culture.



Raggare

was a youth subculture spread across Sweden, Norway, Finland, Denmark, West Germany and Austria in the 1950s. Its trademark was the love of American pop-culture and cars. US-made big, fast cars, were an integral element of the culture. Raggare members drank a lot of alcohol, led a depraved way of life and constantly got into fights.



Greasers

was a subculture popular among young Americans in the 1950s, which subsequently became a role model for European teenagers. Greasers used hair gel or wax, hence the name. They loved cars, wore white and black shirts with tied sleeves, leather jackets, Levi’s, army boots, bandanas and caps, wallets on chains, as well as pompadour and ducktail haircuts.



Teddy-boys

were a youth subculture of the London suburbs in the 1950s, who dressed in the style worn under English King Edward VII in 1901-1910, giving preference to the blues, country and swing music, later replaced by rock’n’roll and skiffle. A girls’ culture developed at the same time - teddy-girls, who were also known as Judies.





PAINTING BY VASYL MUSHYK FROM HTTP://WOODLAND.COM.UA



The Painted Garden

Author: Yulia Voitenko

There is no way that the paintings of woodland artists can be confused. People, and often animals are portrayed in them as if under a piercing look that opens the internal light and threads between all creatures on the planet, regardless of their type, age or gender. This is a typical feature of style introduced by the founder, which has its origins in the folk art of native Canadians, particularly petroglyphs and birch-bark foils. Surprisingly, the Ojibwe traditions have also found their way to Ukraine. Vasyl Mushyk, a Kharkiv-based artist, paints woodland pictures. He comments on some symbols and concepts in woodland art and shares his own experience of “X-ray vision”.

BETWEEN TWO CULTURES

In the current understanding, when not referring to the work of Norval Morriseau, thus the traditional Ojibwe style, woodland is a term to describe the Anishinaabe painting style. Anishinaabe is a group of tribes living in reservations around the Great Lakes, on either side of the US-Canadian border. They include the Ojibwe, Odawa and Algonquin tribes. The area is covered in woods, hence the name, while Manitoulin Island on Lake Huron, a symbolic place for many woodland painters, is considered to be the biggest island on a freshwater lake in the world. The climate is colder and dryer than in Ukraine, yet the faunas of the two countries have much in common. Vasyl Mushak paints the foxes, bobcats, hares, wolves, bears, deer, moose, insects and amphibians found in the Ukrainian countryside.

In the past, the art of local communities, including woodland, often served to help Native Americans protect their rights. For instance, the sketches by Martin Panamick were used as leaflets in the campaign to protect the rights of indigenous men and women imprisoned in South Dakota, USA, for an alleged “revolt” against the judiciary, although there was no violence, it was simply about one woman demanding justice for her murdered son. This activity in art was, and continues to be directed towards both social and environmental issues. Woodland exhibitions are often held

to draw awareness to the deteriorating ecosystem of the Great Lakes, brought about by global climate change. In Ukraine, Vasyl Mushyk and people involved in the protection of wolves have initiated dialogues with hunters and the distribution of talismans, which looked like woodland-style wolf prints, to promote a humane attitude to wildlife.

All these efforts, together with the unexpected parallels between Canada and Ukraine, reach much deeper than is apparent at first glance. Woodland is not a purely Native American culture. Initially, this art focused on a dialogue with other ethnic communities. It was a way to communicate values and needs in a language that is a line between the dominating system of symbols in European painting and the folklore of a specific ethnic group. Norval Morriseau, who was given the name Copper Thunderbird, called himself a shaman, since he helped people find harmony within themselves through colors. At the same time, Norval Morriseau was a Catholic. He respected Jesus and admired “The Ecstasy of Saint Teresa” by Lorenzo Bernini. Jackson Pollock praised and displayed Morriseau’s works. After a show in 1962, collectors bought all of his paintings, making woodland art hugely popular. These contradictory moments in the biography of the Canadian artist are opportunely mentioned by reasearcher Erika Pipe, when commenting on his painting entitled “The Gift”, saying that it cannot be interpreted merely as an accusation against colonizers for bringing a foreign religion and diseases to the indigenous people of North America, since the painter himself was no stranger to the European civilization. Indian symbols in woodland serve to confirm the solidarity of all living creatures. The concept of a unity that



