

The Ukrainian Week

International edition

#3 (97) March 2016

Groups of influence
in the president's party

Investigation of the vote
on 2014 dictatorship laws

How creative industries
change urban Ukraine

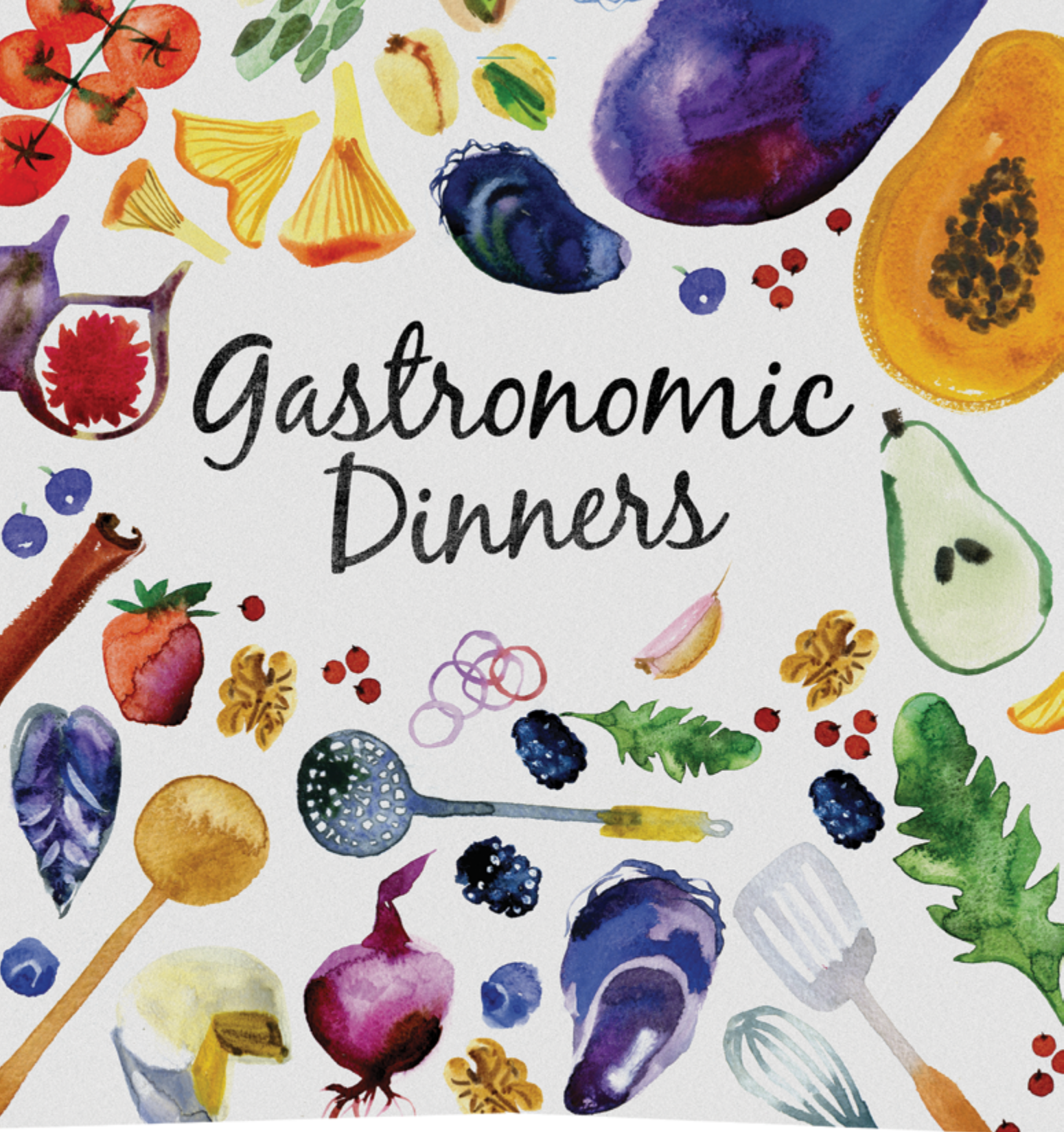
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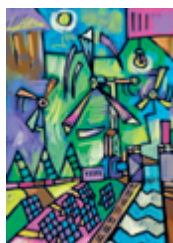
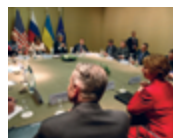
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ТИЖДЕНЬ





BRIEFING

Necessary conditions

Oleksandr Kramar

One of the major unsolved problems today is the preservation of the crippling cohesion of power and business, and rightly so. In most capitalistic countries, power cannot and should not be fully independent from business. They inevitably interact and affect each other on various levels. Private business is a source of managerial talents that prove highly efficient in competitive environments. Successful development of economy in any coun- »

PHOTO BY UNIAN

try relies on the ability of those in power to hear and consider what the business has to say, respond to its concerns and problems both domestically, and abroad. The business, in turn, takes into account national interests of its home country.

The kind of power and business cohesion that's present in Ukraine has little in common with the model mentioned above. Instead, it is a grotesque mutation shaped by the specific ways of Ukraine's post-soviet economic transformation that never turned into a fully market one, and of its society which has not yet become fully democratic.

While often perceived as exclusive domain of those in top offices and the much-hated oligarchy, the mutation is in fact far deeper and broader. Hordes of small entities that are linked to officials of various levels, and have thus an opportunity to enjoy privileges and milk state resources, are equally more damaging to the country. Moreover, the top politicians and oligarchs are in the spotlight of public attention. The small entities aren't, even though they are most often linked to families of prosecutors, ministers or deputy ministers, heads of oblast or county administrations, mayors or directors of state-owned companies.

A change of individual figures or top officials in government bodies will not change the motivation of most people engaged in the system: they will continue to sabotage any initiatives aimed at undermining their stance. That, in turn, will burn out even the most idealistic leaders, especially in a situation where they are forced to work and employ motivated and qualified professionals in their teams for a salary of several hundred euros. The only way to change the system is with another system — one that could be based on organized civil society and the ability of thousands active citizens to resist attempts of thousands people in power to subject rules and mechanisms to their benefit.



THE ONLY WAY TO CHANGE THE SYSTEM IS WITH ANOTHER SYSTEM — ONE THAT COULD BE BASED ON ORGANIZED CIVIL SOCIETY

Civil society, comprised of SMEs that have not integrated into the political-business conglomerate, as well as other strata that qualify themselves as middle class, is the only group capable of forming an alternative to the current system. It should not and cannot be a homogeneous structure because it must integrate groups that are extremely varied by interests. It can even include competing interests. However, all these groups should share one common aspect: unacceptability of power monopolization and use for personal enrichment, and of the tendency to give privileges to associated sponsor entities while discriminating everyone else. The goal of this civil society should be the change of the basic principle in interaction between government, business and society, rather than reshuffling of individuals in power.

To accomplish this, civil society should be not only well-structured and organized, but adequate. It cannot be an exasperated crowd that demands scape-

goats, miracles, altruism or messianic efforts from the managers hired to be in government bodies or to run state-owned enterprises. All it can demand from such people is a certain quality of work which is paid for adequately. At the same time, this society should realize what is possible and what is not, be open to compromises and be able to act responsibly and support itself, not expect to rely as clients on the state or individual sponsors.

It is obvious that the majority of Ukraine's society, still paternalistic, does not meet the above criteria, nor will it do so in the immediate future. Most people here still prefer to keep finding yet another messiah who then turns into a scapegoat, prescribe the messiah with idealistic features and overlook his or her actual motivation and dependence on very real teams and sponsors. Then, the failed messiah is kicked off the Olympus and causes huge frustration over failed expectations. Pseudo-civil and political projects are created, first and foremost, to replace specific top officials and take over their income-generating opportunities from corrupt and monopoly scams on the national or local scales. In turn, the "activists" of such new political or civil projects view them as merely paid jobs with an immediate reward or compensation that will come later from the servicing of their sponsors or building their own income channels.

According to surveys, over 10% of the voters in Ukraine openly admit that they would sell their vote. Nearly 1/3 of all voters are willing to accept the idea that someone might do so in one way or another. Some of the new parties are being formed of people who grew up professionally in the old system and are not going to break it. Instead, they would rather readjust it to fit their interests. Quite often, they are backed by the same sponsors that had been exploiting the rules of the system for personal enrichment, both on the national and on the local levels.

As a result, "we have what we have", as a popular saying in Ukraine goes. If, however, Ukraine's society stops moving towards the goal of breaking the system and building a new one, no real changes will take place in the interests of society. Any politics always was, is and will be conducted only in the interests of those who actually define and control it. And no revolts, protests or insurgencies ever changed the system, unless they had an alternative new one of their own to put in its place.

Fear of mass revolt or defeat in yet another election on which many supporters of forcing the old system to change count only pushes those in control of power to capitalize from their positions in authorities or politics more brutally and hastily. Therefore, risk-takers will keep using the appeal of populism for the majority of the population unless an organized political force or broad civil movement emerges, that is capable of taking over responsibility for the development of Ukraine and profound changes in it, rather than imitation. Otherwise, there will be "new" projects that will ride on the wave of popularity and get their shares in parliament or government (and with it a quota for the management of national wealth under the current corrupt and uncompetitive scheme), to only be replaced by more similar "new" ones. ■

Back at the Beginning — 2

Yuriy Makarov

Apparently, the unclouded bilingualism as a model of language contacts does not work either in Ukraine or elsewhere in the world. Languages cannot coexist peacefully because when they do co-exist, they compete, fight, and finally defeat one another, with certain consequences for the loser. "There can be only one," as in the famous series about the Scottish Highlander (which could be a visual aid to the sad fate of the Scottish Gaelic language). Conflict-free bilingualism is a myth. But what is not a myth?

Half a century ago, American linguists Charles Ferguson and Joshua Fishman proposed a model of linguistic interaction, which they called "diglossia" (the same semantic borrowing as "bilingualism", only from Greek, not Latin). The simplified formula is as follows: there is a High Language (with a high status) used in formal, sophisticated, and prestigious situations, and a Low Language used at home. The distances between H and L may differ: they could be the "refined" and the "rough" versions of the same language (as in Greece the last quarter of the past century), or the fairly remote languages (as in the medieval England, where the elites and urban populations used French until 1349, when plague killed almost the entire population of London). With the development of mass communications, primarily radio, television, and recently the Internet, the process of expulsion of the "low" language by the "high" language accelerated.

