

UKRAINE AS THE WORLD'S BREADBASKET:
A PROUD MYTH AND DANGEROUS REALITY

STEPHEN BLANK ON GAZPROM'S CHALLENGES
AND PROSPECTS

HOW UKRAINE BECAME ONE OF THE BIGGEST
DRUG TRANSIT COUNTRIES IN EUROPE

international edition
The Ukrainian Week

№ 16 (58) SEPTEMBER 2013

EUROPE'S HYPOCRISY

**WHILE THE EU TALKS OF UKRAINE'S EUROPEANNESS, UKRAINIANS
STILL FACE A BRUTAL VISA REGIME AND ABSURD REQUIREMENTS.
STRATEGICALLY, NONE OF THE PARTIES WILL WIN FROM THIS**



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BRIEFING



Operation Smear Campaign: With the presidential election drawing closer in Ukraine, a campaign is unfolding to discredit the mass media

4

FOCUS



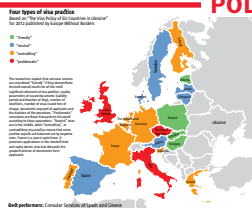
Unjustly Humiliated: A strict visa regime for Ukrainians will hardly stop criminals or potential illegal migrants from getting to the EU but may undermine effective business, academic and cultural contacts

6

POLITICS

The Schengen's Kafkaesque Castles: EU visa bureaucracy discourages the most pro-European part of Ukrainian society from gaining experience that is different from post-Soviet realities

8

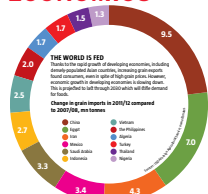


Party Versus Regions: Since coming to power, the Party of Regions and Viktor Yanukovich have consistently ignored the rights and interests of local governments they pledged to defend

14



ECONOMICS



Ukrainian Myth – the Breadbasket of the World: Accelerating grain production in Ukraine may feed politicians and oligarchs, but not the country's jobless rural population or backward economy

16

NEIGHBOURS



Is Gazprom On the Ropes? Ineffective business model of the Russian gas monopolist makes it a weaker promoter of the Kremlin's policies abroad

20

SOCIETY

Getting Shirty With Vladimir: Three ways that the West could make life more difficult for a hostile Russia

23



Drug Trafficking.ua: With a green light from top officials, Ukraine is turning into one of the biggest drug transit countries on the way to the EU

24



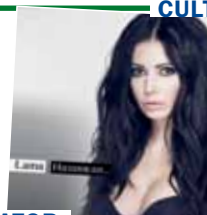
HISTORY



The Cradle of Indo-Europeans on the Ukrainian steppes

26

CULTURE & ARTS



Good read, jazz and indie arts: The Ukrainian Week invites you to the annual book forum in Lviv, jazz festival in Crimea, Gogolfest in Kyiv and more interesting places to visit this month

30

NAVIGATOR

Oligarchs Under the Tuscan Sun: Post-Soviet millionaires splurge at Italian resorts to keep them afloat during the financial crisis – and change their traditional atmosphere beyond recognition

32



The Highest Heights of Lviv: *The Ukrainian Week* visits places that offer a breathtaking view of the entire city

34



International edition
The Ukrainian Week

The Ukrainian Week № 16 (58) September 2013

Founder ECEM Media GmbH

Publisher ECEM Media GmbH

Address Austria, Am Gestade, 1, 1010 Vienna

State registration certificate KB № 19823-9623П 19.03.2013

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Tel. (044) 351-13-87

www.ukrainianweek.com

Editors address 37 Mashynobudivna str., Kyiv, 03067, Ukraine

Print Novy Druk LLC, 1 Mahnitohorska str., Kyiv, 03056, Ukraine

Ordering number 13-7663 Sent to print on 5 September 2013

Print run 15 000. **Free distribution**

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ТИЖДЕНЬ

18 August – 5 September



The Patriarchal Cathedral of the Resurrection of Christ, the main cathedral of the Ukrainian Greek Catholic Church, is consecrated in Kyiv. 10,000 parishioners arrive from all over Ukraine



Ukrainian gymnasts win 5 medals (1 golden, 2 silver and 2 bronze) in the 2013 World Championship in Rhythmic Gymnastics in Kyiv. This is the second best result in the overall rankings



Ukraine enacts the law that limits cash transactions to UAH 150,000

Operation Smear Campaign

With the presidential election drawing closer in Ukraine, a campaign is unfolding to discredit the mass media.



SKETCH BY VASILY VOZNIUK

Author:
Milan Lielich

2015, which is just around the corner, is making a significant mark on the Ukrainian media market. New, powerful – at least financially, mass media are mushrooming. At the same time, a smear campaign against the media is unfolding. The purpose is to eliminate their influence on public opinion as the presidential race nears.

People should not trust publications or videos that sometimes sting the government more than the entire political opposition. Average Ukrainians should see any negative information only as a manifestation of a dirty war. The voters should be disoriented and as passive as possible, which will sharply increase the efficiency of administrative leverage.

This is nothing new. There have been many media projects before that focused on mudslinging and spreading negative word about disloyal journalists and less often about entire publications. They would always quote an “informed source” or “sensational documents”. People involved in this are media-killers generally well-known in professional

The month
in history

23 August 1939

24 August 1923

1 September 1898



The Molotov-Ribbentrop Pact is signed in Moscow. It contains a secret protocol dividing Romania, Poland, Lithuania, Latvia, Estonia and Finland into Nazi and Soviet spheres of influence



Viktor Hlushkov, a computer pioneer and author of fundamental works in cybernetics, mathematics and computing technologies, is born



Kyiv Polytechnic Institute opens





The law introducing a utilization fee for vehicles enters into effect. It does not apply to cars imported before September 1



Yanukovich replaces SBU chiefs in seven oblasts. Experts say this is the appointment of people loyal to the Family in the run-up to the 2015 presidential election

Ukraine lands third out of six countries in the European Integration Index for the Eastern Partnership countries, and fourth in the freedom of speech and assembly followed only by Belarus and Azerbaijan. Experts note a slowdown in Ukraine's European integration

circles, with undisguised pro-Russian sentiments. One example is the recent publication of documents by a typical media-killer, Anatoliy Shariy, which supposedly prove that renowned investigative journalist, Tetiana Chornovil is mentally ill. The publication came out in the heat of the election campaign when Chornovil was a candidate in a first-past-the-post district. She found a number of factual mistakes in the "certificates" which confirmed that they were actually falsified and Shariy was forced to apologise. But the damage had been done and a shadow was cast over Chornovil as journalist and candidate. Another recent example is related to the beating of journalists Olha Snitsarchuk and her husband Vladyslav Sodel at the May 18 opposition rally. The group of defenders of Vadym Titushko, the main suspect, was headed by Oksana Shkoda, who has close ties to Viktor Medvedchuk and made every effort to discredit the couple.

However, during the political calm of the summer, the defamation of independent journalism rose to a new level. A website called Ukrayinska Kryvda (Ukrainian Injustice) emerged. Its format is identical to that of Ukrayinska Pravda (Ukrainian Truth), one of the most influential online publications. The content of Ukrayinska Kryvda is standard mudslinging aimed against the media and sometimes politicians, mostly from the opposition. Its news mostly tells about articles ordered by politicians in various publications. Sometimes, they do seem to be true. However, such media monitoring has long been conducted by specialized publications or foundations which report the results in a neutral and reasonable manner, without Kryvda's negative tone.

The newly created website is bigger, more resolute and consistent in its clearly defined goal of defamation. Its server is located in Germany – this is all that is known about it in public sources. All other information is secret, including that on its founders, executives or employees. Telekritika, an online publication that writes about mass media, quotes an anonymous source saying that Kryvda is done by the acting Chief Editor of *Vechirniy Kyiv* (Evening Kyiv), Roman Kostriytsia. He denies this, but a number of facts prove that this is the case. At present, according to unconfirmed information, he works for Serhiy Arbuzov, who is considered to be one of the possible initiators of the Ukrayinska Kryvda project. There are also other assumptions too. According to political analyst Taras Berezovets, Dmytro Firtash is behind Ukrayinska Kryvda, and the website was created to troll Ukrayinska Pravda. However, Ukrayinska Kryvda is far too big for a trolling project, and Ukrayinska Pravda is not its only target. Another version is Viktor Medvedchuk, but Ukrayinska Kryvda besmirches him no less than others and does not trace pro-Russian sentiments that are typical of all of his projects. So far, Medvedchuk's PR people have been so uninventive that they would hardly create something like this now.

The fact that Arbuzov has so far been mentioned in just one article on Kryvda, and in a very mild context, may signal that the website is his project. The name of his potential competitor for premiership, Oleksandr Vilkul, who is closely linked to Rinat Akhmetov, has been mentioned dozens of times and generally in a negative context. As for opposition leaders, including Arseniy Yatseniuk, Oleh Tyahnybok,

Vitaliy Klitschko and their party members, Ukrayinska Kryvda reveals their "ordered publications", mudslinging against each other in the media or passion for expensive suits or luxurious vacations on a daily basis.

Civic activists it has targeted include former investigative journalist Yehor Sobolev and journalist Sonya Koshkina. Publications list typical vices, such as expensive lifestyle, political unscrupulousness, suspicious sexual preferences or loose sexual relations.

If necessary, Ukrayinska Kryvda's materials will be republished in the most popular mass media to discredit journalism as such. This scenario was previously successfully used in other authoritative post-Soviet countries. For example, in Azerbaijan, an "intimate" scandal was published against Khadidzha Ismailova, one of the few independent journalists in the country. In Russia, several editors of independent publications, as well as opposition politicians were blackened by recordings made with hidden cameras where they were spending time with girls or sniffing suspicious white powder.

As yet, Ukrayinska Kryvda has not become noticeable, and is generally talked about in the narrow circle of political journalists, people working in public relations and political analysts. However, this is just the beginning. In an e-mail interview with Telekritika, "Chief Editor, Lev Leshchenko" assured everyone that: "We will soon have a dossier on everyone: the mass media, journalists, people working in public relations, intermediaries and media managers", noting that an "agency network, made up of 30 people, working in many Ukrainian media" will be assisting in this endeavour. ■

8 September 1898

Natalia Uzhviy, a Ukrainian actress who played 213 roles in theatre and 20 in films, is born



10 September 1919

The victorious Allies of WWI and the Republic of German-Austria sign the Treaty of Saint-Germain-en-Laye whereby Subcarpathian Rus is annexed to Czechoslovakia

11 September 1943



Ukrainian National Choir is created. It is later named in honour of composer and conductor Hryhoriy Veriovka

Unjustly Humiliated

A strict, often brutal, visa regime for Ukrainians will hardly stop criminals or potential illegal migrants from getting to the EU. Instead, it may undermine effective business, academic and cultural contacts



On 1 July 2013, the EU-Ukraine agreement on a simplified visa issuance procedure went into effect. The agreement is aimed at easing access to the EU for a number of categories of Ukrainian citizens. Even as Ukrainians welcome this undoubtedly positive step it will not ensure any pivotal changes.

Theoretically, the function of a visa policy is to filter migration flows, preventing criminal and other socially dangerous elements from penetrating a specific territory and thus reducing the risk of crime and other social maladies. At the same time, the door for business, academic, cultural, humanitarian, tourist and interpersonal contact between different nations should be kept wide open. This kind of “grass-roots diplomacy” should draw neighbouring nations closer together and facilitate a better mutual understanding at the level of direct contacts. However, the trend with issuing Schengen visas to Ukrainians has been quite the reverse in recent years. This overly complicated, and sometimes openly brutal, procedure is often offensive and triggers neg-

Profound liberalization of the EU's visa policy regarding Ukrainians is a necessary precondition for deep transformations in Ukraine

ative emotions, thus leading to the potential or covert rejection of those who, on the contrary, could be the driving force behind Ukrainian-EU mental convergence as they experience it themselves and translate it to the rest of the country's population. From the viewpoint of Ukrainians, the visa practice as applied to them, is hypocritical: while claiming that Ukraine belongs to Europe, EU member-states continue to apply a strict visa regime against Ukrainians and set absurd requirements. In this way, there is the impression that European bureaucrats do not, in fact, want to see Ukraine truly integrate into Europe and instead, wish to use it as a buffer of sorts against Russia.

An analysis carried out by *The Ukrainian Week*, a poll on tyzhden.ua and observations by experts all point to the fact that many EU embassies and consulates treat Ukrainian visa applicants as second-rate people. The visa procedure is overburdened with unnecessary and absolutely ridiculous demands. To make things worse, these are treated by the local staff of foreign diplomatic missions in the

worst traditions of Soviet bureaucrats. In addition to a long list of documents supposedly needed to confirm the purpose of an applicant's trip to a country in the Schengen zone, additional paperwork must be submitted to prove the intent to return to Ukraine. The embassies themselves may not have a clue that most of these demands are absolutely misguided and fall short of the mark and that Ukrainians are forced to circumvent them through small-scale manipulations. For example, an applicant is required to have a certain sum of money on a card account, which supposedly proves that he/she can cover his/her expenses and will not beg or seek employment in Europe. However, this precautionary measure is absolutely ineffective: those who lack the required sum borrow money, put in in their account, present a bank statement to the embassy, withdraw the money and return it to the lender.

In any case, all these requirements and additional documents greatly complicate life for travellers, potentially increasing their expenses, including the corrup-

tion factor. This includes bribes given to Ukrainian government agencies for the required paperwork and payments to structures that offer the resolution of visa issues in the embassies of European countries without any personal contact but for a hefty fee.

Another component of the “special” visa regime for Ukrainians is the problems they encounter during border crossings. These often arise simply because they are Ukrainian nationals and hence require particularly close attention.

It is not impossible to understand what the Europeans are thinking: EU member-states are going through a multiculturalism crisis and struggling with high unemployment and irregular migration. So they have to at least make an example of their visa-related principles somewhere. Geopolitically, Ukraine is the best target for this purpose. It is not like Turkey the leader of which, Recep Tayyip Erdogan, enjoys increasing influence in the region. It is even less similar to Russia whose ambitious president keeps a watchful eye on Europe to make sure it does not show greater preference to Kyiv than to Moscow. However, are Ukrainians really the main source of these problems? Do artificial barriers really have to be installed to limit their mobility? Even those who settle in the EU rather than visit Europe for various purposes (who are clearly the majority) integrate and adapt to the culture of their host countries much better than immigrants from many other countries. This is because Ukrainians have a largely European mentality and are not leaders in the crime statistics of European countries.

European bureaucrats need to understand that organized criminal groups and potential illegal migrant workers will be ready to overcome any obstacles without regard for time and money or will resort to corrupt shady deals to make their way to the EU. At the same time, the excesses of Schengen bureaucracy discourage the most educated section of Ukrainian society from frequent visits to Europe. Businessmen, academics, journalists and students will not be able to fully fulfil their important role in

the reception of the European worldview and its popularization in Ukraine. The same applies to the image of Ukrainians in European countries – it will, as a consequence, be limited to a distorted stereotype of an illegal migrant worker.

The unjustifiably strict European visa bureaucracy blocks lifts for a nascent counter-elite in Ukraine – an alternative to today’s post-Soviet kleptocrats who will never start pro-European reforms in the country because they will thus lose the existing opportunities for their own rapid enrichment. The more Ukrainians visit EU countries and gain experience that differs from post-Soviet realities, the faster a critical social mass will form and implement real pro-European transformations in Ukraine. It is for this purpose that the intellectual iron curtain and communication barriers between educated social groups in the EU and Ukraine must be removed.

Finally, the experience of more than two post-Soviet decades shows that Ukraine, with its Soviet-era elites, can only really be reset by a new generation. More than half a century of Sovietization, which involved the erosion of the Ukrainian identity with its inherent European values (individuality, private initiative and the proprietor’s instinct), severely traumatized the mentality of entire generations. Many years of Soviet isolation from the outside world (the Iron Curtain) made Ukrainian society immobile and mentally closed. Social surveys show that even now, 77% of Ukrainians have never been abroad, while those who did leave the country mostly went to post-Soviet republics. Consequently, most citizens have a hard time comparing post-Soviet reality with the situation in Europe, which makes it difficult for them to grasp the need for change and its importance. In its turn, this minimizes social support for any reform in the country.