Vasyl Mushyk reinvents the art of native Americans in a Ukrainian way



Woodland art, a painting style introduced by Canadian artist Norval Morriseau, a member of the Ojibwe tribe, has also taken root in Ukraine

extends beyond that which is human, is what attracted the Polissia-born Vasyl Mushyk to woodland art and allowed him to introduce Slavic symbols into his own unique style.

In spite of the existence of woodland summer schools and Morriseau's personal exhibitions in Canada and France (he was the only Canadian artist to be invited to the celebration of the anniversary of the French Revolution in France), it is very difficult to find literature on this art style. Galleries and museums exhibit few woodland paintings since most remain on native Canadian reservations. However, in many cases, these artists know each other well and treat each other as equals. Vasyl Mushyk and Christian Morriseau, who is Norval's son and a woodland artist, have given one another paintings.

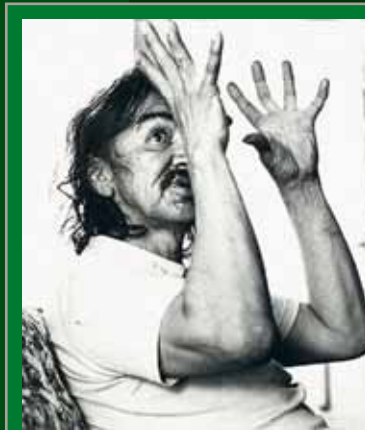
WHERE THERE ARE NO WORDS

Norval Morriseau, Daphne Odjig, Jackson Birdie and Lelanda Bella painted many human figures, while Vasyl Mushak gives preference to animals. "I have been interested in animals ever since I was a child," he says. "They have the spiritual essence we can feel in people, but only intuitively guess at in animals."

Woodland paintings focus on ritual symbols and visualization. Mushyk's painting titled "Three Dishes for One Being", portrays the different life cycles of an insect that are somehow similar to rebirths, therefore their status is not less than the roaming of the human soul. In its turn, the music that lives inside every human and joins with the surrounding nature, begins to live in cats' eyes and blossoming flowers, and swings dandelion parachutes. Overall, Vasyl Mushyk's paintings have a significantly more harmonious color range

and subject than do those of Norval Morriseau. This is possibly because of the difference in cultures since Morriseau's art is much closer to native art, as well as the bright colors of American art at that time.

The first thing that makes an impression in Vasyl's studio, is the hospitality and simplicity, not the hand-made "Indian" flute and extensive collection of household artefacts from Polissia. It's not a well-equipped studio, but a small well-lit room in an average Kharkiv apartment block. The artist rarely sells his works. Instead, for the most part, he either displays them, or gives them as gifts. Canadian artists are no more ambitious than he is. Despite the high quality of their paintings, woodland artists clearly do not strive for personal fame or wealth. It appears that to a large extent, their non-celebrity status is through choice, not as a result of trends on the art market. Woodland art often decorates the walls of summer schools, in other words, it has a practical application. Vasyl has hung one of his paintings near the entrance door. This painting, *The Path of Unity*, both enhances the interior with an image that could be depicted on a decorative carpet, and also serves as a gesture of hospitality of sorts: human, animal and bird footprints are combined with soil comprised of warm colors. ▣



The inventor of woodland, Norval Morriseau, and his paintings

10 Wonders of the

Chernihiv Oblast abounds in historical, architectural, ritual and art sites

Author:
Ihor Petrenko

The palace of Kyrylo Razumovsky, last hetman of Ukraine, in Baturyn

Designed by Charles Cameron, a Scottish architect, the palace lay in ruins for years but has recently been renovated and connected to electricity under the auspices of the "Hetman Capital," a comprehensive government program. The palace is surrounded by two pavilions, a lake and beautiful scenery. The Resurrection Church in Baturyn houses the vault where Kyrylo Razumovsky was buried.