It is worthwhile recalling that for a long time, in some cases up until the early 19th century, the privileged population strata in different countries avoided communicating in the living vernacular. Goethe dedicated his first drama to King Frederick of Prussia, receiving a comment from the critique that the peasant German language was not suited to express high thoughts and feelings, and the young talent could do better writing in French. The educated classes of Ukraine in the 17th century created an artificial Slavo-Ruthenian language based on Church Slavonic, which was used by the circle of intellectuals of the Mohyla Academy, including philosopher Skovoroda. An the court of the Polish-Lithuanian Commonwealth, as History Professor Mykhaylo Kirsenko noted, to the contrary, Ruthenian (Ukrainian) language was gladly used along with Latin, in order not to resort to the plebeian Polish. We also remember from school the linguistic habits of the Russian aristocracy of the early 19th century, described in Tolstoy's War and Peace.

The choice of the language is determined in each situation by etiquette and pragmatics. A technician at a service station would speak regular Ukrainian,



until it comes to automotive terminology, when he would unwittingly switch to Russian following the reflex formed years ago. Besides, he would not necessarily recall how to say "valve control system" in his mother tongue. Such behavior is called code switching, and occurs every time we switch languages, when we cannot find the right expression, or by habit.

The habit is the key. Few of us are guided in their everyday behavior, including linguistic choices, by high motives, and we could hardly blame anyone for this. We follow the path of least effort. Our communication standards are defined by a) education; b) media; and c) authorities. And only then, by personal beliefs.

Habits can change rapidly, even though the well-known psychotraumas, related to the perception of Ukrainian not only as a



OUR COMMUNICATION STANDARDS ARE DEFINED BY EDUCATION, MEDIA, AUTHORITIES, AND ONLY THEN, BY PERSONAL BELIEFS

backward language of outsiders, but above all as a risk factor, the use of which could entail political persecution for "bourgeois nationalism," should not be underestimated, since this effect lasted for several decades. Things might seem rather simple: only five minutes before the annexation of Crimea, Crimean "elites", completely devoid of any Ukrainian sentiments, sent their children to Ukrainian schools to ensure for them a better future. It works! But everything is much more complicated, given the factor of the post-Maidan "tolerance," when the knowledge of the state language is suddenly no longer required to make a career, and one can become a minister or a head of the state administration without having studied it.

In this way, depending on Ukrainian government policies in the narrow sense and the success of the Ukrainian statehood project in the broadest sense, tomorrow has two scenarios in store for us. Either Ukrainian will become a single-option H-language, covering all everyday practices, in which even over the next 50 years (two generations) the country would return at least to where it was linguistically in the 1920s. Or Russian will prevail as a de facto dominant language, with the only prospect for Ukrainian being the comic creolization. ■

Petro Poroshenko Bloc: fragmentation

Bohdan Butkevych

The presidential party's approach to forming party lists and selecting candidates for single-member constituencies has divided it into a multitude of groups and even more basically independent MPs

President Petro Poroshenko and his administration are now reaping the bitter fruits of their obviously negligent approach towards forming the party for the autumn 2014 elections. Through backroom deals, they brought a bunch of politicians that are difficult to control into parliament. And the party list was drawn up by taking almost anyone who was ready and willing to invest their own resources. Now, the president is faced with the grim prospect of losing control over a large part of his faction, which could have somewhat negative consequences as a *de jure* new coalition is formed.

Perhaps the best-controlled faction in the Verkhovna Rada ever was the Party of Regions. It certainly had its own informal groups, whose interests, or rather the interests of the oligarchs that brought them into parliament, often differed significantly. But a single wave of the hand from Mykhailo Chechetov, former first deputy head of the party's faction in parliament who committed suicide in February 2015, worked wonders: Akhmetov's people, Firtash's people and Yefremov's people quickly started to press the right voting buttons on all decisions dictated from the Presidential Administration on Bankova Street. Hints of discontent reared their heads only at the very end of Yanukovych's reign: firstly during the sudden quick-march towards Europe, then at the culmination of the Maidan, when MPs finally realised that they were toast. And the Party of Regions was indeed a very real party with a lot of grassroots members, not to mention administrative resources. In short, it had large reserves to fall back on.

Petro Poroshenko Bloc (PPB) is the complete opposite—a virtual structure created out of thin air to meet the needs of the newly elected president. The president now has at his disposal 136 MPs who often have very different interests, methods of getting into parliament and plans. They vote accordingly. The vote for the Cabinet's resignation dispels any doubts to the contrary. The major reason for this is that the president's party has never been united and consolidated over the entire term of this parliament. This makes the Rada one of the main obstacles to reforms. Some would say that, on the contrary, all is well—"at least there's no Communist Party". But it is hard to accept the fact that a party is often incapable of reaching a common position on the issues. Although now that Mr. Poroshenko has clearly said that he will not allow early elections under any circumstances, these people will most likely come to yet another compromise,

which does not at all mean that they will start to work together constructively.

Experts have identified a number of informal groups within the PPB. First and foremost is the subgroup led by the Ihor Kononenko–Serhiy Berezhenko tandem with the assistance of Oleksandr Granovskyi. Until recently, the president's "dear friend" Kononenko was deputy chairman of the party, but formally left this post after the recent high-profile corruption scandals revealed with the resignation of then Economy Minister Abramovicius. But in no way did he lose his influence and effective status as the president's "enforcer" in parliament. Around 25 MPs belong to his personal influence group, which he put together over more than a year of "sorting out" business in the Rada on behalf of Poroshenko. These deputies notably did not vote for Yatsenyuk's resignation. This subgroup is almost the only one that can be called personally loyal to Poroshenko and its members are the main spokesmen for the president's interests. Interestingly, Yuriy Lutsenko, the experienced and feisty head of the parliamentary party, does not play the role in it that he would really like. Many businessmen, such as Dmytro Andriyevskiy, are not part of this group, but



THE PRESIDENT NOW HAS AT HIS DISPOSAL 136 MPs WHO OFTEN HAVE VERY DIFFERENT INTERESTS, METHODS OF GETTING INTO PARLIAMENT AND PLANS

maintain very good relations with it. There are also several MPs that are personally aligned with the president, but are not included in Kononenko's influence group. The most striking examples are Iryna Herashchenko or ex-journalist Volodymyr Aryev.

In addition, there is an interesting group of "farmers"—the agrarian lobby that journalists are so fond of talking about. It includes people like Andriy Vadaturskyi and Arkadiy Kornatskyi; Leonid Kozachenko is known as its informal leader. Agricultural tycoon Yuriy Kosiuk, former deputy chief of staff, is their main patron. The agro-lobby has people in other parties too, but this is just about the only group in the PPB united by purely economic interests.

Then comes the so-called UDAR grouping. Although the party itself is long gone and its brightest members



On top of diversity. Kononenko's group within the PPB faction remains one of the most powerful forces

dispersed to other factions, its group persists in parliament. Moreover, rumour has it that Vitaliy Klitschko himself tries to keep in touch with them. The group includes Nataliya Novak, Serhiy Alekseyev, Taras Kutovyi, who Bankova still dreams of seeing as agriculture minister, Valeriy Patskan and others. However, most of these MPs have in fact long been the president's people. For example, Oksana Yurynets, who the Presidential Administration tried to use as their candidate for the last mayoral elections in Lviv, or Oksana Prodan, who is said to have knocked on every door in search of a cushy position in the executive branch, but to no avail. Perhaps the most eye-catching representatives of this subgroup, Yehor Firsov and Viktor Chumak, initially switched to another, then recently left the PPB altogether.

After mentioning Firsov and Chumak, it is impossible not to mention the Anti-Corruption Platform that has been operating in the depths of the PPB since last autumn. Apart from these two MPs, it was joined by former journalists Mustafa Nayyem, Serhiy Leshchenko, Svitlana Zalishchuk and a few others. High hopes were put on them from the start—there were almost expectations that the "euro-optimist" subgroup would seize power from within the party. Many hoped that their numbers would grow with each passing day. But, when it was time to get down to serious business—the attempt to force Ihor Kononenko to give up his seat because of high-profile corruption allegations, the Anti-Corruption Platform was obviously in the minority. In fact, no one else in the party supported it. This was Firsov's declared reason for leaving the PPB.

Rumours link another group of MPs in close enough contact with the UDAR group to odious Yanukovich-era chief-of-staff Serhiy Liovochkin. These allegedly include names like Vitaliy Chepynoha, Yulia Tymoshenko and Vitaliy Klitschko's former speechwriter, ex-journalist Olga Chervakova, as well as former UDAR member

Nataliya Ahafonova, among others. It is not possible to say that Liovochkin is pursuing a certain distinct policy within the PPB. He is simply a man who from the very beginning built his career not only on the position of his father—head of the Donetsk Oblast prison service—but also an ability to put his eggs in all baskets at once.

Worth mentioning is another long-time "dear friend" of Poroshenko—oligarch Oleksandr Tretyakov, who is officially the deputy head of the parliamentary party. Few MPs are directly aligned with this man—eight to ten—but they are important figures. For example, Hlib Zahoriya, who is tipped for a ministerial post in the new Cabinet. Chief-of-staff Borys Lozhkin has protégés in the PPB too, zealously protecting his domains in both the executive branch (Ministry of Infrastructure) and the legislative.

There are some very small influence groups, such as that of controversial Odesa MP Oleksiy Honcharenko, Oleksiy Kostushev's son. It includes, for instance, Dmytro Holubov, head of the so-called Internet Party of Ukraine, who is associated with the Darth Vader performances during election campaigns.

The above influence groups by no means include all MPs. Most deputies in both the PPB and parliament as a whole are just a faceless crowd who solve their own little issues without having serious support or being part of a fixed interest group. Therefore, they often vote as the party leaders say. These are the aforementioned "dear friends": Kononenko, Berezenko, Granovskyi and Tretyakov. As a result, every decision that Bankova manages to get through the party has to be paid for in sweat and blood, simply because the members of the president's parliamentary branch are largely not people from his team. The whole country can feel the negative aspects of this situation, wondering why parliament is so inefficient on a daily basis. But the PPB is its largest party. So the answer seems to be on the surface. ■



“The EU will support Ukraine provided that Ukraine is in ownership of reforms”

Interviewed by
Anna Korbut

Head of the EU Delegation to Ukraine spoke to *The Ukrainian Week* about changes in Ukraine, the main driver behind them, and prerequisites of further support of the EU.

In the context of the Cabinet of Ministers' report, there have been talks of possible dismissal of Premier Yatsenyuk*. What could the EU's reaction to that be?