The more Ukrainians experience the difference in the standard of living and values between those in EU countries and on post-Soviet territory, the faster a critical mass will form that will be interested in changing the status quo and imple-

menting pro-European reforms. The ability of the EU and the West to support the formation of a new generation of Ukrainians and increase contacts between wider groups of Ukrainian citizens and Europeans will be critical for the rate of internal transformations in Ukraine, something that Europe also needs in order to ensure stability in the region and the prospects of natural, rather than artificial, EU expansion. If Viktor Yanukovich’s regime survives beyond 2015, the regressive processes launched in the past three years may go too far. If all of Ukraine fails to become – at least mentally – part of European civilization, another Belarus will spring up next to Europe. However, it will be even more Russified in terms of both worldview and politics. For the EU, this will mean new powerful geopolitical and humanitarian challenges. The authoritarian Russian regime has long wanted to steal the integration initiative from the EU. It does not disguise its desire for opposition between the East and the West in terms of human and value-related issues.

Without an efficient mechanism for the development of the most active groups of Ukrainian society in the overall European context, their transformation into drivers of pro-European change will fail to take place. Visa-free access to Europe (not employment there!) and support for special study programmes in Europe for Ukrainian students is the biggest assistance that the EU can provide to Ukrainian society at the present stage to help it nurture a new generation that will identify itself as European rather than post-Soviet. All of this is impossible without cancelling visas for Ukrainians – not for bureaucrats but mainly for students, journalists, scholars and representatives of small and medium business. Of course, Europe can point to the problems that the current Ukrainian authorities have with fulfilling the plan for a visa liberalization policy, but EU countries should have learned by now to distinguish between the temporary authoritative regime and the pro-European majority in Ukrainian society. ■

In its present form, the EU’s visa policy will continue to complicate efforts to overcome the negative consequences of the Russian-Soviet mentality entrenched in a large part of Ukrainian society and will remain the main obstacle on the path to democratic and market transformations in Ukraine

The Schengen's Kafkaesque Castles

The excesses of the EU visa bureaucracy discourage the most pro-European part of Ukrainian society from gaining experience that is different from post-Soviet realities

Author:
Zhanna
Bezpiatchuk

"You shouldn't complain about having to obtain a Schengen visa until there is visa-free travel between Ukraine and the EU, but you have every right to complain about the conditions of this procedure", a

French colleague of mine once said, commenting on a story about people having to stand for several hours in a queue in freezing cold weather in front of the Embassy of the Czech Republic in Kyiv. He had never stood in a queue like this, and even refused

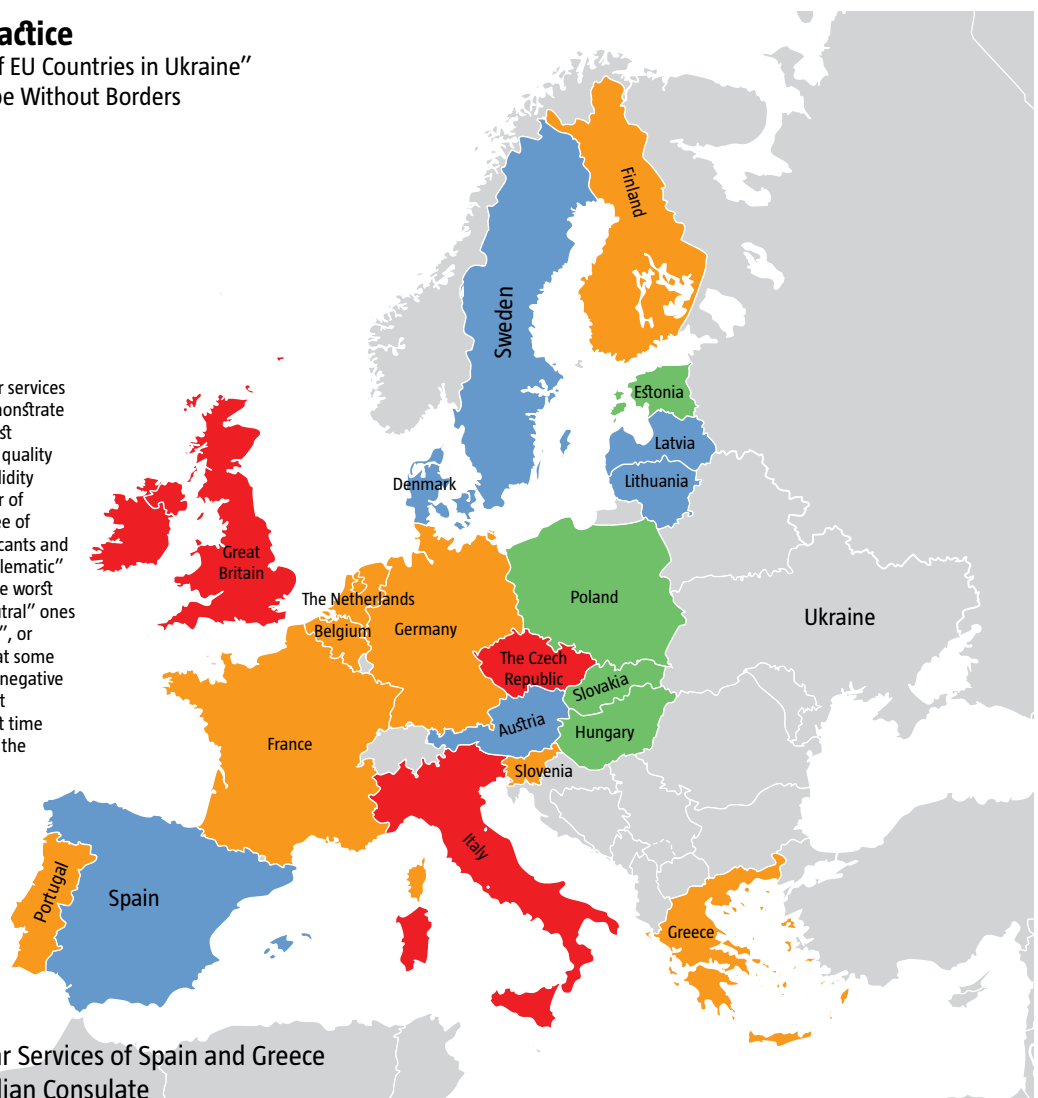
to travel to Russia, simply because he had to apply for a visa to do so. This episode shows that there is quite a gap in perceptions of visa regulations between Ukraine and EU countries: the former is always a passive applicant and the latter act toughly

Four types of visa practice

Based on "The Visa Policy of EU Countries in Ukraine" for 2012 published by Europe Without Borders

- "friendly"
- "neutral"
- "contrasting"
- "problematic"

The researchers explain that consular services are considered "friendly" if they demonstrate the best overall results for all the most significant elements of visa practice: quality parameters of issued documents (validity period and duration of stay), number of rejections, number of visas issued free of charge, documents required of applicants and the duration of the procedure. "Problematic" consulates are those that perform the worst according to these parameters. "Neutral" ones are in the middle, while "contrasting", or contradictory visa practice means that some positive aspects are balanced out by negative ones. France is a case in point here: it processes applications in the shortest time and rarely denies visas but demands the greatest volume of documents from applicants.



Best performers: Consular Services of Spain and Greece

Worst performer: The Italian Consulate

without taking local circumstances into account.

The difficult and sometimes humiliating visa procedure discourages the most dynamic and European-minded segment of Ukrainian society – journalists, students, post-grad students, representatives of creative professions and public activists – from travelling and gaining experience that differs from post-Soviet realities. They must prove to representatives of embassies and consulates that they are not potential illegal migrants from a country viewed as being at the European bottom.

PRO FORMA REQUIREMENTS























Currently, there are four sources of law regulating the issuance of Schengen visas to Ukrainians: the agreement to simplify the visa procedure for Ukrainian nationals, the EU Visa Code, the Schengen Area law and the internal instructions of embassies and consulates. Two types of paperwork are required for Schengen visas: a common list of mandatory documents to confirm the purpose of travel (available on the websites of embassies and consulates) and a list of additional documents that prove the intent to return home. In effect, this paperwork guarantees that the applicant is safe to be admitted to the country he/she intends to visit and that he/she will return home. And this is where the fun begins – there are stories about the absurd and annoying things required of Ukrainians, such as the unexpected submission of documents that are completely bizarre or very difficult to obtain in the Ukrainian reality. Few are well-versed in the nuances of Schengen bureaucracy, but they are the key to understanding the problems faced by visa applicants in Ukraine.

A simple and quick poll among those who have applied for Schengen visas has revealed that there are formalities which Ukrainians follow but which do not guarantee, prove or safeguard anything. However, they take time and could require additional expenses. A typical example is the requirement for a tourist to have a certain amount of money in a bank account during a trip. In this situation, Ukrainians usually use one of

two schemes: they either put money onto a card account before applying for a visa then subsequently withdraw it once their documents have been examined, or borrow money from friends or relatives and return it once the operation has been completed. They don't do this because they are tricksters or pathological fraudsters. First of all, Ukraine's economy is a long way from having the same extent of private payments transferred through banks as in EU countries. Secondly, the official income of a person in Ukraine is one-tenth of the average in the EU. So Ukrainians are forced to embellish the reality in the eyes of consular employees for a week or two – for as long as it takes to meet formal Schengen requirements – then restore the unvarnished version.

Another telling example is the requirement for people working in the mass media who are applying for a multiple-entry Schengen visa to be members of the National Union of Journalists of Ukraine. Following this reasoning, authors would have to prove their membership in the Union of Writers of Ukraine and film directors in the Union of Filmmakers. At present, the Union of Journalists is a Soviet legacy rather than an organization defending journalists' rights. However, journalists are forced to join it – regardless of the existence of motivation and desire to become involved in its activities – in order to obtain a visa and be able to go abroad on assignments. A number of journalists admitted to *The Ukrainian Week* that they had joined the union and paid its membership fees for the express purpose of obtaining a Schengen visa. Curiously, the German Embassy once denied a multi-entry visa to Yuriy Lukanov who was, at the time, the head of the Independent Kyiv Media Trade Union. He was going to go to Germany with a delegation from his organization to exchange experience and had an invitation from the government. He had travelled to Germany many times on a multi-entry Schengen visa prior to this. Lukanov was finally granted a visa for several months, in view of the fact that he was to shoot a

Average and maximum number of additional documents required of visa applicants by consulates (Kyiv and regions)

		Average	Maximum	
Poland		4	10	+
Bulgaria		4	10	
Germany		5	10	
Slovenia		6	9	
Finland		6	9	
Romania		6	10	
Belgium		6	11	
Hungary		6	11	
Lithuania		6	12	
Estonia		6	13	
Sweden		6	14	-
Latvia		7	11	
Denmark		7	12	
the Czech Republic		7	12	
Slovakia		7	13	
Austria		7	14	
the Netherlands		7	15	
Spain		8	15	
Greece		8	16	
Portugal		9	12	
Italy		9	14	
Great Britain		9	14	
France		9	15	

Source: the results of The Visa Policy of EU Countries in Ukraine, a civic monitoring campaign conducted by Europe Without Borders.

film in Slovakia after his trip to Germany.

Some European embassies and consulates demand 4-6 additional documents and others demand 8-16. The officials of some states are prepared to take special Ukrainian circumstances such as unofficial salaries into account. Other bureaucrats, however, prefer not to notice the reality and stick to formal criteria and demands that only reflect the realities of their own countries. According to the estimates of the Europe Without Borders NGO, the consulates of neighbouring countries (Hungary, Poland and Slovakia) tend to have a better understanding and meet Ukrainians halfway. Belgium, the Netherlands, Germany, Italy, the Czech Republic and Great Britain (a country outside the Schengen Area) are more formalistic (see **Four types of visa practice**).

For Ukrainians, one of the cruellest bureaucratic tactics is the requirement to present a statement issued by a tax administration body proving the applicant's income indicated in a statement issued by his/her employer. For example, the German Embassy demanded this fiscal document from a Lviv-based journalist who was going to Germany to report on a boxing match. In other words, a situation is being created, whereby Ukrainians do not receive exclusive information from abroad, because representa-

In 2012, Hungary issued the most long-term multi-entry visas – **58.1%** of visas valid for more than six months, including a record **22.5%** with a validity period of more than one year, i.e., primarily two, three and five years. Its record performance was largely due to the special visa policy pursued by two consulates located in Zakarpattia Oblast (Uzhhorod and Berehove). They are largely oriented towards the local ethnic Hungarian community. Hungary is followed by Estonia **(15.0%)** and Germany **(10.3%)** issuing visas with the longest validity period (over a year). Long-term visas valid for more than six months are least frequently issued by the Consulates of Denmark, Greece, Finland, Spain and Slovenia.

tives of their mass media may be denied entry for formal reasons which they cannot influence directly. The same statement may be demanded by the German Embassy from parents who want to visit their children studying or temporarily residing in Germany on an internship. Considering the employment circumstances of many Ukrainians today, this kind of “additional” requirement may put an end to their Schengen visa application. Why are Ukrainians, who work honestly at their place of employment and comply with every law that can realistically be complied with in Ukrainian realities, being stripped of the right to visit their children? This is a question that would sound absurd to Italians, the French, the British, Poles and Slovaks.

The Ukrainian Week has already written about an absurd case that took place in the Czech Embassy: a Ukrainian entrepreneur had a legal business in the Czech Republic and decided to send his 17-year-old daughter to study there. Even though he met all the requirements and had made an advance payment of more than EUR 6,000 to Charles University, she was denied a student visa under the pretext that she had demonstrated a poor knowledge of Czech realities during her interview. “A person who has experience in dealing with the consulate would have turned for help to a Tamara, Natasha or Nastia, women who loiter near

the Embassy premises, asking EUR 500-700 for a visa – a miracle would have happened and the girl would have been granted the right to enter the country,” Jan Čech, a contributor to *The Ukrainian Week*, wrote with irony in one of his articles. Indeed, such people loiter near just about every embassy. They offer assistance in obtaining visas or, in the case of a rejection, the cherished “permit” to enter the Schengen Area, charging steep fees for their services. Their presence does not reflect well on consular and embassy employees, who often set unreasonable requirements for Ukrainians.

The latter include somewhat exotic requirements, such as notarized confirmation by the husband that he will be paying for his wife, even if they are travelling together and that they are officially married. The grounds for this requirement – to prove that both will be using the husband's account. *The Ukrainian Week* knows of a similar case with the Dutch Embassy, which had such a requirement. What it means is that a Ukrainian citizen must confirm that not only he but also his wife will be using his money. However, isn't it logical that a family has a common budget? A formal precondition for such requirements may be the fact that the applicants have no prior Schengen visas or have a new foreign passport which don't have Schengen visas in it.

EXPERT'S OPINION



**Iryna Sushko,
Head of the Eu-
rope Without
Borders NGO:**

“On the one hand, we can speak about certain positive changes in visa policy, above all the total number of issued vi-

sas, including free-of-charge and multi-entry visas. In addition, there are fewer rejections, some three per cent at present. However, these are general official statistics, while our rating is based on many other indicators, such as the ratio of multi-entry and long-term visas, application processing times and conditions for submission. The latter indicator de-

pends on whether people can submit their applications in several places (the consular and visa departments of embassies), because visa centres charge mandatory fees for document processing, etc. Taken together, all these factors reveal many aspects that must be improved urgently. While the situation has improved somewhat for selected population groups in the past three years, absolutely nothing has changed for ordinary people.

“When talking about specific countries, it would not be exactly accurate to simply compare their quantitative indicators, because negative parameters are often compensated by some positive ones and vice versa. Therefore, we prefer to speak about specific countries with regard to concrete problems – unjustified rejections, lack of transparency in document processing, etc. However, the most com-

plicated situation right now is with the Italian Consulate. There are also concerns about the British Consulate, which issues only long-term visas (a positive factor, of course) but there is a significant lack of transparency in its document processing procedure. People simply don't know who to apply to in case of rejection. In this context, the Netherlands should also be mentioned. In my view, visa problems generally arise with countries that are mentally distant from Ukraine and are reluctant to take a closer look at its organizational and administrative culture. They can often demand documents that prove nothing or force visa applicants to resort to forgeries. At the same time, neighbouring Poland, Slovakia, Hungary and the Baltic states have a better understanding of our situation, which is why they are friendlier towards Ukrainian applicants.”

tyzhden.ua's opinion poll In your experience, have EU visa regulations become simpler?