PHOTO: DMYTRO STAKHOVSKY

The Caves of St. Anthony in Chernihiv

were dug into the Boldin Hills in the 11th and 19th centuries. In ancient times, these hills were the sites of pagan temples. Legends claim that Anthony of Kyiv or Anthony of the Caves (c. 983-1073) dug a small church there and founded a monastery similar to Kyiv's Pechersk Lavra. In the Middle Ages, the caves were used by the locals as hideaways from invading Tartars. In the soviet era, the entrance to the caves was blocked so that only archeologists or adventurous diggers could get inside. After Ukraine gained independence, the locals took good care of their caves. The current 350m long complex includes galleries with underground churches and interconnected corridors. St. Anthony inspired numerous local legends and miraculous stories.



PHOTO: UKRAINFORM

Chernihiv Region

The Memorial to the Heroes of the Battle of Kruty located at the railway station in Kruty,

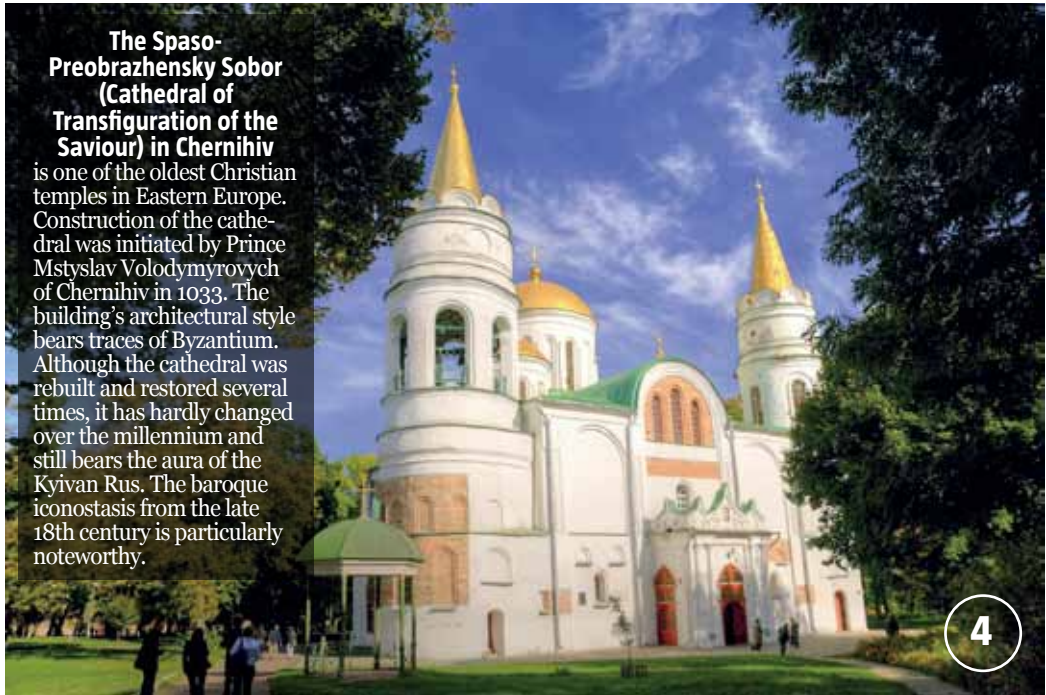
Borzniansky County, commemorates the unequal battle of 29 January 1918 between 300 students who fought for the Ukrainian People's Republic and the massive Russian Bolshevik army. The memorial was opened in 2006. The 7m hill is crowned by a red pillar reminiscent of the red central building of Shevchenko University in Kyiv, whose students died for their homeland. A chapel and a cross-shaped lake are located nearby. The museum collection displayed in train cars juxtaposes artifacts of the Red Army occupation and items characterizing the defenders of the Ukrainian People's Republic.