I will not speculate about what will happen, and how we are going to react to that. What I am mostly concerned about is the reaction of the Ukrainian people who have invested so many efforts and have taken so much burden over past years in order to get the system better, and not in order for those in power to quarrel about who is in which office. Systemic changes are needed. The EU will support Ukraine provided that Ukraine is in ownership of reforms. The reforms shall be done in the interests of Ukrainian future and its people.

The pressure of Ukraine's western partners, including the EU, in pushing the government to conduct reforms was one of the tools the protesters of the Maidan were seeking. What instruments can the EU use to do that?

I would disagree: the goal of people in November-December 2013 was to have the Association Agreement signed, corruption ended and rule of law observed in the country. This was the demand to Europeanize the Ukrainian system, i.e. having European values, rules and principles implemented in Ukraine.

But it never comes from heaven. People need to seek change and serve the country. Without people, it will

not be done. The EU is here to assist Ukraine with political means, including through European reaction to the annexation of Crimea by Russia and to the Russian aggression against Ukraine, as well as with engagement in reform efforts (help in drafting legislation, sharing expertise in setting institutions and policies, and all the experience the EU member-states have gained from different crises in the past 60-70 years). We have a fantastic toolbox of remedies. All what is needed is the Ukrainian ownership of its reforms.

As international partners of Ukraine, we are often frustrated about how much it takes to convince certain leaders here that it actually is about Ukrainian ownership. That it is not because of the pressure from outside, or because the EU requires this. The appetite for reforms is aimed at the ability to respond to the challenge of Ukraine's future. The big conflict now is over modernizing Ukraine or preserving the old structures. All people from Lviv to Kerch, from Vinnytsia to Luhansk, who manifested in support of the Association Agreement, did understand well what the major purpose of the future is—that is to modernize Ukraine, so that it potentially becomes a sustainable, well-performing driver of the world economy.

What would you summarize as Ukraine's accomplishments in the past year, if any?

Firstly, we valued many actions in the energy sector—elimination of the deficit of the state budget through reforms in this area, and reduction of Ukraine's dependence on energy commodities, especially gas from Russia. There has been a huge change here in the recent years.

Jan Tombinski is a Polish diplomat. He has served as Head of the EU Delegation to Ukraine since 2012. Born in Krakow in 1958, Mr. Tombinski studied German philology and history at the Jagiellonian University. In 1980s, Amb. Tombinski was an active participant of protest student movements; the founder and president of Poland's first Association for European Integration in Krakow. His diplomatic career began in 1990. In 1990-1995, Amb. Tombinski served in a number of positions at the Polish embassy in Prague. In 1996-1999, he was Poland's Ambassador to the Czech Republic and Bosnia and Herzegovina. Later, advisor to Poland's Foreign Minister, ambassador to France and permanent representative of Poland to the EU.

Secondly, the Parliament is working in a much more open way. It is a place of organized discussion about the future of the country. After all, democracy is organized chaos. This Parliament has claimed the role of the legislator and a check-and-balance factor. It is difficult for governments to work with parliament that is willing to impact their policy and to have much more say. But it is one of the elements of democratic institutions.

Thirdly, decentralization—in the sense of empowering regions. I am very reluctant about using this word because it has both very positive and very negative connotations here. What I talk about here is rather the issues of empowering people in self-governments so that they are better equipped to respond to the needs of small amalgamated communities.

We've also seen a lot of action taken with regard to the selection of management for state-owned enterprises. This is something that helps reduce sources of mismanagement and corruption, as well as of political nepotism.

And we've seen a lot of legislative action with regard to corruption. Several government representatives and top officials have been arrested, judges dismissed, prosecutors caught on bribery. But this action should be taken more seriously by all institutions in order to show to the citizens that there is punishment for corrupt behavior. The only political consequences for those mentioned above have been dismissal from office. This is not enough. An ordinary citizen who commits crimes gets in jail. People should be equal in front of justice. This is one of the elements of the rule of law.

How about crucial steps for this year?

Once again, I return to what I said in the beginning: it is not for the EU to see Ukraine as a success story. We would prefer that Ukraine looks like a success story in the eyes of its citizens. This would be the biggest satisfaction for us.

What is needed here is the use of all political, legal and other instruments to revive confidence in the judiciary system, impartiality of prosecution, and in having more people with result-oriented approach and the purpose of bringing about change.

The important factor will be the implementation of all laws that have been passed with regard to public procurements and transparency of public funds management—not everything is yet done according to the adopted regulations.

Then, completing the design and competence of self-governments to help them set the structure and more responsibility for the future local elections. Further deregulation to eliminate root causes of corruption. Significant progress in privatization and management of state-owned enterprises.

If the business climate improves in Ukraine, you will see investment coming. But everyone who would like to invest in your country looks at the environment first: the banking system, whether rules for business are well set and stable. The prospect is very important for the business.

A lot is to be done—we see that recent crises haven't pushed the government to develop principles of work for government bodies and officials in implementing reforms. But how much crises does it take to state the obvious things?

What are the steps Ukraine has to take this year to get the positive decision on visa-free regime?

Ukraine's very close to the fulfillment of everything it committed to do. But there is a principle of the last mile—you have to run it in order to complete the entire marathon. This last mile is about e-declarations, assets recovery and management office, the agency for prevention of corruption. I do not have convincing arguments to explain in Brussels that eight months were not enough to select five people in Ukraine for the agency on corruption prevention. This is the lack of political will. Why do European countries show more political will than Ukrainian political forces are able to mobilize?

How about the DCFTA process? It came into effect on January 1, 2016. In one of your interviews, you said that Ukraine needs to "build foundation and launch the engine" of it to make it work. What are the specific elements of this foundation to make the deal actually beneficial for Ukraine?

The DCFTA is a developing mechanism. Therefore, I was talking about foundations. It will be a progressive set of actions. One of them would be to ensure that Ukrainian products can be certified, checked for safety and phytosanitary norms installed in many countries in Europe. These are prerequisites for the success of the DCFTA. The EU mobilized a significant amount of money to assist Ukraine to overcome "technical barriers to trade"—these are all related to phytosanitary control, technical standards, as well as in the way the customs and other related services operate. These are all links of a chain, and its strength depends on that of the smallest element. All these links should be in a rather good condition in Ukraine. This is not yet the case.

You mentioned mobilization of money to assist Ukraine's transition. How do you decide what purposes the funding is allocated for, what the actual needs are, and how the recipients administer the funding? For instance, would you allocate the assistance for consultancy, or, say, better salaries for customs officers until Ukraine gets better off economically to eliminate the attractiveness of corruption?

We do monitor how the money is spent. And it is not allocated for salaries. There is a lot of misunderstanding in the public discussion regarding salaries. No one will be able to compete with those who wish to be corrupt, say, in the customs. The only way to avoid that is to put the right system on track. This should involve decent pay for them, to provide decent life for themselves and their families, and according to their responsibility. But it shouldn't be competitive to the rewards that can be mobilized in the criminal world. If you have traffic of cigarettes that pays US \$50,000 per delivery in bribes, how high of a salary should be paid to officials on the border in order to compete?

*The interview took place on February 15, 2016

Consultancy is a significant component of our assistance, but not the only one. We also mobilize direct financial support for systems and equipment. This is not something new—this has been done for years actually. The money is allocated for specific purposes, and it goes to the state budget from which the Ukrainian side distributes it with our consent.

Generally, our long-standing approach to financial assistance to Ukraine is that it should respond to the country's needs. So, we first discuss those with the Ukrainian side. It does not make much sense to invest in areas where there is no request and desire to do something on the Ukrainian side.

There should be ownership of reforms and guidance of the process on the part of Ukraine for the assistance to be effective. One can only assist those who do something.

Do you see this ownership of reforms anywhere in Ukraine at this point?

The ownership is shown with legislation adopted, institutions working, and implementation of rules. In the system of public procurements, for instance, you see that the new systems have started working in some areas, though not all. Our push would be to make this general throughout the system.

Otherwise, how do we ask donors to mobilize money for Ukraine if then the Ukrainian government will be using it in a non-transparent way? This money comes from our taxpayers, so we have to be accountable for it.

How intensely do you interact with Ukraine's civil society? Is this interaction proving more effective compared to the pre-Maidan period?

We work with civil society very closely. One of the lessons learned in the past periods is that we disclose almost everything we negotiate about with the government to public opinion. Different opinion-shaping NGOs are our partners. For instance, the State Building Contract was negotiated with the participation of civil society. Every single action regarding visa liberalization is public. So is macrofinancial assistance, as well as our programs we are implementing to empower regions, support SMEs or justice sector.

We don't have the way of discretionary talks with the government without the involvement of other partners. Those who specialize on respective issues and work in respective sectors are on board. Also, these people are very often insiders to the system—they know how it works, and they help us find where weaknesses and obstacles are in this Ukrainian institutional setup. Sometimes you can see it in our statements as well.

Our system of assistance is not for one or another government. This is assistance to Ukraine which is going through a very complex process of systemic transformation. I emphasize this—and it's much more than reforms—from post-soviet mode of action with all its shortcomings and troubles, to open society and focus on releasing all of Ukraine's potential. This is about transformation, not merely a set of reforms.

The last question will be with respect to the Minsk process. Ukraine insists on granting the occupied parts of the Donbas special procedure for self-governance after Russia complies with the items of Minsk Accords that are crucial to relative security in the region. Meanwhile, it is pressed by both Russian and western leaders to make progress in the

special procedure issue. If Ukraine sticks to its current arguments, how will this affect the EU's support of Ukraine and unity around sanctions against Russia?

For the past two years, the EU stayed united in sanctions against Russia and in support for Ukraine. My understanding is that the best way to consolidate and increase support for Ukraine is reforms.

With regard to the Minsk process and the 13 points from February 12, 2015, this is a set of very important rules. My understanding is that Ukraine should have everything ready and prepared to implement on the day when it is possible to do so. So far, we understand that it is not possible to implement these items. Still, Ukraine should have a clear vision on what it wants to do with regard to its other part, and how to integrate them. There was an interesting survey in the latest *Novoye Vremya* titled "What if the Donbas is ours?". It shows that not everything has yet been thought through in this regard and ideas have not yet been consolidated on how to ensure outreach to the people and understand how to deal with the project.

However, there is nothing that stands in Ukraine's way to preparing and working out the necessary set of documents to be activated once conditions are met.