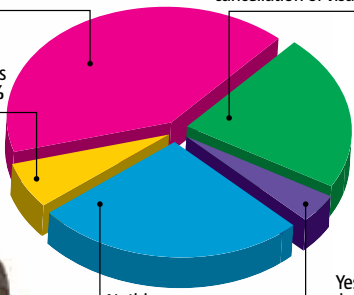
Had no opportunity to check – **41.05%**

Liberalization=complete cancellation of visas – **21.61%**

On the contrary, additional difficulties have arisen – **6.48%**

Nothing has changed – **26.54%**

Yes, it is now easier to obtain a visa **4.32%**



document confirming my place of stay in Hungary when crossing the border. This check was performed selectively,” the young man told *The Ukrainian Week*. “I call it social discrimination: if you travel by plane, you are a prestigious person, but passengers on an electric train are looked at completely differently.” Hungarian border guards may not know that PhD students in EU countries also use cheaper means of transportation and that the target groups for checks (professional profiteers and small-scale smugglers) have other age and social parameters than PhD students from the National Academy of Sciences. Of course, the young man submitted all the necessary documents with his visa application, but he had no idea about what could happen at the border. Therefore, at the very least, Ukrainians must be properly informed, even at the first stage of the visa procedure, that they have to carry all invitations and confirmations of where they will be staying and bookings on their person at all times.

Dmytro, a student, experienced a similar situation but with a sad end – he was deported from the EU. The Polish Consulate issued him a multi-entry visa (category C) valid for 90 days, to visit his godfather. The young man and his father visited his godfather, then left for Spain for a vacation one day later. “When we crossed the German border, we were stopped and our papers were checked. That’s when everything started,” Dmytro says about his “adventures” near G6rlitz. “They asked us where we were going and for what purpose. At one point, I showed them my course paper from my notebook to prove that I am a student at the University of Culture rather than someone intending to become an illegal migrant worker.” The vacation in Spain was the main purpose of Dmytro’s travel, but he did not have a clue that a Schengen visa issued by a Polish Consulate would not allow him to make this trip: “In court, they explained that: “In our opinion, you are abusing a visa – you obtained a Polish visa to go to Spain. You should have spent at least 70-80 per cent of your time in Poland.”

In 2012, Poland issued the most visas to Ukrainians:

66.8%

multi-entry visas of which two-thirds (43.2% of the total amount) have long- and mid-term validity

“Consulates prompt people to obtain separate documents. If something does not match reality, Ukrainians are accused of sins”, comments Iryna Sushko, leader of Europe Without Borders. “There is no point in demanding documents that cannot guarantee security and the intent to leave EU member-states. For example, tourists are sometimes asked to confirm not only hotel room booking but also tour programmes and programmes for their stay. This is not a document that guarantees the applicant’s security or helps a consul to judge whether such person could potentially remain on EU territory.”

BORDER SURPRISES

In addition to the two lists of documents – one to confirm the purpose of travel and the other the intent to return – there are two

more stages of the Schengen visa procedure. The person undergoes the first one within the walls of the EU member-state embassy or consulate, the second is at the border crossing, a stage at which “surprises” can emerge.

A post graduate student from the National Academy of Sciences of Ukraine had a Schengen visa in his passport and was on his way to visit his girlfriend, a student in Hungary. He boarded an electric train in Chop. Hungarian border guards demanded to see a document confirming that he had a place to live in Hungary. Delay, stress, threats of deportation and urgent requests to Kyiv to arrange for another invitation was the resulting scenario. Smugglers can successfully avoid these headaches, as can be seen on the Ukrainian-Polish border. “Nowhere did it say that I had to have a notarized copy or original of a

WHAT CAN BE DONE

The bureaucratic jungle of visa regulations gives rise to a logical question: can a Ukrainian citizen refer to the Agreement on Simplifying Visa Procedures as a normative-legal act with direct effect and a source of law when he/she believes that his/her rights have been violated? According to experts, it all depends on the ability of the attorney to make a good case for the plaintiff. Moreover, challenging Schengen visa rejections can be unrealistic and inaccessible for Ukrainians. For example, in June 2010, the Italian Embassy denied a visa to Hanna Protasova, a post graduate student at the Kyiv-Mohyla Academy. She wanted to attend the biennial Euroscience Open Forum, where speakers included Nobel Prize laureates. The formal reason for the rejection was “inaccurate information provided with regard to the purpose and conditions for staying in the country”. It is not known whether the employees of the Italian Consular Department checked their emails in those days, but a letter from EOF President Raymond Seltz himself, confirming the purpose of Protasova’s trip was of no avail. Embassy representatives, and later the Italian Ministry of Foreign Affairs, to which Protasova applied, stated that the only possible procedure to challenge the decision was by a lawsuit, filed in a court in Lazio, where her interests could only be represented by a certified Italian attorney.

In its 2012 report, *The Visa Policy of EU Countries in Ukraine*, Europe Without Borders sums up as follows: “The atmosphere of political relations between the EU and third countries and the situation with democracy and human rights in these countries are a factor to which the EU is sensitive, but it has no significant impact on how liberal or strict visa policy is. This is clearly borne out by the positive dynamics in the number of visas issued by EU countries in Russia, Belarus and China.” The authors go on to say that the more liberal approaches of some EU countries to issuing visas in Russia and Belarus are “perceived as a manifestation of double standards” in Ukraine. They predict that in the next few years, “the liberaliza-

tion/cancellation of visa regulations will continue to be an unpopular policy in EU countries. Therefore, the success of further efforts depends on systematic work with the target groups that shape public opinion in EU coun-

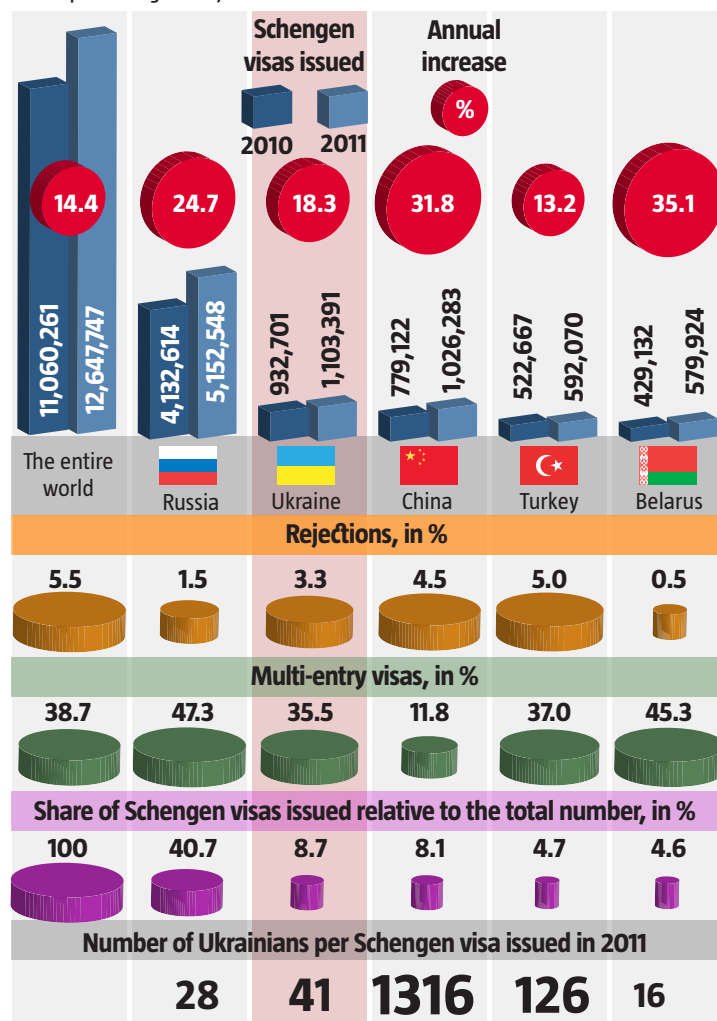
tries and have an impact on political decisions.” Thus, from now on, everything will depend on the willingness of those who could support the best intentions and aspirations of Ukrainian society to address visa issues. ■

The largest number of free-of-charge visas was issued by Slovakia (46.7%), Italy (44.6%), the Czech Republic (41.4%), Bulgaria (39.2%), Austria (38.3%), Germany (37.9%), Belgium and Latvia (35%). Finland, Denmark and Lithuania bring up the rear

The most frequently cited reason for rejections is an incomplete package of documents, followed by atypical reasons, such as inaccurate information or some undefined suspicion of the consulate regarding the applicant. Rejections are often left without explanations, while the paper inserted in the applicant’s passport does not give a clear answer.

Symbolic dynamics of loyalty

Among the top five countries in terms of Schengen visas issued, Ukraine has the second-lowest increase and is a long way behind Russia and Belarus as far as the percentage of rejections is concerned



As of 2011, Ukraine remained in the second place in terms of the absolute number of Schengen visas issued. However, compared to 2007-2008, the distance between Ukraine and third-placed China has decreased steadily. Meanwhile, Russia issued an additional one million visas annually in 2010-2011 and accounted for more than 40% of all Schengen visas issued in the world in 2011 (in 2009, this indicator was below 30%).

An interesting aspect of visa statistics emerges when attempting to calculate the “density” of visa issuance, i.e., the number of people per Schengen visa issued. In this instance, Belarus is the undeniable leader (1 visa per 16 persons), followed by Russia (1 visa per 28 persons) and Ukraine (1 visa per 41 persons).

Source: the results of *The Visa Policy of EU Countries in Ukraine*, a civic monitoring campaign conducted by Europe Without Borders.

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Party **Versus** Regions

Since coming to power, the Party of Regions and Viktor Yanukovych, have consistently ignored the rights and interests of local governments that they said they would defend

Whether in the opposition or in power, the Party of Regions (PR) always speculated on the expansion of regional powers and the delegation of more organizational, administrative and financial powers to local governments. In its 2007 election campaign it pledged “the maximum transfer of governance and financial powers to local governments for the implementation of regional and local development strategies”. Viktor Yanukovych’s platform in the presidential campaign once more promised to expand the powers of local governments, the maximum elimination of the bureaucratic apparatus from territorial community development issues, and “the decentralization of government and the reform of budget administration in favour of local governments”. In the 2012 parliamentary election, the PR – then already in power – committed to “expanding the powers of local governments” and delegating powers to administer 60% of the “consolidated state budget” to them. After almost four years of absolute power with its own president and parliamentary majority, the PR continues to develop a strictly centralized system of government, restrict the organizational and financial powers of local governments, increase the dependence of territorial communities on central government and deprive more and more territorial communities of their constitutional right to elect their own local authority bodies.

WHY WOULD YOU NEED THE RIGHT TO CHOICE?

In terms of the expansion of the powers of local governments, the Yanukovych team has been most “effective” in eliminating election procedures in territorial communities. As a result, local governments accountable to the communities

Author:
Andriy Duda

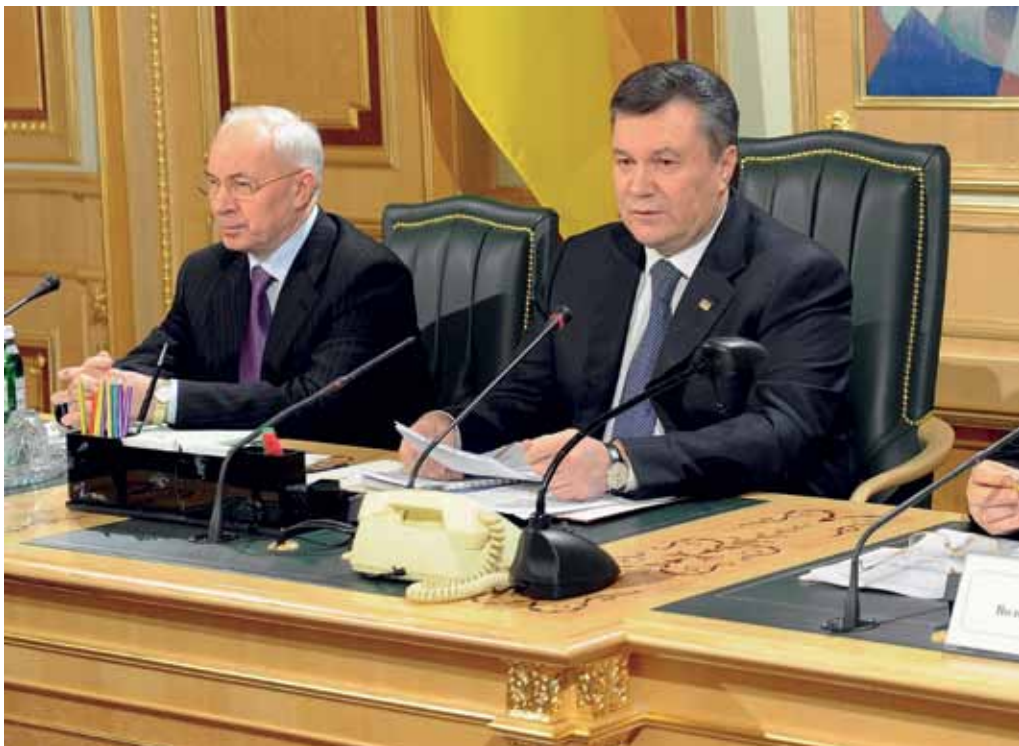
CONSISTENT POLICIES: While pledging to enacting “budget federalism” in election campaigns, the Party of Regions is increasing financial dependence of local governments on the centre instead

were replaced with those accountable exclusively to the president and the party in power. It emerged that the right to self-governance could be eliminated without amendments to the Constitution. An “incentive” for local MPs to jump ship and support what the PR needed was enough to get two thirds of a local council initiate a motion of no confidence against the head of the community – such as a mayor. Then, the PR-controlled majority in the Rada votes down an early mayoral election or amendments to the annual budget for funding the early local election. As a result, under the Law On Local Self-Governance, the city is run by the city council secretary (usually a PR representative) whom the local community did not elect. While technically being an acting mayor, such person can sometimes stay in this office for years.

Today, Kyiv and five oblast centres have unelected govern-

ments. In 2012, Viktor Yanukovych essentially eliminated the office of Kyiv Mayor: real power in Kyiv is in the hands of Oleksandr Popov, Head of the Kyiv City State Administration appointed by Yanukovych, while Halyna Hereha, Secretary of the “zombie city council” (the term of which expired three months ago) is acting as the city mayor. Other cities in a similar situation are Chernivtsi, Cherkasy, Kherson and Mykolayiv.

In addition to this covert elimination of local governments, local voters are unable to file a motion of no confidence against their unelected acting mayors or local councils. On November 6, 2012, parliament passed the Law On an All-Ukrainian Referendum, which abolished the law on local referenda but did not propose a new procedure. In all likelihood, there will be none.



ON A SHORT LEASH

The budget administration reform widely promoted by the PR was one of its first reforms ever. In April 2011, MP Volodymyr Rybak, then First Deputy Head of the Party of Regions, spoke of budget federalism as part of this reform during his visit to Ivano-Frankivsk: "... budget federalism will be enacted. Funding should be in the regions while the government will only keep money for state functions." The new Budget Code of Ukraine, drafted by Azarov's Cabinet, was adopted on July 8, 2010. At first glance, it appears to have somewhat improved the "first basket" of local budget revenues, i.e. revenues taken into account in the calculation of the budget transfer – nothing changed in the basket of revenues that are not – and these are the ones that fund community development.