3

The Spaso-Preobrazhensky Sobor (Cathedral of Transfiguration of the Saviour) in Chernihiv

is one of the oldest Christian temples in Eastern Europe. Construction of the cathedral was initiated by Prince Mstyslav Volodymyrovych of Chernihiv in 1033. The building's architectural style bears traces of Byzantium. Although the cathedral was rebuilt and restored several times, it has hardly changed over the millennium and still bears the aura of the Kyivan Rus. The baroque iconostasis from the late 18th century is particularly noteworthy.



4

The Cathedral of the Birth of Virgin Mary in Kozelets

was built from 1752-1763 by architects Ivan Hryhorovych-Barsky and Andriy Kvasov by order of Countess Natalia Razumovska, mother of Oleksiy and Kyrylo Razumovsky. The interior is dominated by a wooden iconostasis carved by Italian craftsmen and designed by Rastrelli. A four-story bell tower stands next to the cathedral. Soviet authorities spent several decades slowly dismantling the cathedral. It was no longer used as a church after 1930, and became a vegetable storehouse after World War II. Yet today, the cathedral looks good as new—luminous and crowded with pilgrims during Sunday mass. Many choral singers as well as everyday pilgrims travel there from Kyiv, which is only 70km away. The cathedral's unique location makes it visible for several kilometers in all directions.



5



The Spaso-Preobrazhensky Monastery (Monastery of Transfiguration of the Saviour) in Novhorod-Siversky

was presumably founded in the 11th century. Due to a lack of written sources after the monastery's library and archives were lost in 1630, the exact time of construction cannot be determined. Remains of the princes' palace walls dating back to the late 12th and early 13th centuries are also located on the monastery grounds. The monastery was completely renovated in 2003. It is part of a historical museum dedicated to The Tale of Igor's Campaign.



7



The St. George Church in Sedniv

is a rare exemplar of baroque wooden church architecture typical of Left Bank Ukraine from 1747. The local regiment of Cossack warriors had their weapons blessed in the church before battle. *Viy* or "Evil Spirit," the first soviet horror movie based on the novel by Mykola Hohol, was shot here, giving the church nationwide recognition. Thanks to Sedniv's nearby art center, the church has also been portrayed in countless paintings over the years.



6

PHOTO: UKRAINFORM

PHOTO: ANDRIY LOMAKKI

Mykola Hohol State University in Nizhyn

is one of the oldest academic facilities in Ukraine. It was founded in 1805 with a donation by the Bezborodko brothers as a "Gymnasium of Sciences" with the rights and prestige of a university. Nikolai Gogol or Mykola Hohol, the way his name reads accurately in Ukrainian, was educated here, as well as numerous well-known Ukrainian luminaries. The university includes a unique library housing one million books, a picture gallery, Hohol museum and a museum of rare books.

PHOTO: MARKS LEVIN

9



The Mizyn Archeological Site of the late Paleolithic Cro-Magnons in Korop County

was established around 18,000 B.C. Archeologists have unearthed five round homes, around 25 square meters each, similar in appearance to Yarangas built by the Siberian Chukchi. Built of wooden logs, the huts were covered with animal skins topped with bones. Nearby, archeologists also found artifacts carved from mammoth tusks, such as idols, female statuettes, animal and bird figurines, and ornamented bracelets. The most exciting discovery included early musical instruments made from bones, and signs that resemble musical notation.

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The Kachanivka Palace

was built by a Russian duke in the late 18th century in the Neoclassical style and reached its peak of fame under the ownership of the noble Tarnovsky family of Cossacks. Overlooking the River Smosh, the Kachanivka palace represents a beautiful piece of mansion architecture, with its landscape park, twelve man-made lakes, and numerous sculptures. It currently holds the status of National Reserve and is part of the "Slavutych Necklace" tourist route. It also hosts an annual literature and art festival called "Kachanivka Muses" and research conferences. The mansion's well-known guests included Mykola Hohol, Taras Shevchenko, Mikhail Glinka and many other outstanding artists.



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