I'm surprised and disappointed by the lack of strategic thinking in the sense of preparing for what may come next. Given the facts that are happening, everyone



ONE OF THE LESSONS LEARNED IN THE PAST PERIODS IS THAT WE DISCLOSE ALMOST EVERYTHING WE NEGOTIATE ABOUT WITH THE GOVERNMENT TO PUBLIC OPINION

can predict how they will evolve. But I do not see that those in charge of finding remedies to these facts and problems are thinking in a way to have all the actions ready. Policy is about writing scenarios. Preparing for the future. As well as being ready to shape facts that will happen in the future, not only to react to them and be surprised by something quite obvious.

Where do you see the cause of this unpreparedness? Is it fear of negative reaction to certain steps from society, Western partners, or general chaos amongst policymakers in Ukraine?

I think it's part of collective mentality in which absence of decisions is better than decisions, short-term moves are better than long-term ones, tactical measures are better than strategic thinking. I would hope that progressively Ukraine will get to the point where decisions are better than a situation where no one knows what to do, and preparation for different scenarios is better than spontaneous reaction to developments.

The energy sector this winter is a good example to cite here. Ukraine is far better prepared than it used to be in the past. And, for the first time, people are not worried about whether there will be gas or not.

Another point: Ukraine's strategic decision about the Association Agreement with the EU is not a mere declaration. It should be reality, a guiding principle in the legislative process. So that there is no need to persuade people that environment or certain rules of transparency, or public procurements—all in the Association Agreement—matter. It was Ukraine's choice to sign it. ■

Andriy Parubiy:

“New elections are a key mechanism to destabilize the country. Just look at Moldova”

First Vice-Speaker, ex-Secretary of the NSDC, and one of the leaders on the Maidan, Andriy Parubiy talked to *The Ukrainian Week* about events from two years ago and their significance today, Russia's scenarios to destabilize Ukraine, and what security looks like now.

Ukrainians have managed to at least localize the “Russian Spring,” if not to stop it. So, when will the Ukrainian spring come?

The “Russian Spring” was a very well thought-out plan of action and measures with specific objectives and timeframes. If you compare the scale of this operation and the territory that it was supposed to capture with those bits of Donetsk and Luhansk Oblasts that Russian forces control today, it's clear that the plan failed. Two years ago, the Ukrainian army was not combat-ready, our special forces were FSB agents, and even in Kyiv, there was a month when not a single policeman was patrolling the streets. We maintained public order and controlled the main areas of the capital with our self-defense formations. Despite all that, we managed to stop the Russian Spring.

My reason for joining the Maidan was simple: to save the state. The Association Agreement with the EU was not just a matter of economic agreements. More importantly, it would have made it impossible for Ukraine to sign on to any of Russia's integrational projects, whereas rejecting the AA would have meant pretty much automatic accession to the Customs Union and similar structures run by the Russian Federation—and that meant, slowly but surely, the loss of statehood.

What do we have now, two years after the Maidan? We have proper Armed Forces that are growing stronger every day. Prior to this, our army may have had a good number of serious professionals, but it was a kind of soviet enclave until recently. The army is a conservative organization in any country, which makes it hard to reform. So the first thing that had to be done was to break down the “us vs them” mentality because too many of our people were raised to believe that NATO was the enemy and Russians were our brothers. Until the volunteer fighters began shooting and showing the way, our army was psychologically hobbled.

Today, attitudes in the military have changed through and through, as well as the level of combat-readiness and equipment. Our security and defense system is of a completely different quality today.

Another important point is that we have become independent of Russia for fuel. Just remember how many scandals and conflicts there were around imported natural gas. And Moscow won every time because our politicians would either capitulate or allow themselves to be bought. We have also passed one of the best anti-

Interviewed by
**Dmytro
Krapyvenko,
Roman Malko**

corruption laws in Europe. It's only starting to kick in but the regulatory base is already in place. What's more, it's very important, to my mind, that the Communist Party has been banned and that hundreds of our towns and cities no longer have the names of those who systematically murdered our people. They're replacing them with Ukrainian names, which is another fundamental change. What about support for NATO among Ukrainians? It's now over 50%, yet another sign that the mentality and worldviews of our nation have shifted radically. All this shows that the “Russian Spring” failed and the Ukrainian spring is on its way.

Do you feel any responsibility for our defeat in Crimea?

There's no Crimea separately from Ukraine. Any talk of success or failure has to look at the entire country, so I'd like to point one thing out. When the Russian Duma gave Putin the green light to invade Ukraine militarily, we basically had no influence over the security sector in those parts of the country where people saw Yanukovych as a lawfully elected president who had turned to Moscow with a request that it bring in its forces. Those who like to blame us for failing to send in the army to the peninsula, or not making use of those units that were already located there, simply don't understand that some

**ONE OF THOSE ASPECTS THAT PUTIN MISCALCULATED:
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of those divisions were demoralized, while others went over to the enemy. There was sabotage going on in every single security agency.

Meanwhile, Russia had started drawing its troops all along its border with Ukraine. From the north, through Chernihiv, enemy tanks could have been in Kyiv within a matter of hours. At that time, we managed to get some battle-ready units to Shyrokiy Lan (Mykolayiv Oblast—**Ed.**), and then to form a few defensive arcs in the north, east and south in those directions where an attack was most likely. I think we did absolutely everything we could. I'll let the historians decide whether that was really the case. We were confronted by one of the most powerful armies in the world, so I wouldn't use the word defeat: Putin's plans regarding Ukraine failed.

Still, he did accomplish what he wanted in Crimea. What could have been done to thwart that?

You yourself know what proportion of our security forces went over to the Russian side. At the time, there »

was a lot of talk about our steadfast, heroic men and there really were such individuals. But how many more betrayed their sworn duty? Every single commander was given a minder—usually former colleagues or relatives—who pressured him to give his unit up. I remember we were once in a National Security Council session and someone called to say that they were trying to take over one of our vessels. At the time, it was widely thought that civilians were blocking the units—women and kids. But a vessel could never be stormed by women and kids: these were obviously well-trained and prepared men. When we gave the order to open fire, the answer came: “I serve the people of Ukraine!” Within the hour, the ship had been given up without a shot.

As secretary of the National Security Council (in the interim Government—**Ed.**), the first problem I faced was that I couldn’t rely on the accuracy of the information coming from our security agencies. It was already clear that the Security Bureau of Ukraine (SBU) in Crimea was prone to sending disinformation, so we kept the situation under control as best we could. I’m not talking about purely running the country. But in Mykolayiv, Odesa and other cities, local activists played a significant role in stopping the separatists there. Thanks to the Maidan Self-Defense units, we hung on to the seven counties of northern Luhansk Oblast, without weapons—simply through civil action. And this is one of those aspects that Putin miscalculated: he thought that he would be greeted everywhere with open arms, but in fact the locals themselves resisted. You can’t really call that a defeat.

On the Maidan, you took care of communication between the radicals and the politically moderate wings. But conflicts are still there, between the activists who formed the core of the volunteer battalions and those in power. How is this communication working now and what is the source of these conflicts?

Thanks to this kind of communication, the volunteer battalions emerged, and they established the worldview of our war. We put enormous efforts into organizing those first two National Guard battalions. We had to literally break the General Staff in order to set up the 24th Battalion, the Aidar. Still, in some quarters in the military, attitudes towards the volunteers are skeptical and critical to this day. The Prosecutor’s Office is even more prejudiced against them, as I have reported more than once. The civic movement is now visible in different areas: 4,500 fighters from the Maidan Self-Defense went to the front. Today, there are 16 deputies in the Verkhovna Rada who fought at the front, many of these men have joined the new police, and, of course, a large number have stayed on in the military. The volunteer movement remains a major factor in the life of the country today.

But not all of these volunteer activists are in government or cooperating with it. Why has the Volunteer Corps of Praviy Sektor not been legalized to this day?

My relationship with (former—**Ed.**) PS leader Dmytro Yarosh is friendly, but our tactical

disagreements began immediately after the Maidan. His attitude was “We can’t wait!” whereas I believed and continue to believe that people need to be armed and to use arms under state control. We’ve talked with many different agencies about legalizing the VCU, but so far, no decision’s been made. I have to say, however, that PS has coordinated all its actions on the front with ATO Command. There was no Makhno army¹ there, no matter what some may say. I drafted the law on the military reserves as one of the mechanisms to legalize the volunteers that still have not joined any of our military formations.

With calls for a Third Maidan coming from certain quarters, have its initiators turned to you as a potential leader?

I liked to draw historical parallels on the Maidan and I still do so now. We have a thousand-year curse against us, from the Battle of the Kalka,² when every prince fought for himself, through the Ruin, when our hetmans raised swords against each other, right to the national liberation movements of the 20th century, when Ukrainians lost their state, not through military weakness, but because of internecine wars. And the loss of the state always led to terrible tragedies. After the Hetmanate in the 1920s, we got the Holodomor of 1932-33, which took millions of lives. And you don’t have to go far to find more recent examples: remember the Orange Revolution, the Maidan of 2004, when internal squabbles led to a comeback for the other side.

As to these calls for a Third Maidan, of course, I hear them. Even when we were still on the Maidan, I would hear, “Let’s toss those three from the stage and arrest them, Andriy. Just say the word.” But then, and now, I keep telling people that we have to remain united or we will be lost. It’s the same today. What’s interesting is that, based on what investigations by journalists have revealed, the websites that are calling for a Third Maidan are often fronts for Russian security forces or militants from Donetsk and



Luhansk. That's why I keep insisting that we have to maintain a united front against outside threats and internal challenges alike, and work on eliminating existing problems.

What about a snap election as an alternative to a Third Maidan: what impact would that have on social tensions right now?

Right now, new elections are a key mechanism to destabilize the country again. They are part of the Russian scenario. If you want to know how that works, just look at recent events in Moldova. There was a scandal that led to the dismissal of the Cabinet just one month before the next tranche was due from the IMF. The loss of that tranche led to irreversible changes in the domestic economy. In the following year, the Government was changed three times and the country simply went into limbo. The leaders of two of the three parties who are happy the mass protests in Chisinau have made no bones about this and they go to Moscow every week for "political consultations." What's more, it's hard to know just how justified all the accusations of corruption against officials are, because there still aren't any agencies in Moldova that can investigate crimes of this nature and whom Moldovans themselves would trust. That's the scheme that is supposed to work among us here as well.