As a result of these purely symbolic budget changes, the shares of various transfers from the State Budget in the structure of local budget revenues has been growing ever since the reform. Compared to 46.7% in 2009, it was 49.1% in 2010, 52.3% in 2011 when the new Code was enacted, and 53.6% in 2012. The higher the share of transfer to local budgets from the centre, the more dependent local governments are on central government bodies, i.e. the Finance Ministry,

Cabinet of Ministers, parliament and president. Rarely is this dependence devoid of a very selective approach to it. One example is territorial socio-economic subventions that mostly go to the PR's few core regions.

The increasing concentration of financial resources in the centre is not the only element of the PR's policy. Over the years that the PR and Yanukovich have been in power, the government has been delegating state powers to local governments which they had to exercise at their own expense. This is in conflict with the European Charter of Local Government ratified by Ukraine. As a result, the share of local budget revenues spent to exercise these delegated state powers was 26.3% in 2009, growing to 33.4% in 2011 and 42.6% in 2012. So the PR that spoke so much about decentralization and financial improvement for local self-governance before the election has used administrative leverage to force local governments to cover transfer cuts for them at the expense of their local taxpayers.

WHIPPING BOYS

In parliament, the PR faction has not sponsored any bill to regulate the procedure for local governments to execute the state powers they were charged with, including the option to withdraw from performing these functions when they are underfinanced or unfinanced. Quite the contrary, it was under the PR and Yanukovich's rule that a regime of tough control over local governments was established, whereby local state administrations strictly supervise how the local governments execute delegated functions. This allows the heads of local administrations to decide on anything about inspections, including their schemes, duration and frequency. In 2011, this increased control authorized the State Financial Inspection Authority of Ukraine to "terminate", not just "suspend" allocations to local budgets from the central state budget. Government initiatives to increase control over local governments by central environmental, financial and tax executive governments pushed many mayors to protest in 2011.

In 2013, the cash-strapped State Treasury began to massively freeze local authority accounts and spend the funds intended for them on the central government's needs. To un-

Budget federalism? Promises, promises

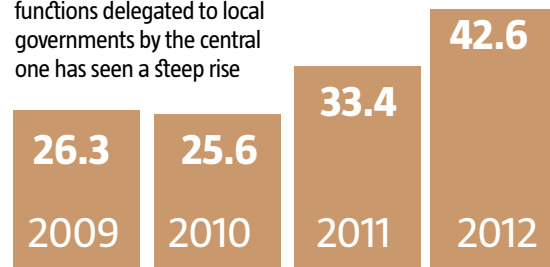
The share of transfers from the central budget in the revenues of local budgets signals their growing financial dependence on the centre



% of central budget transfers in revenues of local budgets

Extra burden

Over the years of Viktor Yanukovich's and the PR's rule, the share of local budget spending to fund the fulfillment functions delegated to local governments by the central one has seen a steep rise



% of local budget spending to fund the fulfillment of delegated functions

Source: Association of Ukrainian Cities and Towns

freeze these funds, some mayors had to stay in Kyiv instead of dealing with problems in the regions. The problem has been partly solved, but the gloomy situation in public finance, which is further aggravated by this year's unrealistic budget (passed without discussion on the last day of the previous session of parliament that is completely loyal to the government and Presidential Administration), suggests that the PR will soon be patching its shortfalls with the funds of local communities.

Thus growing centralization and the weakening of the self-governance of municipal institutions in Ukraine under the PR's rule should be seen as something objective and inevitable regardless of the election rhetoric. The reason is that the political culture of Yanukovich's team and the Party of Regions' environment, is made up of authoritarians. These people do not have any tools for keeping power other than administrative, command and enforcement. Therefore, the PR has no alternative in centre-regions relations, other than to run counter to the interests of local communities. ■



PHOTO: UNIAN

The Ukrainian Myth – the Breadbasket of the World

Accelerating grain production in Ukraine may feed politicians and oligarchs, but not the country's jobless rural population or backward economy

Author:
Lyubomyr Shavalyuk

Ukraine's agricultural sector has seen rapid development over the past few years. This has boosted agricultural investment, mostly from oligarchs who have recently turned to it, probably having realized that the potential of the other industries they had been milking, such as steelmaking and mining, engineering, pipes and others, is almost exhausted.

Farming is one of the few businesses in Ukraine that can still quickly generate windfall profits – something the oligarchs have always pursued – provided that it has a favourable environment. It's no wonder that once businessmen with close ties to the government took an interest in farming, the latter began to support the agricultural sector, declaring that it should become a new driver for economic growth and a solution to many macro-economic problems. But this priority could actually prove devastating for both rural areas of Ukraine and the economy as a whole.

DOWN-TO-EARTH IDEAS

With its vast areas of fertile soils, Ukraine seems destined for agricultural success. However, there was minimal development in farming until about 2005. There was no land regulation while grain prices did not make the business profitable. Foreigners who had all the latest technologies did not rush to invest in Ukrainian, since their access to land was restricted, plus they faced an unfavourable investment climate. In 2004, investment in agribusiness was a meager UAH 3.4bn per year.

This changed in 2005, largely thanks to certain liberalization after the new government came to power. Foreigners started investing in Ukrainian agribusiness, bringing in new technologies that also spread among Ukrainian farmers. From

June 2005, global grain prices rose steadily. This lasted almost until the onset of the crisis. Even the good worldwide harvest in 2007-2008 that boosted global exports by 10% and knocked down prices did not inhibit the rise (see **Global growth**). All this facilitated investment in Ukraine's agriculture and gradually boosted output from 1.82 tonnes per hectare in 2003 to 3.46 tonnes per hectare in 2008 (see **Farming boom**).

Today, investment rate in agriculture remains among the highest in Ukraine while the industry has found itself in a very favourable environment. Banks are more eager to lend to agribusiness, which enjoys significant tax privileges. Over the past year, large and medium-sized businesses involved in agriculture earned UAH 27bn in net profit, i.e. 68% of the net profit of all Ukrainian enterprises, but paid less than 1% of total income tax. In addition,

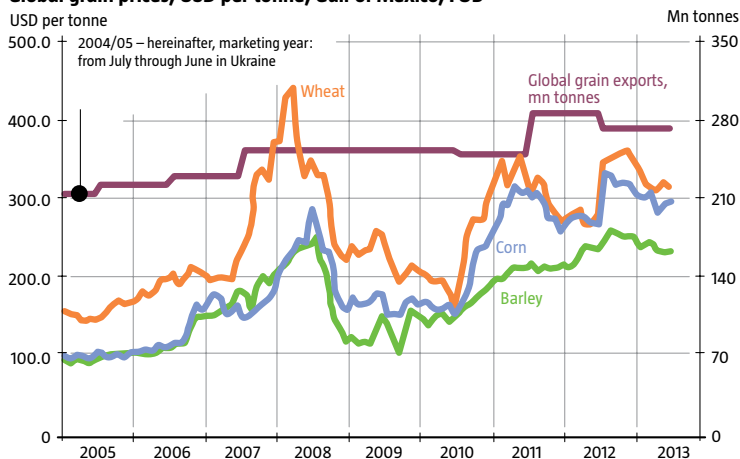
grain traders owned by people close to the government, gained extensive opportunities to export grain after yet another redistribution of the grain market: almost 23mn tonnes of grain were exported in the 2012/2013 marketing year (see **Cash and politics**). They have received sustainable revenues in foreign currency, as well as the possibility to obtain easy and cheap funding from abroad.

Growing crops has become lucrative enough to attract oligarchs who are used to extensive business development through dirt-cheap privatization and the distribution of the state budget. As a result, the farming tycoons who at that time included Oleh Bahmatiuk with UkrLandFarming and Avangardco, Andriy Verevskyi with Kernel Group and Yuriy Kosiuk with Myronivskyi Khliboproduct, were joined by first-wave oligarchs, who only recently turned to agribusiness, including

GLOBAL GROWTH

Global grain prices rose from mid-2005 with some breaks despite increasing global exports. This is a consequence of the economic growth of developing economies and millions of new jobs for the middle class that can afford to buy enough foods. However, good harvests in other exporting countries and a global economic slowdown could hamper a growth in food prices, which is currently indeed the case.

Global grain prices, USD per tonne, Gulf of Mexico, FOB



Rinat Akhmetov, Vadym Novynskyi, Ihor Kolomoiskyi and Serhiy Taruta.

Ukraine is expecting a record-breaking crop of cereals this year that may well exceed the 56.7mn tonnes harvested in 2011. Cereal exports could subsequently rise significantly. According to the US Department of Agriculture's forecasts, Ukraine could become the second biggest grain exporter after the US in the 2013/2014 marketing year if it sells 30.2mn tonnes abroad.

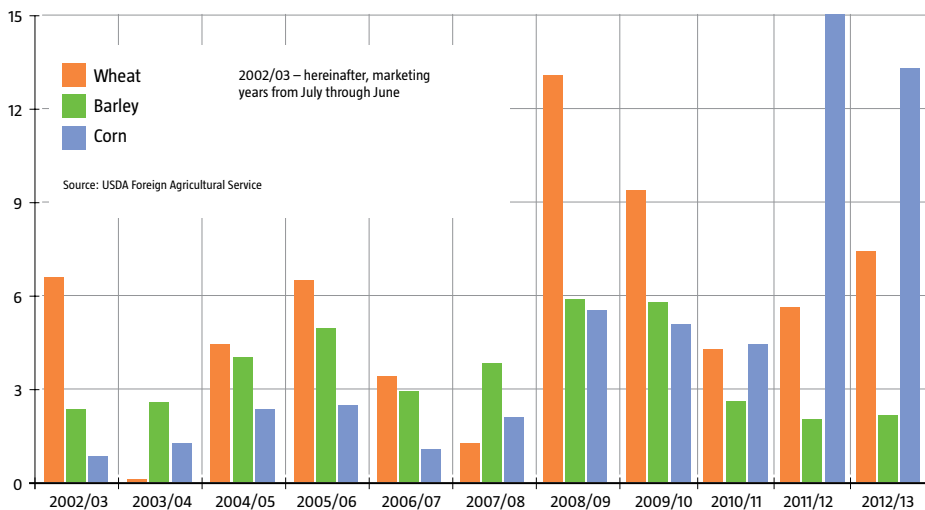
In an effort to gain its own dividends, including political, on agribusiness development, the government is taking credit for the boom. But this is wishful thinking since farming began to develop intensely way before the current government came to power, while the tax privileges it initiated will hardly facilitate the agricultural sector development effectively, given last year's high profits. Instead, they will add to the burden on taxpayers.

Another reason for the government's close attention to agribusiness is the balance-of-payments issue. In 2012, Food Stuffs exports where grain accounts for 39% made up 26% of Ukraine's total exports of goods, almost catching up with long-time leaders, iron and steel. Based on data for the first five months of this year, metallurgy and machinery product exporters will earn nearly USD 3.5bn less from exports in 2013 compared to previous year. The government hopes to offset this loss in trade balance with

CASH & POLITICS

Over the past two years, Ukraine has exported record-breaking amounts of grain and plans to increase exports still further. This is how the government is solving problems with the balance of payments and gains political dividends by taking undeserved credit for the industry's progress

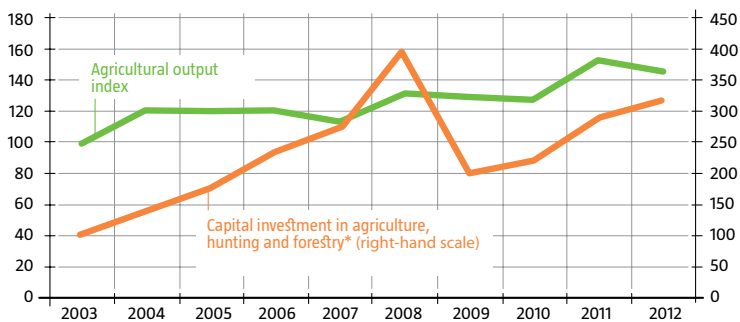
Grain exports from Ukraine, mn tonnes



FARMING BOOM

Agribusiness in Ukraine is developing rapidly, responding primarily to the growth of global food prices. Tycoons invest in the sector and, just as they did in the industries they are already dominating, are squeezing SMEs out of agribusiness

Real amounts, 100 = 2003 indices



revenues from exported grain. However, the grain price would have to increase 1.5 times to cover the loss, but world prices are currently falling. On August 14, September futures for corn fell by a further 14% below the rate as of June 31, and are 17% below spot prices. Wheat futures fell 4%, and are 19% below spot prices (**see Global growth**).

Meanwhile, government officials keep talking about the potential of agribusiness, as if expecting it to become a reality this year. The potential is indeed huge: 100-120mn tonnes of grain, given average crop capacities in developed economies. This is almost twice what Ukraine harvested in its best years since gaining independence. However, based on the estimates of Oleh Bakhmatiuk, the biggest land

bank user in Ukraine (according to various estimates, over 500,000 hectares), Ukraine could be able to harvest this much grain in five to seven years provided that another USD 20-25bn is invested in its agribusiness. The big question is whether this much investment can be absorbed in such a short period, when 2012 investment was under USD 2.5bn? And where would it then sell all the grain? The world is not ready to consume another 60mn tonnes of cereals which Vice Premier Serhiy Arbuzov already seems ready to export. No matter how hard the government tries to speed up the development of this sector, it will not offset the downfall of the rest of the economy or help the government patch balance-of-payments gaps.

ON THE CREST OF A WAVE

Despite the potential of farming in Ukraine, there are many bottlenecks in its development in the way that take years to eliminate. The key factor that made arable farming profitable enough to invest in its own development, even in bad years, was the world price for cereals. They grew at a rapid rate despite some slowdowns during the 2008-2010 because of the crisis. From June 2005 to June 2013, wheat, barley and corn prices grew 2.2, 2.5 and three times respectively (**see Global growth**). Meanwhile, global cereal export grew by 34% from 2004/2005 (73mn tonnes) to its peak in 2011/2012.

According to the IMF, real global GDP also increased by 34% over 2005-2012. So, the average growth of household income does not explain skyrocketing food prices. Moreover, to a large extent,

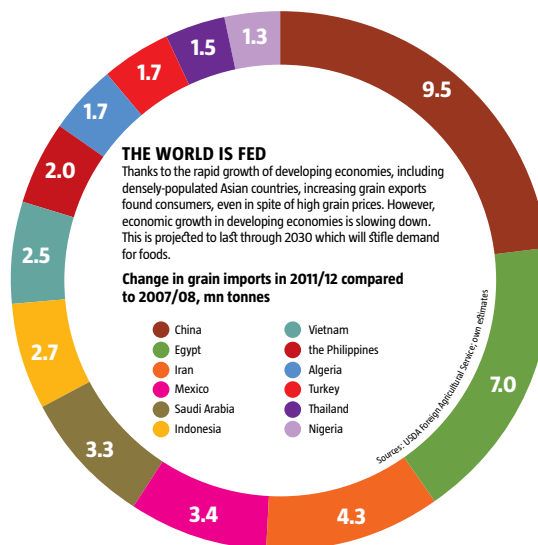
the level of people's income in developed economies allows them to satisfy food needs, regardless of the economic situation.

Apparently, high prices are driven by something else – significant growth in developing economies (**see Hampered progress**). Over the past eight years, their real GDP has grown 66%. Undeveloped Asian economies with a population of over 3.4 billion have almost doubled, growing 97%. This economic boom has created hundreds of millions of new jobs, providing an income that newly-employed consumers spent on food they could not afford before. Thus, the growth of the middle class in Asia and some African countries has become the key factor that boosted cereals prices.

The distribution of additional exports on global markets in 2011/2012 compared to another peak year of 2007/2008 confirms this (**see The world is fed**). China, which has transformed from a net exporter into a big net importer of foods over the past few years, as well as smaller rapidly developing Asian economies, such as Indonesia, Vietnam, the Philippines, Thailand and Iran, consumed most of this extra grain. Much of it went to individual densely populated countries on other continents facing a high rate of economic growth and an expansion of their middle class. The twelve economies in the chart (**see The world is fed**) increased their cereals imports by almost 41mn tonnes while global exports only grew by 33mn tonnes. Their high solvency coupled with high grain prices have even allowed them to squeeze out some cereals importers that had previously shaped the market.

This has brought Ukrainian agribusiness to the crest of the global wave of middle class growth in developing countries. But this wave has ebbed (**see Hampered progress**) and the future no longer looks so clear or bright for Ukrainian farmers.