I once read one of the reports from Igor "Strelkov" Girkin (a leader of separatist movement in the "Donetsk People's Republic. Girkin is a Russian army veteran earlier involved in the fighting in Chechnya, Transnistria and, reportedly, as volunteer in the Bosnian War on the Serb side — **Ed.**) that, in any country targeted for an attack, "you have to sow dissatisfaction of every kind possible." And this is approach is working both in Moldova and in Ukraine today. Pre-term elections here will put all the reforms on hold and bring political paralysis for at least a year. In our case, it will mean collapse. Not long ago, George Soros wrote something quite interesting: The question today is whether the Russian Federation will bring down the European Union or the EU Russia. It's the same in our confrontation with Moscow: Who will survive? And we have to act the way we did on the Maidan: if we group together and press our knuckles, we'll make it; if we split up, we will lose. At the time, our forces were completely unequal to Yanukovich's, yet we won.

Russia's not exactly in good shape right now: oil prices are way down, the ruble is weak, and the economy is on the verge of collapse. It could all come apart in a flash, just like the Soviet Union did.

But the collapse of Russia will cause a chain reaction that will affect us as well, right?

The world was terrified that the USSR might collapse. Everybody was saying, "How can this be!? Nukes out of control!" But nothing like that happened and we will survive today, as well. We'll be fine.

What's the connection between increased aggression along the frontline and Russia's determination to force Ukraine to change its Constitution?

It's definitely intended to scare us, but the Ukrainian army is not the same force that was there two years ago. Russia's military has not changed in this time, whereas we are at a completely different level now.

Andriy Parubiy, born in 1971 in Lviv Oblast, got his MA in history at the Lviv Ivan Franko University and PhD in Politics and Sociology at the Lviv Polytechnic University. In 1988, he headed Spadshchyna (Heritage), a nationalist youth organization. Along with Oleh Tyahnybok, he co-founded the Social-National Party of Ukraine that was later renamed Svoboda (Freedom). Mr. Parubiy has been MP in the 6th-8th convocations of the VR. He headed the Maidan Self-Defense. After the Maidan, he was appointed Secretary of the National Security and Defense Council. Since December 2014, Mr. Parubiy has been Vice-Speaker of the VR.

How do you see Ukraine establishing control over the state border in the occupied parts of Donbas?

This issue is closely tied to holding elections in the region. According to Minsk, the two are supposed to take place pretty much simultaneously. But even setting a date for the vote is a ridiculous concept right now. It's not just a technical detail. It's far more complicated than even controlling the border. Elections mean that the entire democratic process needs to be guaranteed: free speech, freedom of assembly, the safety of voters... How can that possibly be organized when the place is run by gangs and Russian proxies? Elections will only be possible if I or some other Ukrainian politician can freely go to Donetsk and Luhansk to campaign. How

THE MENTALITY AND WORLDVIEWS OF OUR NATION HAVE SHIFTED RADICALLY. ALL THIS SHOWS THAT THE "RUSSIAN SPRING" FAILED AND THE UKRAINIAN SPRING IS ON ITS WAY

can this be ensured today? First, the gangs need to be disarmed, law and order have to be established there, Ukrainian electoral law has to be implemented, and the state border has to be controlled. Only after that will it make sense to talk about elections.

The Anti-Terrorist Operation has gone on for nearly two years now. What about naming and interpreting our military activity there differently at the national level?

Faced with a hybrid war, we were challenged not just to take military action but there was the real threat that the new Ukrainian government would be isolated. Russia had closed its embassy, our government was labeled a junta, its legitimacy questioned, so holding a presidential election was the first task. When a country is in a state of war, this is prohibited. Plus we had to somehow get the army going. The military command was saying, "Yanukovich wanted to throw us at the people, and now you want to do the same. We need some kind of legal status." So we found the right formulation: an anti-terrorist operation. It allowed us to engage the Armed Forces without at the same time blocking political processes in the country. Later, we had to continue this ATO status because it was time for elections to the Rada.

After this, the issue of declaring a state of war was raised again. As NSC secretary, I proposed doing just that and prepared all the necessary documents. But the decision was up to the President, who sees the bigger picture, and he thought it better not to declare a state of war. I think that, at this point, this isn't going to make a difference. ■

¹ The anarchist Nestor Makhno led his own insurgent army during the Russian Civil War of 1917-1922, when the Ukrainian state first emerged. His unwillingness to join forces with other Ukrainian independence movements and his alliance with the Bolsheviks led to the downfall of both the young Ukrainian state and Makhno himself.

² This 1223 battle between the Rus Principalities and the Mongol Empire led to a defeat for the Slavs because they failed to go in as a united force.

Draconian laws. Why the guilty walk free

Andriy Holub, Stanislav Kozliuk

The public has been demanding for two years now to punish former members of the Party of Regions responsible for the “draconian laws” adopted on January 16, 2014. Meanwhile, legal grounds to bring criminal charges against them have disappeared from the Criminal Code

"Why do the Regionals walk free" is probably the most popular question that both activists and journalists like to ask the Prosecutor General and his office. However, in some cases, such as the dictatorship laws of January 16, 2014, all the current PG Viktor Shokin and his predecessor Vitaliy Yarema can do is shrug shoulders and pass the buck to the Verkhovna Rada. The problem with the parliament is not just about immunity that the MPs could abolish if they wanted to. It is also the changes to the Criminal Code introduced in early 2014, almost immediately after the Maidan.

A BLIND VOTE

"Colleagues, we have a great bill! Please, support it in the second reading and in general. Please vote. For the visa-free regime. Against corruption. Please, all together!" Speaker Oleksandr Turchynov encourages the MPs to press the buttons of the Rada voting system. People's representatives vote. 289 MPs support the package of amendments to three laws and four codes (including the Criminal Code which was amended the most).

That vote took place on May 13, 2014. The "great bill" is now officially titled Law No. 1261-VII "On Amendments to Some Legislation on State Anti-corruption Policy Related to the Implementation of the Action Plan to Liberalize the EU Visa Regime for Ukraine."

Government bill No. 4556, which was voted into Law No. 1261-VII, was introduced to the Parliament on March 25, 2014. According to the explanatory note,

its authors aimed to meet European recommendations for the Action Plan to liberalize the EU visa regime for Ukraine. In particular, the bill intended to increase penalties for corruption-related crimes and to clarify the procedure for seizure and special confiscation. The VR adopted the draft law as a basis and sent it back for revision as soon as April 15. During the 28 days before the second reading, the respective Parliamentary Committee for Fighting Organized Crime and Corruption received 151 amendments from MPs.

THE PROSECUTOR GENERAL'S OFFICE LAUNCHED THE PRE-TRIAL INVESTIGATION INTO THE POSSIBLE FORGERY OF THE BILL ONLY A YEAR LATER, ON MAY 18, 2015

Item 76 on this list is the amendment authored by the former Party of Regions MP Anton Yatsenko. It applies to Art. 364 of the Criminal Code, which regulates penalties for the misuse of authority and abuse of office. Such crimes may entail a prison term of up to six years and a prohibition from holding certain posts for another three years. Notes to this article contain the definition of "public servant" (notes 1 and 2), "substantial damage" and "grave consequences" (notes 3 and 4, respectively). The latter apply to Art. 364-367.

The Government bill initially did not provide for any changes to these notes. But the Yatsenko amendment in fact made it impossible to punish civil servants and officials for abuse of office. Another thing

How the unlawful passing of draconian laws was decriminalized

**February 21
2014**

VR replaces the phrase "for interested motive or in other personal interests of third persons" with the following phrase: "in order to gain any unlawful profit for oneself or for another individual or legal entity."

**March 25
2014**

Government submits bill No4556 to the VR on fulfillment of recommendations under the action plan for visa liberalization for Ukraine. It includes tougher punishment for corruption crimes.

**April 15
2014**

Government submits bill No4556 to the VR on fulfillment of recommendations under the action plan for visa liberalization for Ukraine. It includes tougher punishment for corruption crimes.

**May 12
2014**

MP Anton Yatsenko submits a letter with the amendment that plays down the definition of "significant damage" and "severe consequences" to limit it with damage to property alone. This is done in violation of the Rada protocol.

is also important: there is good reason to believe that this legal provision has been forged in the Parliament.

The former member of the Party of Regions proposed to exclude from the previous version of the Article the words "with reference to any pecuniary losses." Thereby, Yatsenko's amendments changed the definition of what should be considered substantial damage and grave consequences caused by a crime.

The current version of the Criminal Code contains his wording of the notes: "3. For the purposes of Articles 364, 365 and 367, substantial damage shall mean any damage that equals or exceeds 100 tax-free minimum incomes. 4. For the purposes of Articles 364 to 367, grave consequences shall mean any such consequences that equal or exceed 250 tax-free minimum incomes."

Before the adoption of the law on May 13, the notes in the previous version of the Criminal Code read as follows: "3. For the purposes of Articles 364, 365 and 367, substantial damage with reference to any pecuniary losses shall mean any damage that equals or exceeds 100 tax-free minimum incomes. 4. For the purposes of Articles 364 to 367, grave consequences with reference to any pecuniary losses shall mean any such consequences that equal or exceed 250 tax-free minimum incomes."

In this way, the amendment introduced by MP Yatsenko narrowed the responsibility for crimes under Articles 364-367, reducing it to penalties for damages that can only be measured pecuniarily. To cut a long story short, to convict a person for a crime, including misuse of authority or abuse of office, investigators have to prove that the suspect's actions entailed "substantial damage" to the society, or that they led to "grave consequences" as per Part 2 of the Article. Yatsenko's version of the notes explains to the court and the investigators that "substantial damage" and "grave consequences" can only be measured pecuniarily. In this way, the investigation is prevented from establishing at the court the facts of the violation of civil rights and liberties, which are intangible and therefore cannot be assessed financially.

It should be noted that the Committee for Fighting Organized Crime and Corruption, which considered the bill No. 4556 before the second reading, rejected an amendment by Oksana Prodan, who also proposed to change the wording of notes 3 and 4 of the above Article of the Criminal Code. Her proposal provided for doubling the estimated losses falling under the definition of "substantial damage" and "grave consequences." However, Prodan left the words "with reference to any



PHOTO BY UNIAN

Potential impunity. Court cases on January 16 draconian laws stumble over amendments from Poroshenko's Bloc MP Andriy Yatsenko

pecuniary losses." The Committee justified the rejection of her amendments by the fact that they did not meet the requirements of the European Commission, since they narrowed significantly the responsibility for the crime. This decision also seems relevant given the purpose of the bill, namely, strengthening the responsibility for corruption activities. But at the same time, the Committee accepted Yatsenko's amendment, not noticing its inconsistency with the stated goal.

According to lawyer Yevheniya Zakrevska, critical changes to Art. 364 were made in two stages.

"On February 21, 2014, the day after the shooting of the Heavenly Hundred, the words "for mercenary motives or other personal benefit or benefit of any third persons" were replaced with the wording "for the purpose of obtaining improper advantage for oneself or any other person or entity." Besides, the circle of potential suspects under Art. 365 (misuse of authority or abuse of office) was limited to the law enforcers," says Zakrevska.

"The second disastrous vote took place on May 13, when substantial damage and grave consequences caused by the crime were limited to only material loss. In this way, a large number of crimes related to abuse of office where such loss is absent or cannot be proved

**May 13
2014**

VR Committee for Fighting Organized Crime and Corruption reviews 151 amendments to bill No4556 from MPs within two hours.

**May 13
2014**

VR passes bill No4556 with Yatsenko's amendment with 289 votes, in absence of comparative tables.

**May 18
2015**

Prosecutor General's Office launches pre-trial investigation of alleged forgery of bill No4556.

**November 30
2015**

Based on Law No1261-VII (bill No4556), Pechersk Court returns to Prosecutor General's Office the bill of indictment against three ex-MPs accused of organizing the passing of the January 16, 2014 draconian laws.

**January 14
2016**

Court of Appeals cancels the verdict of the Pechersk Court and appoints another review of indictment.

were actually decriminalized. Namely, these are the crimes that entail violations and restrictions of the constitutional rights and liberties of the citizens (electoral and labor rights, the right to adequate housing, to life, health, and dignified life), undermine the credibility and prestige of public authorities, breach public order and public security, create conditions interfering with business, etc.," says Zakrevska.

According to her, this created a huge obstacle to prosecuting officials.

"These are, say, Olena Lukash, Oleksandr Yefremov, etc. Besides, these changes may complicate the prosecution of the police officers accused of persecuting Avtomaidan activists. Arbitrary searches, illegal surveillance or tapping, fake protocols — these crimes can no longer qualify under Art. 364 of the Criminal Code," the lawyer said.

Even though such crimes may have other elements, according to Zakrevska, such offenses are less grave and, accordingly, entail lesser punishment.

"If Art. 364 applies to grave or medium gravity crimes, the accompanying Art. 366 (forgery by an official. — **Ed.**) is a minor crime. To investigate it, it is not possible to use covert surveillance or detective work," Zakrevska says.



THE UNRESOLVED ISSUE WITH YATSENKO AMENDMENTS AND THE RELATED CONFLICT OF LAWS MAKE IT POSSIBLE FOR THE MPs WHO VOTED FOR THE JANUARY 16 LAWS TO AVOID RESPONSIBILITY

However, the Prosecutor General's Office suspects that the "May 13 law" may have been falsified (forged), and that neither the relevant Committee nor the Parliament actually voted for Yatsenko's amendment.

BREACHING THE RULES

In an interview to *The Ukrainian Week*, Head of the Special Investigations Department of the Prosecutor General's Office Serhiy Horbatiuk said that the prosecution had some difficulties in courts with the January 16 laws. For instance, with Yefremov. According to the investigator, the amendments made by Yatsenko have created a conflict of laws, since the transitional provisions of the document state that the law adopted on May 13 has no retroactive effect. That is, all cases, if the pecuniary damage was not established and if suspects were charged under Art. 364-367 before July 4, 2014, could theoretically be submitted to court without any restrictions. However, according to the Constitution, when it comes to mitigating the punishment, the law has the retroactive effect. That is, the crime that the MPs committed by voting for the draconian laws needs to be assessed pecuniarily. This creates a conflict of laws.

"We learned about the problems with these amendments in July 2014, after the law came into force. We read its text and realized that it poses a threat to our proceedings. We were interested to see the rationale, the explanatory note and the conclusion of the Parliament's Office for Research and Evaluation. We wanted

to understand how they evaluated these amendments in general. But it turned out that the comparative charts prepared for the second reading of the bill No. 4556 were missing. We looked at the minutes of the Council meeting, and found out that the voting took place without them (charts. — **Ed.**). We made a few calls to the Parliament, and we were told that the charts were made after the vote, and that some changes could have been introduced to them," says Horbatiuk.

"If the officials committed the wrongdoing before June 4, 2014, we can charge them under Art. 364. There are transitional provisions of the law, stating that it has no retroactive effect in terms of changes to the Criminal Code. But there are also the provisions of the Criminal Procedural Law and the Constitution, under which in case of the mitigation of punishment, the document has the retroactive effect. As a result, in practice the Prosecutor General's Office might charge the MPs for the January 16 laws with forgery by an official, but not with the abuse of office," says Horbatiuk.

The Prosecutor General's Office launched the pre-trial investigation into the possible forgery of the bill only a year later, on May 18, 2015. Since then, it has interrogated the defendants in the case, both the MPs and the Parliament staff. The investigators have found that the amendments were discussed on the day of the vote, and the discussion took two hours. However, as *The Ukrainian Week* found out, at the beginning of the Committee meeting, the MPs had the texts of the edits dated April 29, 2014.

The Parliament's Rules state that after the adoption of the draft in the first reading, the MPs have a maximum of 21 days to submit proposals and amendments. In the case of the bill No. 4556, this term expired on May 6, 2014. During this time, 11 MPs sent their proposals. They included MP Yatsenko, who sent his proposal in a letter dated April 25. Its text, stored in the Parliament archive, does not contain any amendments to the notes to Art. 364. However, they can be found in his letter dated May 12, which was actually sent in violation of the Rules.

It should be noted that the first pages of all letters sent by MPs with the amendments to the bill carry the signature of the committee secretary Vdovychenko with the mark "accepted for review" and the stamp of the Verkhovna Rada. However, the last letter sent by Yatsenko mentioned above has nothing of the kind. As *The Ukrainian Week* found out, Yatsenko brought these amendments directly to the Committee meeting on May 13. At the same time, the investigation has good reason to suspect that they were introduced to the text of the bill after the voting in the session hall.

Art. 51 of the Law on Parliamentary Committees clearly states that all meetings should be taken down in shorthand. This was the case during the meeting of the Committee for Fighting Organized Crime and Corruption on April 9, when the bill No. 4556 was recommended to be adopted as the basis. However, the archive has no transcript of the meeting that took place on May 13, the day before the adoption of the draft in general. The Verkhovna Rada staff reported that no stenographers were invited to the meeting, and according to a Committee representative, the discussion was not recorded, because the meeting was

held not in the Committees building on Sadova St., but at the Parliament.

Therefore, it is impossible to find out exactly what amendments were discussed at the meeting and whether any decisions on Yatsenko proposals were made. The course of the events can partially be restored based on what the Committee Chairman Viktor Chumak said during the draft examination in the session hall.

Bill No. 4556 was brought into the hall at about 12:40. During his speech, Chumak said at least three important things. First, at the time of voting for the bill, the comparative charts with all the amendments introduced by MPs were not available. "The charts are being prepared," said Chumak a minute before the vote. In addition, the comparison chart available in the archive was finally made on May 15, that is, two days after the adoption of the law by the Parliament. Second, Chumak said there were 149 proposed amendments to the bill, while in the final comparative chart, 151 amendments were indicated. Third, the Committee Chairman said that the meeting took place from 10:00 am to 12:00 am of the same day. If we assume that the Committee examined all the amendments during that time, it had only about 48 seconds for each.

"Those who adopted the amendments argue that Art. 364 is not specific. It has no definition of what is substantial harm and grave consequences, or the violation of citizens' rights and public interests. Arguably, this vagueness of concepts made it possible to prosecute and convict anyone for anything at any time. That is, the circle of suspects who have committed offenses

under this Article may be large. But the problem is that it is impossible to clearly define all cases of violations of citizens' rights and public interests. Besides, if they were to be specified, Article 364 would have to be replaced by dozens of articles, including illegal termination of a case by investigator, release from custody, etc. In theory, the latter may be incriminated with assistance with escaping, or aiding and abetting. But this is questionable. As a result, we have a new version of Art. 364 and, consequently, the decriminalization of most crimes committed by the law enforcers, and not only by them," explains Horbatyuk.

Such conflict of laws has already been used by the lawyers of the former "Regionals." For instance, according to investigators, the lawyers of Yefremov, charged with abuse of office, base their defense on the amendments to Art. 364. The pre-trial restrictions for the former Party of Regions member are being constantly extended, but the court does not make any judgments on the merits. Such formal charges were filed against both the late Mikhail Chechetov and the former Minister Olena Lukash.

As a result, the unresolved issue with Yatsenko amendments and the related conflict of laws make it possible for the MPs who voted for the January 16 laws to avoid responsibility. After all, the conflict escalation caused by the adoption of these laws can hardly be assessed pecuniarily. The solution to this problem should be the responsibility of the MPs themselves, or, as a last resort, of the Constitutional Court. However, in the past two years, they did nothing to solve it. ■

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From servitude to self-sufficiency

Oleksandr Kramar

Ukraine's energy sector is going through a sea change that, if successful, should eliminate dangerous dependence on foreign suppliers within a few years

Despite the fact that it has been largely forced, and is dilatory and fragmented, the reform of Ukraine's energy sector has already led to radical changes. The most difficult part is changing the rules of play on the domestic field, ending monopolism, and opening the way to competition among a gradually larger number of companies that are truly independent of each other. After that comes improving the quality of consumer services and preventing, as much as possible, windfall profits among suppliers. Bringing rates to market levels, deregulating them, and reducing dependence on external monopolist suppliers is the only means of providing the conditions for this key component of change that will guarantee the main advantages of reforms for ordinary Ukrainians.

NATURAL GAS: ENROUTE TO SELF-SUFFICIENCY

For a long time, improving the country's energy security was linked to diversifying sources of natural gas imports. However, it turned out that the problem could also be resolved by reducing consumption. In 2015, only 33.7 billion cu m were used, 19.9bn cu m of that domestically extracted, bringing self-sufficiency up to 59%. In fact, it's actually higher, as considerable amounts of the gas consumed are used to cover the transit of Russian gas to the EU through the Ukrainian gas transport system (GTS), which cannot be rightfully considered "domestic consumption."