Firstly, even if Ukraine does realize its agricultural potential and produces 100-120mn tonnes of grain a year, it will have to export 60-90mn tonnes (such volumes cannot be consumed by the domestic market), which exceeds 2012 and 2011 peak amounts by 35-65mn tonnes. Will the third world generate at least 2/3 of the demand it added to the market over the last decade to absorb this



skyrocketing output, provided that other players on the market do not increase their grain exports? This is unlikely since, according to various estimates, developing economies will not grow at the present rate in the next 10-15 years. So, they are unlikely to create many new jobs to boost global demand for foods in the foreseeable future.

Secondly, grain prices are showing a curious trend. They plunged very low in 2009 and 2012 when growth rate of Asian economies slowed down to below 7% per year. Huge harvest and a 15% increase in the global export of cereals in the 2011/2012 marketing year against a backdrop of the economic slowdown in Asia led to a further 20-25% fall in wheat and corn prices. So producing and exporting more crops does not necessarily mean higher revenues.

If Ukraine does realize its grain potential, global grain exports will rise by 15-20%, and global competition will increase. In that case, the "driver" of Ukraine's economy may transform into a burden while the government's proud "Let's feed the world together!" may become a cry of despair. Some economists justly warn those in power against the overstated expectations of Ukraine's agribusiness in 2013 and note that they should prepare for the opposite. Transition economies are slowing down and the whole world is expecting good harvests this year, so Ukrainian farmers could face tough competition on the global market, while revenues from the sale of cereals may be way below last year's. The current dynamics of grain prices confirm this concern.

No matter how the 2013 harvest turns out though, Ukraine should probably search for strategic buyers and sign long-term contracts for its supply. If not, global competition may well kill the effect of much of the investment in agribusiness.

THE OTHER SIDE OF THE COIN

Regardless of how profitable Ukrainian agriculture will be in the future, one thing is clear: it will develop for at least the next five years. Even if global competition eats up one third or half of current cereals prices, crop farming will remain profitable in Ukraine although investment may shrink. Even though the current situation carries significant risk, given the extensive nature of commercial farming. Big business, which is currently investing heavily in agriculture, is counting on quick profits, so it focuses on growing plants that exhaust the soil, especially industrial crops. Over 2005-2013, sunflower fields grew from 3.7 to 5.2mn hectares; corn fields went from 1.7 to 4.7mn hectares, while land used for growing rapeseed increased from 240,000 to almost 2mn hectares. Meanwhile, the acreage of traditional food crops is dropping. If this practice continues, it will cause the fertility of Ukraine's black soil to decline and the current farming tycoons will actually leave behind scorched earth.

Agribusiness development can also bring dramatic change to rural Ukraine, home to over 14 million people or 31% of the total population. Modern technologies ensure high productivity so farmers will need fewer people to work in the fields. In the US, less than 1% of the population or 2 million of employed Americans, work on all of the country's farmland. This is where Ukraine could be heading. The rest of Ukraine's rural population will then face one of few possible scenarios.

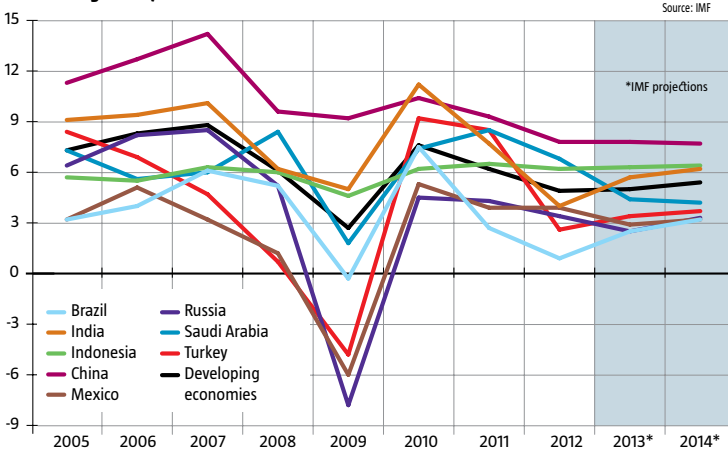
Whenever something like this happens, villagers gradually migrate to towns for work and a better life. All developed economies went through this as their farming evolved. In Ukraine, this will require the creation of as many jobs in other industries as the number of people that will lose their jobs as a result of the commercialization of farming. Currently, however, Ukraine's industry and services sphere are in steep decline, nor will they develop anytime soon, given

HAMPERED PROGRESS

Over the past two decades, developing countries have made a huge leap in terms of economic growth. This generated hundreds of millions of new jobs and boosted demand for food. Lately, however, this growth has slowed down significantly and will continue to decline.

The chart shows developing countries that are in the top 20 economies of the world by GDP.

Real GDP growth, %



AGRICULTURE NEVER MADE ANY STATE RICH. ON THE CONTRARY, AGRICULTURAL DEVELOPMENT ALWAYS CEMENTED ITS BACKWARDNESS

the current situation in Ukraine and the government's economic policy. So there are no prospects for Ukrainian villagers in cities. Another option is migration to developed economies and a further decline of Ukraine's population. If the government abolishes the ban on the sale of agricultural land, migration could

well accelerate in the long run, because other than a house and an adjacent patch of land – which is not worth much – there is nothing to keep people in villages. They will have no work and will sell whatever land they currently own. Therefore, without a comprehensive economic strategy, the development of agri-

culture may trigger many socio-economic challenges.

In his book *How Rich Countries Got Rich... And Why Poor Countries Stay Poor*, Norwegian economist Erik Reinert argues that agriculture never made any state rich. On the contrary, its development always cemented a country's backwardness.

Producers of agricultural foods, just like those of other commodities, rely heavily on a strong manufacturing and its growth. If the latter suffers a crisis, farmers fall hostage to low prices, income and sluggish growth. It appears that the Ukrainian government views agriculture as nothing but a tool to solve its current problems, declaring it to be the "driver" of the economy. Oligarchs apparently view it as a way to make a quick buck. ■

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Is Gazprom on the Ropes?

Ineffective business model of the Russian gas monopolist makes it a weaker promoter of the Kremlin's policies abroad

Author:
Stephen
Blank

BIO

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Today, across Europe and Asia, Gazprom, Russia's flagship gas company and a major instrument of its domestic and foreign policies, confronts serious challenges. Gazprom's difficulties are inherent in its character as the Russian state's agent for both domestic and foreign policies. In a patrimonial, even kleptocratic service state like Russia's, a corporation like Gazprom cannot react to market changes with sufficient flexibility or rapidity. As a result, it has rashly dismissed the advent of shale gas as a bubble, expanded capacity in its huge South Stream project even as European consumers renege or gain access to other suppliers, failed to capitalize on the Arctic's impending boom, and has been late in signing contracts with East Asian states.

Gazprom exists, first of all to satisfy the political needs of the Russian state, not to act as an independent, normal business. Instead it functions as an instrument for raising tax revenues for the government and extending its power abroad and domestically. In many ways, then, Gazprom greatly resembles a medieval or early modern tax farmer, i.e. a servitor at the Tsar's court who receives a monopoly franchise to sell one or another form of agricultural produce to raise taxes for the Tsar and support itself. Under the circumstances it is not unduly surprising that Gazprom, like these tax farmers, cannot and will not act according to market logic but rather seeks to isolate or itself from or suppress that dynamic market by displays of political power. Neither is it unusual that Gazprom, when it confronts resistance from supposedly weaker players, e.g. Ukraine, employs harsh language, threats, and intimidation, against Kyiv. Nor is it unexpected that in their efforts to concentrate power in Moscow's hands both Gazprom and the government face a mounting resistance.

PRESSURE ON ALL FRONTS

Recently Gazprom has lost several court cases in Europe, most notably to the German firm RWE, and must pay large fines. The European Commission is investigating

it for multiple and diverse violations of EU antitrust laws. Similarly, in 2012 Norway overtook Russia as the EU's biggest gas supplier, a process and trend signifying an overall European decline in gas consumption due to decreasing demand and increased energy efficiency. In fact, even European and global trade in liquefied natural gas (LNG) declined.

On June 28, 2013 Azerbaijan announced it would ship gas to Europe through the Trans-Adriatic Pipeline (TAP) through Turkey, Greece and then Italy. While this decision leaves Bulgaria, Hungary, Romania, and possibly Serbia open to South Stream, Gazprom's huge Southeast European project, at least some analysts believe that Azerbaijan's decisions will, over time, not only, provide the only viable alternative to South Stream for Western Balkan states and Central Europe but could also produce a multiplier effect to tilt the Balkan gas balance away from South Stream. This multiplier effect may or may not come about. But there is no doubt that Gazprom is on the ropes as well in Eastern Europe.

Lithuania too has just acted vigorously to reduce the amount of Russian gas, Gazprom's political influence, and behind it Moscow's influence in Lithuania. Other Baltic States have been resisting Gazprom's prices and practices for several years. German companies like RWE and EON and Italy's ENI, and Bulgaria have successfully forced Gazprom to reduce its prices to them. Other governments will emulate them if they have not already started doing so.

Gazprom's troubles also have serious repercussions for Russian policies in Asia and Russia itself and are mutually reinforcing. Domestically Gazprom, with President Vladimir Putin's support, has lost its export monopoly in gas thanks to Russia's recent major deals with China. Indeed, Rosneft is buying ITERA, once connected to Gazprom, and seeks to double its natural gas production by 2020. Gazprom's loss of monopoly standing undermines its ability to advance Russia's foreign policy and demonstrates its declining domestic

EU regulators are preparing a formal antitrust complaint against Gazprom which, if satisfied, may result in a fine of

10%
of its annual income
(nearly EUR
4-4.5bn)



GAZPROM EXISTS, FIRST OF ALL TO SATISFY THE POLITICAL NEEDS OF THE RUSSIAN STATE, NOT TO ACT AS AN INDEPENDENT, NORMAL BUSINESS

power. As these deals with China also show, although Gazprom says it is pivoting to Asia, the new promised land for Russian energy and foreign policy, there is still no gas deal with China despite constant earlier announcements that a deal was imminent. While there are offers on the table with Japan; no tangible breakthroughs in gas have occurred and the deals that have been negotiated are with Rosneft. Meanwhile most energy deals with South Korea remain stalled. Gazprom may be establishing a special-purpose company to oversee development of LNG in the Far East with a capacity of 15 million tonnes that will come on steam by 2016, nevertheless Gazprom clearly trails its rivals in the Far East. Indeed,

Gazprom's entire record since 2000 reveals a consistent disinclination to sell gas to the Far East that has allowed its rivals to prevail over it. Furthermore the deals that China has made with Rosneft and Novatek, Gazprom's rivals, let them be active in the Arctic, the next great frontier of Russian energy, with China as well as Western companies. Meanwhile Gazprom's showcase project there, the Shтокman field, has been closed down. Rosneft in particular benefits in many ways. It is clearly the primary energy provider and exporter for the Far East and Asia. As this area becomes ever more vital a market for Russia, Rosneft's political standing vis-à-vis its declining rival Gazprom will probably grow. Certainly, Rosneft's improved cash position and the politically robust leadership of Igor Sechin, who remains close to Putin, gives it many advantages vis-à-vis Gazprom.

CHAIN REACTION

Gazprom's woes stem from its unresponsiveness to market sig- ➤

Gazprom ends up 57th in the FT Global 500 ranking this year compared to 31st last year. One reason is a

30.4%
decline of its market capitalization to

**USD
101.4bn**

Russia earned USD

8.21bn
less on oil and gas over the first six months of 2013 compared to the same period of 2012

nals. The discovery of shale gas and the emergence of LNG, a sector in which Russia is years behind its competitors, have stimulated an abundance of suppliers to Europe who can supply Europe with LNG or ordinary natural gas at much more realistic prices, e.g. Qatar and Algeria. In a few years the United States could join them if it begins to export shale gas in 2016 as is now being discussed and planned. Indeed, the plans to export shale gas from the U.S. are already taking shape. Russia's government and Gazprom were and are still slow to recognize the significance of LNG and especially of shale. Although Moscow now talks about plans to move more and more exports from the Arctic as LNG and was found to possess huge shale reserves, perhaps the largest in the world, it is in no position to exploit those holdings. Indeed, both Putin and Gazprom's director Alexey Miller claimed that shale gas was essentially a bubble.

The shale gas revolution and continuing discovery of new sources, e.g. methane hydrate and other forms of methane gas, call Russia's future ability to export energy at competitive prices and dominate regional or international markets into question. Similarly the recent US decision to allow the export of LNG rep-

According to expert estimates, Russia's economy is entering a lengthy recession. Its GDP will grow at a mere

2.2%
in 2013 and will not go beyond
3.3%
until 2019



GAZPROM AND ITS SPONSORS DO NOT ADAPT TO CHANGES ON THE ENERGY MARKET. OTHERWISE, THEY WILL BE MARGINALIZED

resents a serious potential threat to other exporters like Russia. Foreign firms are already attracted by the US shale gas boom. Mitsui, Mitsubishi and GDF Suez of France each plan to take a 16.6% stake in an LNG project at Hackberry, LA. And this was before the U.S. government agreed to allow exports from a Texas project to export LNG to countries with which the US does not have free trade agreements. The prospect of US exports and the ensuing creation of a truly global gas market sev-

ered from the oil price are also likely to threaten Russia because it could lead to a serious plunge in the price of gas as sold in both Europe and Asia thereby cutting into the profits of Gazprom and Rosneft. But these foreign trends only menace Gazprom's standing because of the way in which it is organized, constituted, and employed on behalf of Russian policies. There can be no doubting that Gazprom is first of all a political instrument as Russia

has repeatedly proclaimed in its energy strategies of 2003 and 2009 that it is energy which is a crucial determinant of its global standing and capability.

Thus Gazprom's performance is integral to Russia's international standing but also to the government's ability to maintain its budget and fund its programs. Indeed, some analysts now openly speculate about its demise and with it the Putin system's collapse. Naturally this means that Gazprom is one of the most closely supervised of all Russian state agencies. Arguably its management is a template for other agencies given its centrality to so many aspects of Russian policy. In practice, as Anders Aslund has written, is that Gazprom, perhaps the key foreign and economic policy instrument of the government, is run in a way that either resembles or is that of a organized crime syndicate. In addition there is an extensive record of linkages between Russian energy firms, organized crime, political subversion projects, and influence peddling from the Baltic to the Balkans if not beyond. Indeed, Russia makes no effort to hide the fact that its energy policies are a lever for acquiring enduring positions of political influence in Balkan governments. And as Ukrainians well know (and not only in Ukraine) the same principle holds true there as it does throughout Eastern Europe. But Gazprom's domestic dysfunctionality stems not only from its large-scale criminal-type behavior.

Indeed, that behavior is the logical outcome of the structure and purpose of Gazprom as the Russian state's tax-farmer. Yet its falling profits, stock price, and increasing immobility have led Putin to criticize it and revoke its monopoly. If it is a template, then the entire state is vulnerable to the same challenges. While it is probably far too early to count out Gazprom or Putin, the handwriting may already be on the wall. Like all other creatures forced to adapt to unpredictable, dynamic, and profound environmental changes, if Gazprom and its sponsors do not adapt, they will be marginalized. ■



PHOTO: AP

Getting Shirty With Vladimir

Three ways that the West could make life more difficult for a hostile Russia

For a time after Vladimir Putin first became Russia's president almost 14 years ago, there were hopes that, though no liberal, he was moving in a pro-Western direction. But as he prepares to welcome global leaders to the G20 summit in St Petersburg next week, it is ever more obvious that, whether in international diplomacy over Syria or on domestic issues like the jailing of opposition leaders or gay rights, he is on an explicitly anti-Western course. Indeed, hostility to the West has become a hallmark of his third presidential term.

Fortunately, Mr. Putin's influence is declining. European countries who were dependent on Russian gas used to be easy to bully. Now a mix of falling energy consumption, new pipelines that skirt round Russia, the exploitation elsewhere of shale gas and oil, and the subjection of Russian energy producers to EU competition rules has eroded his clout.

Yet Russia is still a power of serious consequence. It remains the world's biggest oil-and-gas producer; it has a permanent seat on the UN Security Council and a nuclear-weapons stockpile. The West needs to deal with it on such matters as Syria, Iran, leaving Afghanistan, arms control and international terrorism. Except on Iran, Russia has offered little co-operation on any of these issues: witness Mr. Putin's continuing protection of the vile Assad regime in Syria. That argues for a tougher approach from the West.



PHOTO: AP

In the past when facing Mr. Putin, continental Europeans, especially Germany and Italy, too often put business dealings

HOSTILITY TO THE WEST HAS BECOME A HALLMARK OF VLADIMIR PUTIN'S THIRD PRESIDENTIAL TERM

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above democratic principles. More recently the Americans have often been the soft ones, but Barack Obama's cancellation of his planned summit with Mr. Putin was an overdue reassertion of a harder line—which

is also visible in Germany, where Angela Merkel is fed up with his antics. So there is a chance of a more co-ordinated, forceful response. Three areas seem especially promising to apply a little pressure.

One is the arc of countries around Russia's borders, where Mr. Putin's clout through energy, trade, media and mischief-making is greatest. These should be treated as frontline states, where resisting Russia's influence is crucial. For instance, Mr. Putin is arm-twisting ex-Soviet countries to join his Eurasian Customs Union. For most of them, that is a poor alternative to the European Union. The Europeans should push ahead with the process of bringing in the more suitable countries, such as Moldova. But the balance can be delicate. The biggest prize, Ukraine, is no showcase for democracy either, so if it wants to sign an association agreement with the EU in November, as planned, it must do more on the rule of law first. Resisting Russia's bullying does not mean lowering the standards that make the EU attractive in the first place.

ONE UP THE KREMLIN

The second pressure-point is security. Russia's privileged status at NATO is based on the assumption that it is a friend. Now that Mr. Putin says NATO is his enemy, the kid gloves should come off. Russian spies there (and elsewhere) should be hunted down and the sources they recruit prosecuted.

The last area is the dull but important world of international organisations. Mr. Putin has a sorry record of obstruction in outfits such as the Organisation for Security and Co-operation in Europe (which deals with issues such as election-rigging, media-freedom and minority rights). Russia cannot be expelled from these bodies, but it can be confronted more boldly. And why let Mr. Putin into any more? Russia has applied to join the OECD, a Paris-based think-tank for well-run countries. This body has a "like-mindedness" test for membership. Russia, under Mr. Putin's unpleasant regime, clearly fails it. ■

DRUG TRAFFICKING.UA

With a green light from top officials, Ukraine is turning into one of the biggest drug transit countries on the way to the EU

Author:
Bohdan
Butkevych,
Kyiv-Odesa-
Illichivsk-
Skadovsk

European law enforcers lament the increasing smuggling of drugs, especially hard drugs and cocaine, from Ukraine: their amount has doubled - or tripled according to some estimates - over the past few years. Official data provided by the Ukrainian police confirms this: drugs accounted for 70% of all smuggled goods in 2012.

Attempts to transfer drugs through the territory of Ukraine have indeed grown more frequent lately. Compared to 2011, the rate of drug-related criminal cases was 6.1% higher in 2012. The police found 2,172 instances of the illegal transit of psychotropic drugs and precursors through the Ukrainian border in 2012, seizing almost 7kg of heroin, 104kg of cocaine, 0.5kg of opium, over 30kg of cannabis, 8,795 pills, 1,568 capsules and 0.3l of narcotics, the circulation of which is restricted. However, official statistics do not reflect the scale of drug trafficking, since most banned drugs are freely transported through the territory of Ukraine.

THE CHANGE IN THE RULES

Back in 2001, the US Central Intelligence Agency and military intelligence cut off a huge drug route from Columbia to Europe through CIS countries. Sources linked it to the notorious arms smuggler Viktor Bout. Airplanes were delivering cocaine from Columbia and taking back weapons. A military airfield near the village of Krasnohvardiyske in Crimea was one of the places from which they took off. Between the late 1990s and mid-2000s the police shut down a few more similar schemes whereby South-American drugs were supplied to the EU through Ukraine.

The situation changed dramatically shortly before 2010. "Earlier, attempts to transport cocaine through our country were rare," an ex-employee of the Interior

Ministry's Illegal Drugs Trade Department says off-record. "But once the European police launched a serious campaign against the Albanian mafia, which used to deliver the lion's share of drugs to Europe through the Balkans, Colombian cartels and Afghan opium kings started looking for new ways to ship drugs. This was done through several Black Sea ports, including Varna - Bulgaria, Constanța - Romania as well as Odesa and Illichivsk - Ukraine. The traditional heroin route through Turkey and the Caucasus region has also switched to the Black Sea, since the Albanian and Nigerian mafias that used to work on this route, now face huge pressure not only from the police but also the Roma and Russian mafias. Ukraine is turning into the drugs gateway to Europe and this is no good for European integration. I know how many reports European police have written, begging the authorities not to introduce a visa-free regime with Ukraine because of the threat of a "flood" of drugs into Europe. In the future, our country may face another serious threat linked to potential integration with the Customs Union. Because of the integration processes within it, Russia is currently experiencing a heroin boom, since it has become so much easier to deliver drugs from Afghanistan through Central Asia to the Russian market. Ukraine's closer integration with the Customs Union will bring all this heroin and hashish here."

THE MAIN DRUGS GATEWAY

Volodymyr Hoshovskyi, Head of the State Service of Ukraine for Drug Control, says that in 2010-2013, international drug syndicates have become more active and the consumption of synthetic drugs from China and India has risen in Ukraine. Another important "novelty" of the past few years is ferry transfers to Georgia and

Russia during holiday seasons. Drug dealers use these to deliver heroin to the EU that comes through the Caucasus from Afghanistan. Also, they use eastern borders with Russia to transport Afghan heroin and hashish although sometimes this route stands idle when precursor deliveries and heroine processing in Afghanistan is suspended. However, Black Sea ports, especially Odesa, Illichivsk and Skadovsk, are currently the biggest transit points in international drug trafficking.

Europol's 2012 EU Drug Market Report mentions the Black Sea as the new cocaine entry point to Europe. "While the majority of shipments of cocaine from South America continue to be directed to Western Europe, substantial seizures of cocaine, often concealed in containers, have occurred in recent years in important Bulgarian, Greek, Romanian and Ukrainian ports on the Black Sea," the report claims. According to estimates by international experts, Ukraine used to account for 5-6% or over USD 2bn-worth of total drug trafficking in Europe. Now, its share has doubled to 10% and USD 4-5bn per year. Cocaine has the biggest share in smuggled drugs, followed by synthetic drugs from India and China as well as Afghan heroin. In addition, dealers smuggle large quantities of cannabis from Maghreb and African countries through Moldova and Ukraine to Russia.

"I transport cargos from the Skadovsk port," Oleksiy, a truck driver from Kherson, shares his drug trafficking experience. "Someone once came up to me shortly after a ferry arrived from Turkey and offered me USD 800 (USD 300 as an advance payment and USD 500 on delivery) to take a big package along with the packs of fertilizer I was delivering. I saw white powder in it and asked them what it was. They told me to not

Drug mafia routes through Ukraine



ask anything, just agree or not, while they guaranteed that nobody would touch me – I simply had to deliver the cargo safely to Burgas in Bulgaria. I agreed because I had to pay for my mother's surgery. Indeed, I had no problems at any of the four borders I crossed". Oleksiy says that he has not dealt with drugs since, because he's afraid to. But he knows some people who do this regularly once the holiday season begins and ferries start arriving in Skadovsk from Turkey, Georgia and Russia. They deliver cocaine and heroin to Bulgaria or Romania and sell them to the locals, mostly the Romas.

TOP PROTECTION

Cocaine is currently the most expensive drug in Ukraine, costing at least UAH 2,000 per gram. Heroin starts at UAH 800 per gram while home-made opium injections are UAH 15 per "cube" – a standard dose is two to three cubes. Amphetamines or MDMA – the favourite drugs of young clubbers – cost UAH 300-400, while drugstore pills with codeine or morphine that are particularly popular in Donbas cost up to UAH 100 per pack. Ukrainian drug addicts cannot afford the pricey cocaine so almost this entire South-American drug is transited to other countries. However, such big transits require significant protection while a transit country will one day inevitably turn into a consumer country. Drug traffickers often take some of the product as payment or re-

ward. So, even if the drugs are only transited through a country, some of them stay on the territory, generating demand, which is boosted by cutting prices on the one hand, and seeking reliable protection in high office on the other. "Ukraine was previously a purely transit country, so anything that ended up here would get to the destination point fully packaged," says the ex drug police officer. "Now some drugs stay here. The worst thing is that the scale of cocaine transit has grown immensely and now enjoys protection in top offices."

The Ukrainian Week contacted an executive at one of the top customs clearance brokerage firms in Odesa. He said that this scheme is now used in just about every port. Each has two or three offices which, with support in the government, clear cargo without any control by customs, border or SBU (Security Service of Ukraine) officials. Such services cost two to three times more than the official clearance procedure, ranging from USD 5,000 to 20,000. In return, the company's owner gets a full guarantee that controlling bodies will not interfere in the clearance procedure – at most, they will just check the documents without inspecting the cargo.

The executive claims that the brokers are backed by top officials in Kyiv, not just local ones. "According to my information, these companies and the whole issue are supervised by the National Security and Defence

Council. Of course, I don't know whether these "state protectors" are in direct contact with drug dealers. But I'm sure that these top officials realize who uses their clearance schemes in all Ukrainian ports. Drug cartels always seek the most reliable protectors in governments to transit their goods seamlessly – they find it easier to deal with one top official than to bribe a clerk and risk their entire shipment. Given how rotten and corrupt Ukrainian officials generally are, you can be certain that they know what's going on."

"Over the past three years, the system battling the illegal drug trade in the country has been virtually destroyed," the ex drug police officer claims. "Up to 90% of my colleagues were either dismissed or left voluntarily. Oblast departments are left with about ten people who simply shuffle papers around because they lack the staff or experience to actually do the work. Experienced officers were replaced with young and inexperienced people with "Donetsk" connections that just joined the police for the money. In many places, they now sell seized drugs. Moreover, now, when the State Service of Ukraine for Drug Control is about to take over the functions of the Illegal Drugs Trade Department, and the SBU, which is very unprofessional, is in charge of drug transit, this issue hangs between three law enforcement bodies. As a result, there is virtually nobody to fight it." ■

The Cradle of Indo-Europeans

The dawn of Indo-Europeans on the Ukrainian steppes

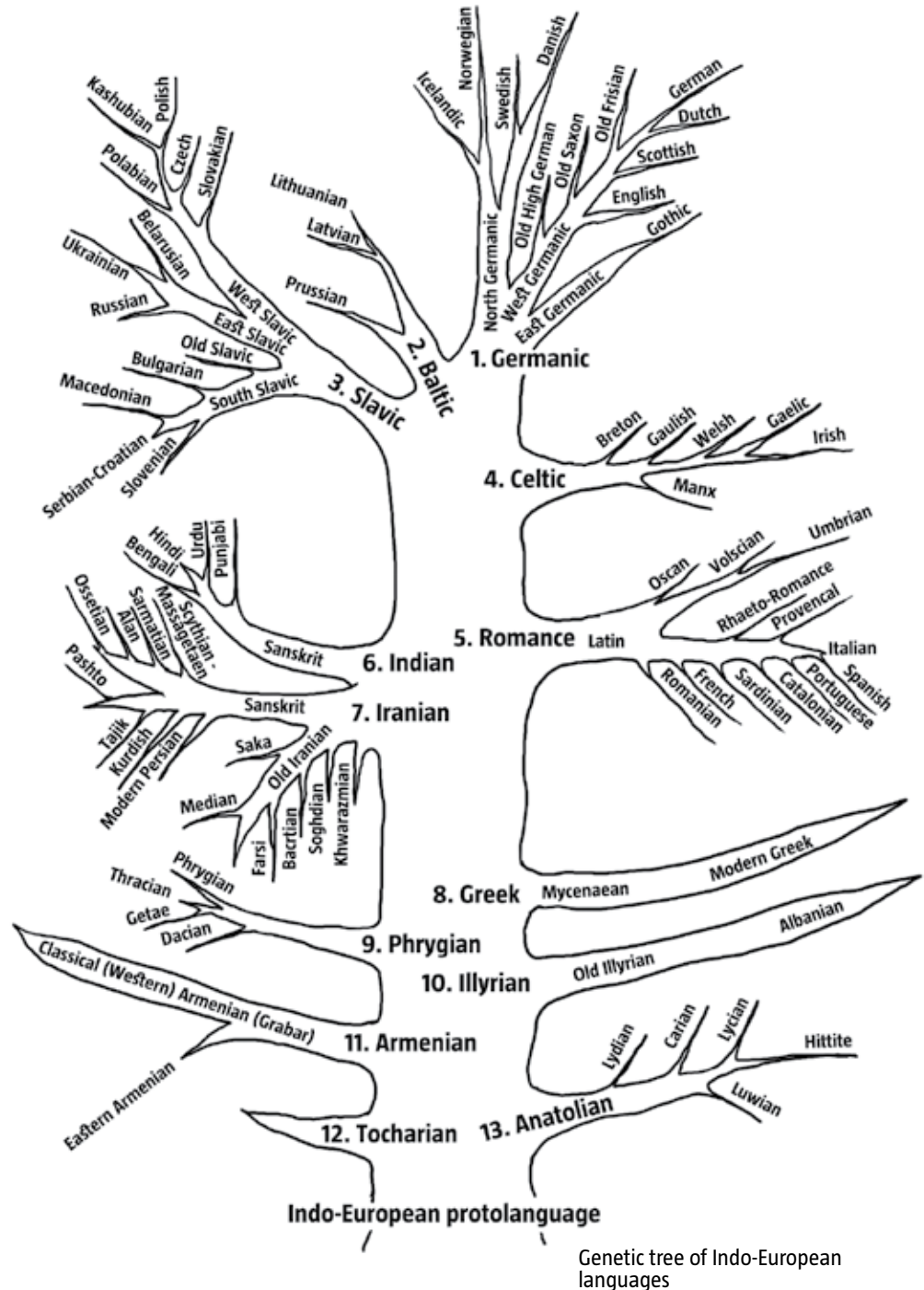
Author:
Leonid Zalizniak

The rise of the Trypillian culture on the right bank of the Dnieper 7,000 years ago overshadowed the birth of Indo-European peoples on its left bank. The Indo-Europeans were a group of around 200 related peoples that inhabited Europe and Western Asia from India to Great Britain and the Pyrenees. They created the European civilizations whose cultural accomplishments contributed greatly to the progress of humankind over the past centuries.

In April 1786, Sir William Jones, a polyglot and a Supreme Court judge in Calcutta, India, made a great discovery. When reading *Rigveda*, a compilation of sacrificial hymns of the Aryan con-

BIO

Leonid Zalizniak is a historian, Director of Stone Age Archaeology at the Archaeology Institute, National Academy of Sciences; and representative of Ukraine on the Palaeolithic Commission at the International Association of Protohistorians. He has published several books, including *Essays on the Ancient History of Ukraine* («Нариси стародавньої історії України», 1994); *The Swidrian Reindeer-Hunters of Eastern Europe* (1995); *From Sclaveni to the Ukrainian Nation* («Від склавинів до української нації», 1997); *The Earliest Past of Ukraine* («Найдавніше минуле України», 1997); *Protohistory of Ukraine in the 10-5th Millennia B.C.* («Передісторія України X-V тис. до н. е.», 1998); *Final Paleolithic Age of North-Western Eastern Europe* («Фінальний палеоліт північного заходу Східної Європи», 1999); *The Early History of Ukraine* («Первісна історія України», 1999); *The Origin of Ukrainians: Between Science and Ideology* («Походження українців: між наукою та ідеологією», 2008), and more.



querors of India, he found that the predecessors of modern Indo-European languages, including Sanskrit, Latin, Ancient Greek, Germanic and Slavic languages, were related.