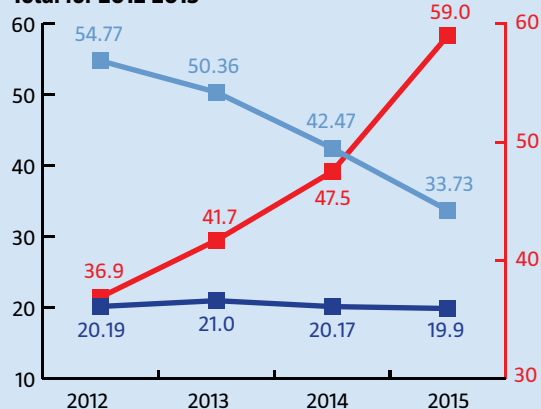
As we can see, 13.8bn cu m of gas were missing to cover domestic demand in 2015, although 16.45bn cu m were imported, "just in case." Meanwhile, the throughput of the Slovak and Polish pipelines that have been successfully used to buy gas from the EU is over 15bn cu m per year. That is, it's more than enough to cover current annual demand in Ukraine without buying any directly from Russia. Last year's purchases made it possible to establish significant reserves for future use: at the beginning of March, the gas storage system contained more than 10bn cu m, the highest level since 2011, despite the fact that consumption has gone down by one third. If we presume that consumption of gas from March to October 2016 will be somewhat lower than in the same period of 2015, when it was 15.1bn cu m, then projected domestic extraction during these months, 13.5bn cu m, should be suffice for just about all domestic demand. That means that nearly all the volume of gas purchased on the EU market can be used to fill storage tanks. Given the currently low gas prices and the abundance of gas during the warm seasons, Ukraine could be looking at 8-10bn cu m additional reserves over the next 8 months—but only if full capacity is used, and not one quarter, as was the case during the first few days of March, for reasons unknown.

This will be enough to meet the next heating season with a surplus no smaller than what Ukraine had at the

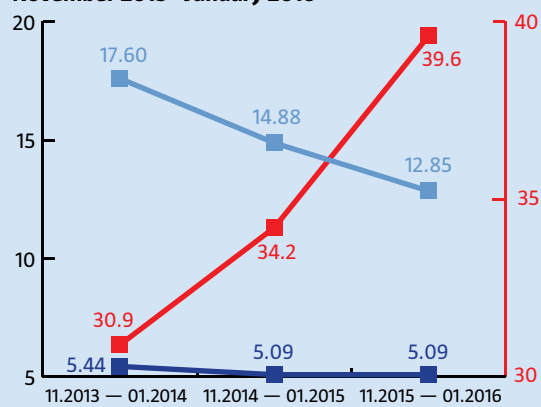
Enroute to self-sufficiency

A dramatic reduction in gas consumption among most categories of consumers has sharply increased the level of sufficiency of domestic extraction. This trend continues.

Total for 2012-2015



November 2013–January 2016*



■ Natural gas consumption, bn cu m
■ Natural gas extraction, bn cu m
■ % of domestic demand covered by domestic extraction (right-hand scale)

* These months in the heating season were used to compare with the current season, as no data is currently available for February and March

Source: author calculations, Derzhstat and MinEnerg data

beginning of this last season. And that means, once again, not having to buy fuel directly from Russia. Even more, there's every reason to believe that domestic extraction will continue to expand to cover domestic demand.

On one hand, this prediction is based on sustained trends to growing extraction by private companies. Their

number is rapidly growing on the market and is already high enough to affect the overall balance, even if state companies were to cut output back. In 2015, Naftogaz's rate of extraction contracted by 823 million cu m, which was faster than extraction by private companies grew—by 563mn cu m. But lately, a breakthrough occurred in the growth of extraction by private companies: In January 2016, they added 69mn cu m, compared to January 2015, while Naftogaz's extraction declined by only 34mn cu m.

The share of Rinat Akhmetov's DTEK grew especially sharply, demonstrating that the laws of the oligarchic model of economy are still working. NaftogasVydobuvannya, the natural gas division of DTEK, nearly doubled its output, from 0.75bn cu m in 2014, to 1.3bn cu m in 2015, and has maintained that pace in 2016: in January, output was more than 125.5mn cu m. It looks like DTEK could break through to a 10% share of domestic extraction and 40% of extraction by non-state companies, making it a key player not only on the coal and power markets, but on the gas market as well.

On the other hand, raising gas rates to market levels and improving the subsidy mechanism—at the moment, it simply encourages households to over-consume again—should stimulate an even greater reduction in domestic gas consumption over the next few years. As of March 1, 2016, the price for commercial customers ranges from UAH 7.34 to UAH 8.39 per cu m. In other words, as gas rates are equalized for all categories of consumers, a process that is expected to be completed in 2017, rates for cogeneration companies, currently UAH 3.00/cu m and for residential use, currently UAH 3.60/cu m at a subsidized rate for up to 1,200 cu m/year, have room to grow. The latest stage begins on April 1, according to the Premier, when the subsidized household rate for the first 200 cu m per month could go up from UAH 3.60 to UAH 5.50/cu m, according to NEURC, the National Electricity and Utilities Regulatory Commission.

The rate for cogeneration plants, which were particularly wasteful in their consumption this past winter, forcing residential consumers to effectively heat the out-of-doors because of the unusually high temperatures in centrally heated apartments, is also likely to go up. But here, again, the government will intervene: heating customers have no way to influence the monopolist utility to reduce its consumption of gas. What's more, cogeneration companies benefit from over-consumption because figures based on ever-more-widespread individual heating meters allows them to issue ever higher bills.

Still, the problem with the cogeneration plants should be resolved positively and a better residential subsidy mechanism should stop wasteful consumption. In a few more years, these two mutually-stimulating trends—domestic extraction increasing by 10-15% to 22-23bn cu m and consumption declining by a similar 10-15% to 28-30bn cu m—, as is projected, could raise Ukraine's self-sufficiency in natural gas from the current 60-65% to 75-80%. That will reduce the need for imported gas to at most 5-7bn cu m per year, compared to the 35-40bn cu m that Ukraine was buying not that long ago.

So far, this path offers the most realistic and reliable means to shield against the threat that Russia will sharply reduce the volume of gas transiting via Ukraine's GTS—and possibly eliminate it altogether—by 2020, when the current contract runs out. A steep reduction, not to mention a less likely halt, to the transit of Russian fuel across Ukraine's territory is likely to complicate purchases from

the EU and to make them considerably more expensive. If demand remains at the levels that it is today, this will mean not just substitution, but physical transporting from distant European hubs.

The main threat to Ukraine's growing self-sufficiency is a potential decline in the price of imported gas to US \$150/cu m or less. This would reduce the difference between industrial rates in countries with large domestic extraction capacities, such as Russia and its satellites, and importing countries, which could stimulate Ukraine's energy-hungry manufacturing to increase output. Still, the general trend in Ukraine's economy is for the steel, heavy chemicals and machine-building industries to die off as the agro-industrial complex (AIC), labor-intensive industrial production and service industries, including IT, grow, and for the consumption of residential gas to continue to go down. All these trends make it more likely that Ukraine will successfully reorient itself towards self-sufficiency, perhaps not for its entire domestic needs, but for the majority, over the next 4-7 years.

Nevertheless, Ukraine should seriously consider building a terminal capable of handling 2-3bn cu m of natural gas on the Black Sea shore. This would increase the capacity of the domestic economy to withstand external challenges and to take advantage of the opportunities offered by a sharp increase in the liquid gas market expected in the next few years. The shifting geopolitical layout, including the conflict with Russia, Turkey should not be against such an option, while the US, as the most likely alternative supplier, should be interested in supporting such a project.

IT TURNED OUT THAT THE PROBLEM OF GAS DEPENDENCE COULD ALSO BE RESOLVED BY REDUCING CONSUMPTION

POWER TO THE POWER GRID

At the same time as Ukraine's dependence on Russian gas supplies is slowly being overcome, the problem of its dependence on Russia for electricity, both atomic and thermal, is moving to the fore. In 2015, Ukraine imported fuel rods for its nuclear power plants (NPPs) worth US \$643.6mn, nearly 95% of those bought from Russia's nuclear monopoly, Rosatom. Only 5% or US \$32.7mn worth was bought from the Swedish subsidiary of the world's largest atomic energy corporation, Westinghouse.

Energoatom's dependence on Rosatom has become a key energy security issue for Ukraine. Given a 35-40% dependence on imported gas, of which only 20% comes from Russia, the country is 100% dependent on imports of nuclear fuel, 95% of them from a Russian state-owned monopoly. At the same time, Energoatom's share of power generation domestically is nearly 50%. The only way out of this situation is to increase the import of NPP fuel rods from western manufacturers to at least 50%, as the current nigh-symbolic 5% is only pretend diversification. That is the first phase. The second is to build a domestic facility in partnership with western manufacturers to produce fuel rods in the medium term.

Meanwhile, domestic thermal power plants and cogeneration plants (TPPs and TECs) are extremely depen- »

dent on supplies of fuel from Russia and ORDiLO, the territories it has occupied in Donetsk and Luhansk Oblasts. According to Derzhstat, Ukraine imported nearly 1.9mn t of heating coal for US \$157.5mn, of which 940,000 t came from Russia for US \$85.4mn. Yet this is just the tip of the iceberg of how dependent Ukraine's thermal energy system on risky supplies from outside, because the much larger volumes of coal coming from occupied territories are just as dependent on the goodwill of an enemy as are the volumes coming from Russia.

Moreover, obviously corrupt schemes for buying coal from the terrorists in ORDiLO are being boldly lobbied. Although Ukraine has a genuine shortage of anthracite and the arguments for buying it from Russia and the occupied Donbas appear reasonable, NPP power output is being artificially reduced in favor of the more expensive electricity generated by TPPs. Worse, this trend appears to be growing. For instance, NPPs generated 0.9% or 0.8bn kW•h less electricity in 2015 than they had in 2014 and 3% or 2.6bn kW•h less than in 2011. In January 2016, they were down by 5.2% over January 2015, when domestic TPPs and TECs increased output 9.1%. Total power generated in Ukraine remained more-or-less at January 2015 levels. The main argument in favor of buying coal from the occupied territories is the low price of about US \$45/t, when South African coal costs \$70-75. Still, by buying coal from ORDiLO, Ukraine leaves its power industry vulnerable to blackmail by an enemy and finances a war against itself. Information from the occupied territories suggests that the terrorists keep at least 20-25% of the value of the coal that is shipped to Ukraine through "taxes" on its sale, on the wages paid to the miners, and on the retail sales that the same miners spend their wages.