19th-century linguists – most of them German – took up his cause, developing comparative linguistic analyses and proving that Indo-European languages shared a common origin. Their research resulted in a classification of Indo-European languages comprised of 13 ethno-linguistic groups, including Anatolian, Indian, Iranian, Greek, Italian, Celtic, Illyrian, Phrygian, Armenian, Tocharian, Germanic, Baltic and Slavic.

According to researchers, all of these languages are closely related because they developed from the Indo-European protolanguage – a common ancestor. The next challenge was to find the territory where its speakers lived and trace their migration that began in the 4th millennium B.C.

IN PURSUIT OF A HOMELAND

The search for the Indo-European proto-homeland has a dramatic history spanning two centuries. Following William Jones' discovery, India was declared the proto-homeland and Sanskrit from *Rigveda* was interpreted as the origin of all languages, arguably preserving all features of the proto-language. According to the common belief at that time, the favourable climate of Hindustan enabled demographic booms and caused migration westward to Europe and Western Asia from the overpopulated subcontinent.

Soon, however, it turned out that the language in the Iranian *Avesta* was nearly as old as the Sanskrit in *Rigveda*. Thus, the common ancestor of all Indo-European peoples could have lived in Iran or somewhere in the Middle East where important archaeological discoveries were being made at that time.

In the 1830-1850s, researchers thought that the Indo-Europeans had come from Central Asia, then considered the “forge of peoples”. This concept relied on historical data about regular waves of migration by the Sarmatians and Turkic-Mongolian tribes of Huns, Bulgars, Avars, Khazars, Pechenegs, Cumans, Tatars, Kalmyks



An Indo-European in a chariot, 2nd millennium B.C.

and others from Central Asian steppes to Europe over the last two millennia. The Russian and English colonization of Central Asia that began at that point further fuelled European interest in Central Asia.

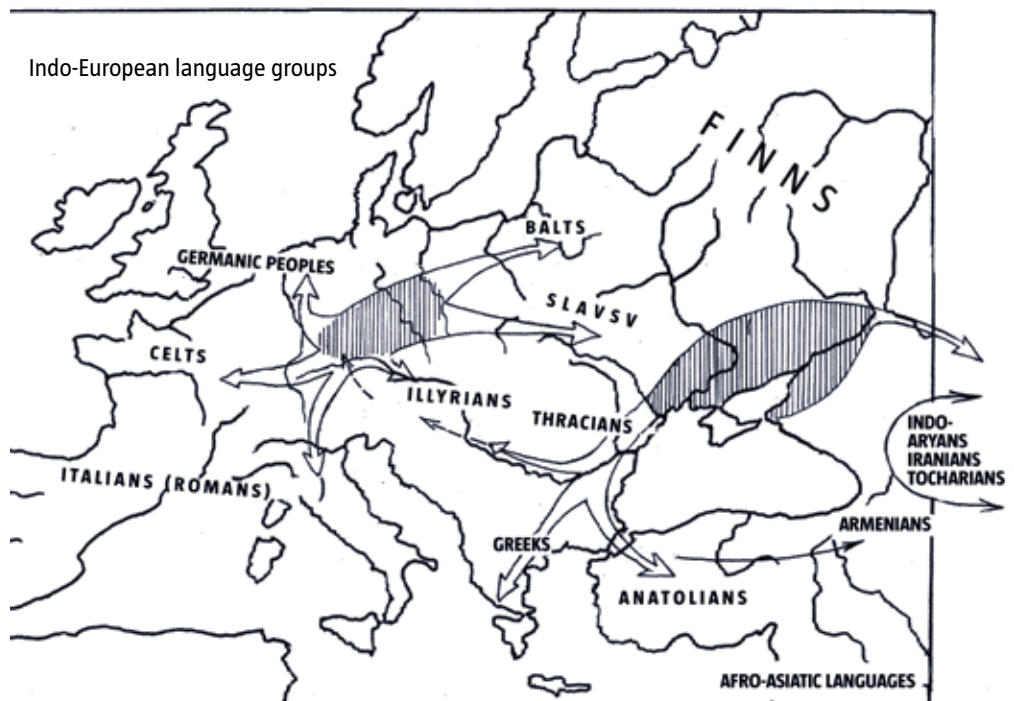
However, the rapid development of linguistic palaeontology in the mid-19th century revealed that the Asian environment and climate did not match those described in the protolanguage. Reconstructed by the researchers, the common Indo-European protolanguage seemed to originate from a region with a temperate climate, flora rich in birch, aspen, pine and beech trees, and fauna teeming with grouses, beavers and bears. It also revealed that

most Indo-European languages were localized in Europe, not Asia: a majority of old Indo-European river and lake names come from between the Rhine and the Dnieper.

From the late 19th century, Europe was widely considered the home of the Indo-European peoples. When German patriotism surged following the country's unification, it could not but affect Indo-European studies since most researchers were ethnic Germans. This facilitated the concept that Indo-Europeans had come from Germany, especially given linguistic references to the temperate climate of the proto-homeland. The northern-European appearance of the oldest Indo-Europeans was another aspect in favour of this idea. Both Aryans in their *Rigveda* and ancient Greeks in mythology treated fair hair and blue eyes as

THE SEPARATION OF PASTORALISM INTO A SEPARATE BRANCH OF THE EARLY ECONOMY BEGAN IN SOUTHERN UKRAINE

symbols of aristocracy. Eventually, researchers concluded that the German language was a direct descendent of the proto-Indo-Eu-



ropean language while other Indo-European languages emerged as Indo-Germans from the north of Central Europe migrated and mixed with aborigines.

German linguist Gustaf Kossinna analysed archaeological findings and published *Origin and Spread of the Teutons in Prehistory and Early History* in 1926. The Nazis used it as a scientific argument for their aggression in Eastern Europe. Kossinna referred to Indo-Europeans as Indo-Germans and traced "14 colonial raids of megalithic Indo-Germans eastward through Middle Europe to the Black Sea" based on archaeological findings from the Neolithic Era and Bronze Age. Eventually, this politically motivated scenario of Indo-European settlement collapsed along with the Third Reich.

THE STEPPE THEORY

The South Rus or steppe theory of the Indo-Europeans' origin emerged alongside the Central European one, founded by German researcher Oswald Schrader. He summarized the findings of linguists and archaeological materials from *kurgans* (funeral mounds) on the southern Ukrainian steppe between 1880 and 1920, and stated that proto-Indo-Europeans were pastoralists that inhabited the Eastern European steppes in the 3rd-2nd millennia B.C. Since Indo-European languages are spread throughout Europe and Western Asia, Schrader believed that the common proto-Indo-European homeland had to be somewhere in the middle, i.e. the steppes of Eastern Europe. Other researchers from Great Britain, Poland, Lithuania, Russia and Ukraine also concluded that Indo-Europeans originated from the Ukrainian steppes. The Yamna or Pit Grave culture of the Pontic steppe shaped the assumptions of the 20th-century Indo-Europeanists. They interpreted it as the birthplace of the Indo-European protolanguage.

In this steppe version, the earliest Indo-Europeans emerged in Southern Ukraine in the 4th-3rd millennia B.C. after pastoralism split into a separate branch of the early economy. The process accelerated as the climate grew more arid and the steppes expanded, resulting in a crisis for the agriculture-based economies of the Bal-



Stone anthropomorphic steles by Indo-European pastoralists dating back to the 3rd millennium B.C. found in the northern Black Sea steppes

Indo-Europeans include nearly **200** related peoples that have inhabited Europe and Western Asia from India to the UK and the Pyrenees for the past **5,000** years



THE YAMNA OR PIT GRAVE CULTURE OF THE PONTIC STEPPE SHAPED THE ASSUMPTIONS OF THE 20TH-CENTURY INDO-EUROPEANISTS.

THEY INTERPRETED IT AS THE BIRTHPLACE OF THE INDO-EUROPEAN PROTOLANGUAGE

Agile Black Sea steppe pastoralists spread across the steppe to Asia – Altai, India and Iran – and the Danube valley and the Balkans in search of pastures

kans and the Danube area and creating favourable conditions for cattle breeding.

The separation began in Southern Ukraine, on the frontier between the fertile right bank of the Dnieper inhabited by Trypillian farmers and the Eurasian steppes, which from then on became home to agile and warlike pastoral peoples. In the 4th millennium B.C., the territory of Ukraine became a buffer zone between the settled and peaceful farmers of Europe and the aggressive no-

constantly relocating in search of pastures, making the pastoralists very flexible. In turn, this facilitated the spread of wheel transportation and the domestication of horses, which were initially used to pull wagons alongside oxen. This constant search for pastures led to violent conflicts among neighbouring groups and the militarization of these communities. Unlike the farmers who had matriarchal societies, the pastoralists' leaders were male, since shepherds and warriors provided for life. The opportunity to own many cattle triggered stratification. In the militarized society, warlords emerged. Early fortresses were built, and cults of warriors and shepherds as supreme gods spread, along with common symbols such as chariots, weapons, horses, the sun cross (later appropriated by the Nazis) and fire.

The steppe economy of the 4th-3rd millennia B.C. was based on seasonal livestock grazing. The families settled in river valleys and grew barley and wheat, bred pigs, hunted and fished, while men spent more and more time with the herds of cows, sheep and horses at summer pastures. In spring, shepherds and armed warriors would take the cattle far into the steppes and return home in the fall. As pastoralism developed, this lifestyle grew more nomadic.

mads of the Eurasian steppe. This defined Ukraine's turbulent history for the next 5,000 years, up to the 18th century.

Cattle breeding skills inherited from the Trypillians quickly evolved into a separate industry in the steppes and forest-steppes of left-bank (eastern) Ukraine. Herds of cows and flocks of sheep were

Early semi-nomadic pastoralists from the Ukrainian steppes left few settlements but numerous tombs behind. They belong to the Seredniy Stih (Sredny Stog), Yamna, Catacomb and Zrubna (Srubna or Timber-grave) cultures of the 4th-2nd millennia B.C. They are distinguished by their steppe graves with a kurgan over the grave and the body laid on the back with bent legs, covered with red ochre. Many graves had weapons (stone battle hammers and clubs) and rough clay pots decorated with rope imprints. Some had wheels in the corners to symbolize burial carts. Archaeologists are now finding stone anthropomorphic steles of family patriarchs with elements depicting chief warriors or shepherds.

FROM RHINE TO DONETS, INDIA AND IRAN

Apparently, the homeland of proto-Indo-Europeans was not limited to the Ukrainian steppes and forest steppes since this does not explain why most Indo-European river and lake names are between the Rhine and Middle Dnieper in Central Europe. Some other elements of the Indo-European protolanguage, such as mountains and swamps, aspen, beech, yew, heather, grouse, beaver and the like do not fit into the steppe flora and fauna. These are more typical in parts of Europe that are cooler and damper than Southern Ukraine.

Ukraine may have been an eastern wing of the Indo-European proto-homeland. The earliest Indo-Europeans probably emerged in the in the 4th millennium B.C. in the forest-steppe Dnieper valley on the eastern wing of the community that, given the territory with Indo-European hydronyms, covered the temperate part of Europe from the Dnieper to the Rhine.

The anthropological type of the earliest Indo-Europeans suggests that they come from the temperate zone of Europe. They were tall Northern Europeoids with strong bodies and fair hair, skin and eyes. These facts are proven by anthropological examinations of bones from the kurgans dating back to the 5th-3rd millennia B.C., as well as folklore and written sources.

Rigveda referred to the Aryans as *Svintya*, meaning light or

white-skinned. The heroes of *The Mahabharata*, a well-known Aryan epic, often had eyes like "blue lotuses". In the Vedic tradition, a real Brahmin had to have brown hair and grey eyes. In the *Iliad*, the Achaeans – Achilles, Menelaus and Odysseus – had golden blond hair. Achaean women and even the goddess Hera and the god Apollo were fair-haired. Egyptian reliefs of the times of Thutmose IV (1420-1411 B.C.) portrayed Nordic-looking Hittite chariot riders and their Armenoid squires. In the mid-1st century B.C., the fair-haired descendants of the Aryans supposedly came to the Persian court from India. Ancient Chinese chronicles also mention blue-eyed blond men inhabiting Central Asian deserts.

In search of pastures, nomadic pastoralists from the Pontic steppes travelled eastward to Asia and Altai, India and Iran, and westward to the Danube valley and the Balkans. At the lower Danube, migration split into three directions. One went southeast to Anatolia. The other headed to the Balkans and Greece, and the third moved westward to Central Europe. Thus, the pastoralists that

Reconstructed armour and weapons of an Indo-European warrior of the 2nd millennium B.C.



Clay dishes of the Yamna Culture (1-4) and battle hammers of the Catacombe Culture, 3rd-2nd millennia B.C.

inhabited the Black Sea steppes in the 4th-2nd millennia B.C. became the distant ancestors of Indo- and Iran Aryans, and the Anatolian, Greek, Armenian and Phrygian branches of the Indo-European language family. As they reached the upper Danube, they shaped the Central European epicentre of the Indo-European ethnogenesis from which the ancestors of Celts, Italics, Illyrians, Germans, Balts and Slavs emerged.

Thus, the Ukrainian steppes played a pivotal role in the emergence of Indo-European peoples. Their pastoral economy, the spread of wheeled transportation, the use of horses and oxen as draft animals and horseback riding gradually turned them into aggressive nomads and launched the unprecedented spread of the earliest Indo-Europeans from Southern Ukraine in the vast steppes all the way from the Upper Danube in the west to Altai and India in the east. ■

Simple Philosophy

Forever is the ambitious title of the third record released on September 2 by the pop-rock band Lama. Lead singer Natalia Dzenkiv and the band's producer Vitaliy Telezin who used to work with some of the most popular musicians, including Okean Elzy, Druha Rika, Zemfira and Lyapis Trubetskoy, wrote the lyrics and composed the music on the new album. It includes seven new and five older tracks recorded and released earlier. One of them, *Only You* (Лиш тільки ти) was the most played Ukrainian song in May. The video for it brought Lama back to the stage after a break. Just like most of its previous videos, the band shot this one abroad. Although Natalia was born in Ivano-Frankivsk and sings in Ukrainian focusing entirely on the local music market, she opts for foreign locations for the videos. *Only You* was made in Dubai, *Sorry* (Пробач) was shot in Venice, *From the Source* (З джерела) arrived from Barcelona, while *I Need This* (Мені так треба) and *Airplane*

(Літак) were made in Berlin. Apparently, foreign locations make the videos more popular. But maybe Lama is trying to enter the Western market, too. For this, as Natalia explained, *From the Source* – a song from her second album – was translated into English and the team negotiated with foreign record labels to have it promoted abroad.

Before the record was released, Natalia said that it would be more of a rock album, albeit still melodic. Her first record was about love, the second one focused on the search for sense in life, and the latest album was born in tours. Hence, the perfectly expected road and travel themes. In addition to the promised rock atmosphere, the audience will hear Lama's usual tragic and dramatic tunes, prevailing acoustic guitars and strings, and a prominent synthetic retro bass line. The lyrics are as laconic as always, some lines repeating over and over again. The images in songs are similar to those in previous albums, mostly very simple.



Lama Назавжди...

But that's the main idea: to make songs easy and philosophical at the same time. To stick to this concept, the musicians balance between sending a message to the audience and going deep into philosophy.

Events

1-8 September

2013 Contemporary Art Week
Around the town (Lviv)

One of the largest contemporary art projects in Ukraine, the annual Contemporary Art Week in Lviv offers art as it is today – without improvements or distortions. To experience this personally, you would have to visit several art platforms scattered all over the city during this one week in September. Streets and squares will turn into locations for installations and performances, rooms for exhibitions of photographs and paintings, stages for theatre plays, improvised movie theatres and workshops. Hundreds of artists from Ukraine, Poland, Netherlands, UK, Israel and Canada will participate in the art marathon.



From 5 September

FutureShorts – 2013 Velvet Season
Kyiv movie theatre (19, vul. Velyka Vasylkivska, Kyiv)

This fall, the Indian summer will begin with the demonstration of the best short films of our time, all award-winners at major film festivals. They have toured movie theatres all over the world. The latest compilation is traditional comprised of six films, including American family melodrama *Boneshaker*, Spanish comedy *Lahuida* (Escape) about details that matter by Víctor Carrey; and Icelandic animated movie *The Pirate of Love* about the love of a truck driver for the girl Sherry.



Through 15 September

Icon. Relic
IconArt gallery
(26, vul. Virmenska, Lviv)

Lviv will soon host an exhibition of icons by the Polish artist Krystof Sokolowski. His paintings are a masterly combination of an icon painter's meditation and an explorer's curiosity. Critics describe this original style as the artist's visual language which he uses to transform the approach to understanding sacral images and symbols. Sokolowski's artwork does not simply reflect his ideas. The artist creates images through conflicts, thus testing his own moral values and encouraging the viewers to take a deeper insight into theirs.



Amateur Rake

Antresola is the sixth annual art show. This time, it features Hrabli – the rakes – a project of young graduates of Kyiv-Mohyla Academy, and the exhibition of the best works in the studio collection. In previous years, Olena Zamoštan Art Gallery exhibited graphics and collages. Now, it features about fifty paintings created by different generations of Antresola graduates.

Antresola can be described as an amateur project since the artists involved in it study sociology, biology and computer science at the Kyiv-Mohyla Academy. Not all of them even took painting classes before taking up brushes and paints. But where exactly is the line between amateur and professional art?

The studio that has just celebrated its tenth birthday hosts three to five projects a year. Its portfolio includes space arrangements for poetic performances of Yuriy Andrukhovych and Serhiy Zhadan, ArtPole and Accumulator festivals, and more. Some of Antresola graduates now study in art schools abroad, and some have already created several individual projects. "This studio is a very important educational experiment," says Antresola graduate and indie artist Maria Pavlenko. "The one-for-all study course in Ukraine can kill the sprouts of artistic talent and free-

dom. Instead, artists need education in the format of liberal arts so that they can later choose where to develop independently." Genuine art is an experiment where artists go beyond things that were created before and are considered professional, so they sort of get into the amateur territory. For Antresola, an experiment is its individual style.

One of this year's Hrabli artists, Halia Osadcha, is an IT professional. She says that she does not transfer mathematical formulas on canvas on purpose – reasonable algorithms emerge spontaneously. Olha Oharenko who has a degree in environment studies dissolves human life in mysterious serenity of elements. Masha Kinovych who studied culture plays with concepts of identity and transcendence.

"If I saw these works in a European museum I would definitely qualify them as brilliant contemporary art," says Larysa, a visitor. "They are all deep and mature."



12 – 15 September

2013 Jazz Koktebel
Park at Maximilian Voloshyn's
museum-home
(vul. Naberezhna, Koktebel)

The eleventh annual jazz festival is bound to change the way people interpret jazz rhythms and open more than just music to everyone who comes to Crimea for these three days. The festival fans will once again meet by the Voloshyn Stage, Open Stage and Nu Jazz Stage that will feature Simon Green, a British DJ better known as Bonobo; Norwegian trumpeter Nils Petter Molvaer; and the original Ukrainian pianist and vocalist Pianoboy. Many more artists will help create the vibrant jazz atmosphere in Koktebel this year.



12 – 15 September

20th Book Fair & Literature Festival
Palace of Arts
(17, vul. Kopernyka, Lviv)

Lviv will once again host arguably the biggest literature happenings of the year. This time, the International Book Fair and Literature Festival celebrates its 20th birthday. Visitors can choose between numerous events, over 10,000 new books and 250 autograph sessions. More than 318 writers from over twenty countries will be at the forum this year. This is the first time it will have a Honorary Guest Country. Poland will be one this year. It offers a programme of forty events and meetings with 45 Polish writers.



13 – 22 September

GogolFest
Experimental Mechanics Plant
(Vydubychi metro station, Kyiv)

Despite financial difficulties, GogolFest as a remarkable cultural happening will take place this year again. Ten festival days are an open platform for the craziest art ideas. In addition to the traditional theatre, music, visual and film programmes, this year's festival starts the MakeLAB workshop where people can create things with their own hands, Eco-Programme as a continuation of the Green Gogol project and CircFabrique – a series of breathtaking acts from the best circus performers.





Oligarchs Under the Tuscan Sun

Post-Soviet millionaires are keeping Italian resorts afloat during the financial crisis. They are also changing the traditional atmosphere beyond recognition as skyrocketing prices encourage the locals to sell their property and leave

**Article and
photos:
Olha Tokariuk,
Italy**

Sandy beaches, the scent of pines, and gorgeous mountains across the sea... The Forte dei Marmi resort embodies the typical eye-catching splendour of the Tuscany Coast. But a short stroll downtown will take you to a slew of expensive boutiques that look out of place in this town of 8,000 where most locals ride bicycles. Every third building in town is a real estate office, and that's where the key to this paradox lies. The windows are full of ads for luxurious villas worth EUR 10-15mn, all in Russian.

In the good old days, Forte dei Marmi was a favourite holiday destination for writers Thomas Mann and Gabriele d'Annunzio and later became an exclusive resort for rich North Italian entrepreneurs. Today, Russian is heard more and more often here. Sati-

ated with the French Riviera and the Emerald Coast of Sardinia, post-Soviet millionaires have taken a liking to the serenity of Tuscany. "What makes this place special is that it's small, perfect for family holidays," Francesca Sarti, an employee at the local five-star hotel, explains. "The sophistication of this resort is another factor. Forte dei Marmi is a synonym for fashion, style and elegance in Italy. That's what Russians come here for."

The population of Forte dei Marmi grows by a third every summer when the Russians arrive. They are all VIPs. Politicians, businessmen and celebrities bring along their wives, children, in-laws, nannies, drivers and guards. They shop in boutiques, stay at high-end hotels and splurge on villas with gardens and pools. Most stay all summer, some come

for the low seasons as well. According to the media, Forte dei Marmi is frequented by oligarchs Abramovich and Deripaska, the family of Russia's late president Yeltsin, ex-mayor of Moscow Lushkov, tennis champion Kafelnikov, and popular Russian singers. Rich Ukrainians join the lot: Party of Regions MP Iryna Berezhna threw her birthday party here. Italians refer to all people from the former Soviet Union as Russians although one in every 5 "Russians" in Forte dei Marmi is actually Ukrainian.

A HELICOPTER AT 4 A.M.

"Putin has never come here but people close to him have," Sarti recalls. "Ministers, big businessmen, top people at Gazprom have stayed here too." Half of all clients at the luxury hotel where one night costs EUR 500 to 1,500 are

A third to half of all villas in Forte dei Marmi are owned by Russians

Russian. Some celebrities stay here all summer. "It's mostly families with children that stay here longer," a local Italian woman notes. "A family that brings a nanny along often books two adjacent suites or more." Politicians and businessmen book the entire floor for their assistants and security.

Even those who own real estate at Forte dei Marmi stay at this hotel when they come for shopping and do not want to open their villa briefly. This is because the clients feel at home in the hotel, Sarti says, since the staff will fulfil their every whim. She recalls a client who woke up at dawn and had an idea to fly to Milan. The staff had to urgently order a helicopter for him. Another client filled his suite with white roses to surprise his wife. To please the clients, the hotel even changed the interior from calm and classical to pompous with velvet, red wood and gilding – something Russian clients particularly like. There is even a giant golden heart in the lobby that guests often pose in front of for photos.

RUSSIAN CURE FOR THE CRISIS

Post-Soviet VIPs do not look at prices and spare no expense. Italian newspapers have written about EUR 10,000 restaurant bills, EUR 1,500 tips left for waiters or an SUV driver who offers EUR 4,000 to a motorcyclist he cut off. A Russian tourist once shocked the local police when he reported the theft of his wallet containing EUR 20,000 in cash.

Many local Italians, especially homeowners, earned a fortune on Eastern European "money bags": they sold one house to them and used the profits to buy two or three houses in nearby towns. Forte dei Marmi has the hottest real estate market in Italy. It is the only town where real estate prices have constantly climbed despite the crisis. The media report that a third to half of all villas there are owned by Russians. Christiano Pugnano who owns a real estate agency with his Russian-born wife claims that most of the 500 Russian families who come here for the summer just rent the villas. "Apartments and houses with small yards that fit just a parking spot are not popular," he notes.

"Most clients seek villas with gardens that are twice or three times the size of the house."

Once the Russians rushed to Forte dei Marmi, real estate prices skyrocketed. Now, the average price is EUR 10,000 per square metre. "When the Russians came here first and saw the villa they liked, they told their agents: 'I want it at any cost.' The agency that was selling it for EUR 2mn raised the price to EUR 3-4mn," says Maria Innes Richie, the owner of a local grocery store. A few years ago, the town mayor tried to ban the sale of real estate to foreigners but the prospect of losing Russian money changed his mind. It is Russians that are sparing Forte dei Marmi from the crisis today, Maria notes, since Italians who used to come here for holidays now opt for cheaper destinations. "Italians don't buy houses here because they don't have the money. And we've grown accustomed to the Russians. They come in, ask for a "paket" (plastic bag) and fill it with groceries without even looking at prices. If the Russians stop coming, we'll go broke."

CULTURE SHOCK

Many residents of this Tuscany resort town see the inflow of wealthy Russians as a devastating tsunami. Small entrepreneurs that are an integral element of Italian towns are losing their business: family bakeries, butcheries, wineries and old movie theatres are closing down. Entrepreneurs can no longer afford to pay the skyrocketing rent, currently EUR 80-100,000 per year. Instead, big companies have moved in with luxury stores mushrooming where small family-owned stores once operated. In mid-summer, they sell fur coats and hats to the guests from the East. Traditional trattorias are replaced by pricey restaurants, unaffordable to average Italians. "Forte dei Marmi is becoming too expensive for normal people. But it's a status symbol for the rich," a real estate agent says. According to statistics, 100 locals leave the town annually. These are mostly young people who have no chance of buying a house in their hometown.

Apart from this, the Russian invasion has left locals in a state



LURING THE RICH: Pricey boutiques stand empty in low seasons

of culture shock. The townspeople don't understand the strange whims of the Russian millionaires who build villas that look like three-layer wedding cakes and install vodka taps in their pools. In his book *Morte dei Marmi* – the death of Marmi – writer Fabio Genovesi reflects on the transformation of preferences in this small Tuscany town where Italian communists used to

TO MANY RESIDENTS OF THIS TUSCANY RESORT TOWN, THE INFLOW OF WEALTHY RUSSIANS WAS LIKE A DEVASTATING TSUNAMI

Once the Russians rushed to Forte dei Marmi, real estate prices skyrocketed. Now, the average price is

EUR 10,000

per square metre

One in every

5

"Russians" in Forte dei Marmi is actually Ukrainian

gather and people had some sympathies for the USSR: "We didn't notice when the Russians came. Nobody told us about post-Soviet nouveau riches, gas and oil tycoons. Until then, we had thought of the Russians as a proud and modest nation devoted to a common idea of giving the world a socialist paradise or burying it under nuclear bombs." Now, the Italians see the new rich Russians, often with no manners and uncurbed consumerism as the biggest value. The local elite and press joke bitterly that Forte dei Marmi will have to change its name to "Moscow on the Sea" if the situation continues. However, the problem is not just the foreign oligarchs but Italians themselves who sold the unique ambience of their town without a second thought, Genovesi says. ■

The Highest Heights of Lviv

The Ukrainian Week visits places where tourists have yet to set foot

As a rule, tourists visiting Lviv look at the city from two spots: the observation area at Vysokiy Zamok – the Castle Hill – and the Town Hall. The former is the highest point of the city at 413 m above sea level, although 15 metres are a man-made mound added in honour of the 300th anniversary of the Union of Lublin. It is its peak that serves as the observation area. The Town Hall is 65 m high, making it the tallest building of the kind in Ukraine. It offers the best view of the city centre – you can see the rise and fall of the terrain: the Town Hall is located in the valley of the underground Poltva River, and the centre is surrounded by the Lviv plateau hills.

Apart from these, the city has several more observation areas, but they are almost inaccessible for tourists, or are classified facilities requiring a special permit. You can notice them all from Vysokiy Zamok, but the skyscrap-

ers themselves offer a much more interesting view of the city. And each is of great significance to Lviv.

Located in the eastern part of Lviv, the Church of the Mother of God of Ostrobramska, now called the Church of the Intercession of the Blessed Virgin, on vulytsia Lychakivska (**photo 1**) is one of them. The double name of the church is related to the fact that it was initially built as a Roman Catholic Church and belonged to the Salesian order. It was completed shortly before World War II. During the Soviet era, it was used as a warehouse, and it was only in 1992 that monks returned to it, albeit Greek Catholic. The church is impressive in size and located on the peak of the Lychakiv Hill, opening the view of one the most interesting streets in Lviv – vulytsia Lychakivska, which goes all the way to the city centre. It is even more interesting to climb the bell tower built in the style of Florentine

Author:
Oleksandr Syrtsov

Photos:
Volodymyr Dubas



campaniles, which are not inherent to Lviv. So add a 60m bell tower to the height of the Lychakiv Hill, and everything will become clear.

From there, you can see the whole city, which is scattered to the west, but to the south, a clear landmark is the Tax Administration building. The 53-metre skyscraper is the highest office building in Lviv, which is no coincidence, since tax offi-



cers inherited it from the Communist Party of Ukraine. During the Soviet era, the idea was to transfer the city's administrative centre to the south of Lviv. Initially, this is where the buildings of the CPU Lviv Oblast Committee were to be trans-



ferred, for which the large-scale construction of a 14-storey building on vul. Striyska was proposed. It was supposed to offer the view of the entire city. However, the communists' plans for the elegant new office failed in 1991 and the building on vul. Striyska remained unfinished for ten long years – it was impossible to find a new owner. Now, the Tax Administration has taken over.

The scenery from the roof of the Tax Administration building may be breathtaking but tourists have no access to it. It offers a clear view of the city's tallest building – the Church of St. Olha and Elizabeth (**photo 2**) also known in Lviv by its old name, St. Elzhbet's Cathedral. Its height of 85 m allows you to see the city from the west. Stepan, with whom I climbed the bell tower, turned out to be a unique person. Not only has he worked in this church for the last 20 years and knows just about everything about it. He was the person who restored the crosses on the steeples. St. Elzhbet's Cathedral was built in the first decade of the 20th century as a Roman Catholic Church. During the Soviet era it was used as a warehouse, then given to the Greek Catholic community in the early 1990s. He recalled that "We carried the crosses up in small parts; we worked on the connections of all details on the ground, the stairs where in a very poor state, many exterior details of the church steeples were missing and had to be rebuilt".

The cathedral is the tallest in Lviv, which is no coincidence. It was the intent of its architects, that the first thing any traveller

WORTH SEEING:

The Lviv television tower is the tallest structure in Lviv (192 m), located at the top of the Vysokiy Zamok Hill. The tower is lit up in the evenings. Unfortunately, tourists are prohibited from climbing to the top.

The Church of St. Olha and Elizabeth is the tallest building in Lviv, constructed in 1903–1911 (85 m). Its address is 1, Ploshcha Kropyvnytskoho, but it is in fact at the crossroads of vul. Horodotska, vul. Stepana Bandery and Ploshcha Kropyvnytskoho.

The Church of the Assumption is the oldest skyscraper in Lviv with 66 m, built in 1591–1629. It is located at the crossroad of vul. Pidvalna and Ruska.

The bell tower of the Archcathedral Basilica of the Assumption of the Blessed Virgin Mary or simply Latin Cathedral is located at Ploshcha Katedralna, near Ploshcha Rynok. It is 64.3 m tall and built in 1760–1778.

The State Tax Administration building is the tallest office block with 53 m, located at 35, vul. Striyska. The construction began in 1986.

Vilna Ukraina (Free Ukraine) Publishing House is at the crossroads of vul. Striyska and vul. Volodymyra Velykoho has 50–52 m. It was built in 1973.

entering Lviv from the west had to see, was a Roman Catholic cathedral, which blocks the view of the main Greek Catholic church – St. George's Cathedral. No-one could foresee that St. Elzhbet's Cathedral would become a Greek Catholic church some 100 years later. ■



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