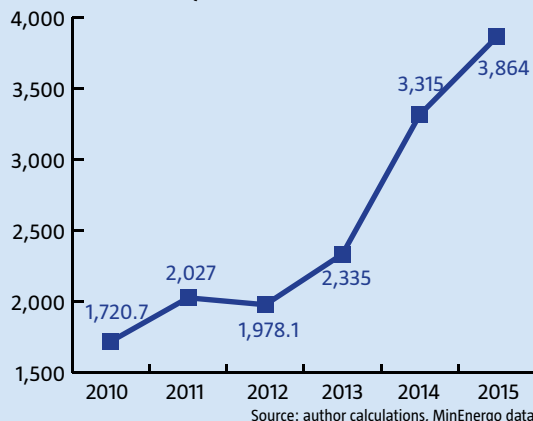
Meanwhile, Ukraine itself has growing problems selling steam coal. The territory under Ukraine's control is capable of extracting more than it is currently doing, but there is no market for it. By modernizing at least half of the anthracite power blocks to switch to this type of coal could resolve the problem of selling at least 10mn more tonnes of domestic coal and end the dependence on uncertain supplies from both Russia and occupied Donbas.

Yet this process has been sabotaged for over a year at this point. Even at the still state-owned TsentrEnergo, reconstruction has been started on just two of the 10 power blocks at the Zmiyiv TPP. This will allow for less than one fifth of the consumption of anthracite, which is no longer extracted in Ukraine, to be substituted. Meanwhile, the biggest power company using coal from the occupied territories, DTEK, has no intention of reconstructing anything as it anyway sells huge volumes of power on the domestic market. Switching thermo-electric power to steam coal would give Ukraine's critical electricity industry a second chance, open the way to reorient on domestic generation, just like the gas industry, and make balancing the energy market an indispensable instrument. All the other types of power generation may have their various advantages, but none of them are in a position to sharply increase output at peak demand times or to reduce it when there is an oversupply. This problem arises for not just NPPs, but also alternative forms, such as wind power and solar energy. Alternative energy stations currently generate small amounts of power for the grid, but they are growing rapidly. For instance, power generation from solar energy stations (SEs) grew 13.3 times, even with the loss of the Crimean farms, which had provided more than half of Ukraine's solar power in 2013. Similarly,

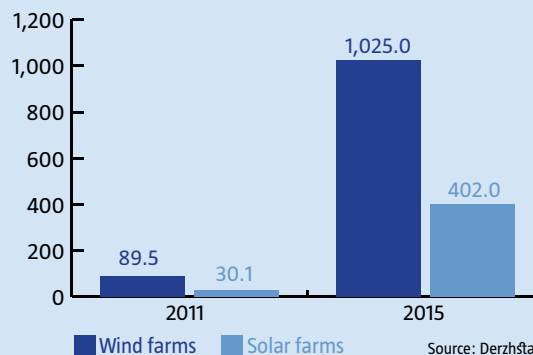
The impact of market prices

Unlike state companies, private companies have the right to sell their natural gas at market prices, which has led to a dramatic increase in domestic extraction in the last six years.

Private extraction, bn cu m



Electricity generation by wind and solar stations in 2011 and 2015, mn kW/hour



wind farms (VESs) generated 11.5 times more power in 2015 than in 2011, although a large chunk of their capacities were also lost in Crimea and Donbas. The spread of "green" rates to family solar and wind farms that sell power to the national grid has provided incentives for people to actively set such alternative energy generation up on their private farmsteads. As a result, the number of registered family generators grew nearly 12 times in 2015 and the power they generate was up 10 times, to 0.41mn kW•h.

One of the drawbacks of solar power is, of course, its unpredictability. For instance, in June and July 2015, when less power is needed because it is summer, they produced 46-50mn kW•h of power a month, whereas in winter, when demand is high, they generate far less—only 10.8mn kWh in January 2016. Wind power is not much more reliable: even during the course of a single season, output fluctuated more than 150%: from 54mn kW•h in July to 88mn kW•h in August. And that does not even take into account fluctuations at different times of the day.

In short, the high cost of power and the fact that it is still impossible to control the volumes generated in response to consumer demand, alternative energy will not be able to replace atomic or thermal energy for the foreseeable future, although it promises to rapidly increase its contribution—so far less than 1%—to Ukraine's power grid. ■

Atoms of security

Olha Kosharna, Ukrainian Nuclear Forum Association

Who and what stays in the way of nuclear energy development

Amidst economic crisis and military conflict, the power generating industry of Ukraine had to stand serious trials. It was a reliability test for the United Energy Systems of Ukraine (UESU), the centralized power generation and supply grid system. Given the shortage of anthracite coal (it is mainly extracted in the occupied parts of the Donbas), the loss of a number of thermal power plants (TPPs) in the occupied Donbas, and the third low-water season in a row preventing hydro power plants from operating at full capacity, the UESU worked stably only thanks to its nuclear power component in the autumn and winter seasons of 2014-2015 and 2015-2016. As of the end of 2015, the share of nuclear power in the electricity market was 57%, and in 2014, 50%. These are the best performance results in the past 10 years. This is despite the fact that the country's 15 NPP units account for only 13.8 GW of installed capacity, i.e., for about 25% of the country's total generating capacity.

A CINDERELLA OF UKRAINE'S POWER SECTOR

This is not the first time that nuclear power industry provided a life-line to the country's power sector. Due to the economic crisis that followed the collapse of the USSR, 1993-1995 were the critical years for the UESU. Prices for traditional energy sources surged, resulting in rolling blackouts. They were due to the fact that TPPs could not afford to buy enough fuel to ensure sufficient energy production during consumption peaks, and the country lacked capacities to maneuver between different sources. Meanwhile, nuclear power plants operated safely and stably. In late 1995, unit 6 of Zaporizhzhia NPP was commissioned and put into service, making it the largest in Europe.

In 2004, two more power units were put into operation: unit 4 of Rivne NPP and unit 2 of Khmelnytsky NPP, which meet all modern nuclear safety requirements. Ever since Ukraine gained independence, no new TPP units have been built, and most TPPs are mostly privately owned. On the one hand, all governments maintained the rhetoric of how important nuclear power generation is. It is also reflected in program documents, such as the Energy Strategy of Ukraine until 2030 and decisions of the National Security Council, supported by Presidential Decrees. The latest National Security Strategy as of May 26, 2015, also states that to ensure the country's energy security, priority is given to the development of the nuclear energy sector, along with power generation from renewable sources. Of course, this includes compliance with the latest standards of environmental, nuclear, and radiation safety.

On the other hand, all governments used nuclear energy to solve purely tactical tasks and achieve their obvious electoral or lobbying objectives. Amidst permanent elections, electricity tariffs for households were kept at the minimum that was three times lower than

its real cost. Companies owned by financial and industrial groups close to governments, not to mention state-owned mines and water utilities, enjoyed their support in the form of discounts to purchase electricity on the Wholesale Electricity Market (WEM). Since our WEM has only one customer to this day, the state-owned Energhorynok, all types of generating companies have to sell their electricity to it. State-owned NPPs and HPPs sell it at regulated tariffs set by the National Electricity Regulatory Commission (NERC). To keep household tariffs low, the regulator raises electricity prices for industrial consumers to compensate for the losses of electricity suppliers, that is, mostly privately owned regional power companies (oblenergos). This phenomenon is called cross-subsidization, and is an economic absurdity. Globally, with the exception of Ukraine and Belarus, electricity prices for industrial consumers are about 30% lower than household tariffs. Based on the latest data, the cost of cross-subsidization in January 2016 amounted to UAH4.66 bn, despite the fact that household tariff was raised twice in the past year.

Since the share of nuclear generation in the market is significant and amounted to 44-50% in different years, and even to 57% in 2015, all governments kept the tariffs for electricity produced by NPPs low in order to avoid raising household tariffs and to maintain

ALL GOVERNMENTS KEPT THE TARIFFS FOR NUCLEAR POWER PLANT ELECTRICITY LOW TO AVOID RAISING HOUSEHOLD TARIFFS AND TO KEEP THE MARKET AVERAGE IN THE WHOLESALE ELECTRICITY MARKET

the market average in the WEM. The price of power generated by state-owned NPPs is less than half of that for TPPs. Under Azarov's government it was 1/3. The rate of the state-owned Energoatom, the operator of all Ukrainian NPPs, was reduced on January 1 to 41.9 kopecks per 1 kWh. Even though it is only 0.7% lower than in the previous year, the company will lose about UAH 248mn if generation stays at the 2014 level (82.6 bn KWh). Another important issue is that the market underpaid Energoatom over UAH 4bn for the electricity it has already supplied in 2015 alone, as consumers are increasingly failing to pay for it. With the debts from previous periods added, the aggregate debt of Energhorynok to Energoatom now amounts to the painful UAH 10bn. Neither Energhorynok nor relevant ministries know how to reimburse these amounts.

As of the end of 2015, fuel factor and spent fuel (SNF) management accounted for 52% of Energoatom's tariff structure. The investment component was a mere 11%. By contrast, European NPPs allocate at least 30% of the kilowatt-hours price to the investment component. As »



ARTWORK BY MYKYTA TITOV

the lifetime of Ukrainian NPP units is being extended beyond their installed life, the need for a construction of the centralized SNF storage grows, and the completion of the Tashlyk PSPP is needed to cover the shortage of maneuvering capacities in the unified energy system, the rate is disastrously low. The budget of Energoatom investment program for 2016 is only UAH 3,993mn, which is insufficient for its development and, above all, for the construction of new generating capacities.

UKRAINE AND EUROPEAN ENERGY SECURITY IN THE NUCLEAR SECTOR

Ukrainian social and political crisis, followed by the Russian occupation of Crimea and destabilization in the South-East forced EU member-states to take measures to ensure reliable energy supplies beyond the traditional oil and gas, and to start talking about EU energy security.

On May 28, 2014, the European Energy Security Strategy was released. It was developed on the basis of a detailed study of the European energy security conducted by a team of European experts (and published on June 16, 2014). In section 7.2, "Uranium and Nuclear Fuel," the Strategy states that Russia is a key competitor to European companies in terms of nuclear fuel production, and that it offers integrated investment packages for the entire nuclear generation chain. In this context, it is particularly important to watch investment in new NPPs built in the EU with non-European technologies: it is necessary to ensure that they will not depend on Russia for the supply of nuclear fuel. The option of supply diversification should be a mandatory criterion in any new NPP construction investments. Moreover, all NPP operators need diversification as well. This is absolutely a game changer in European energy policy.

Diversification of nuclear fuel supplies and services at different stages of the cycle has been considered in Ukraine for the past 15 years as one of the main components of energy security, as recorded in the new edition of the National Security Strategy. Compared to the diversification of supplies of traditional energy sources, the situation with NPPs is more complicated, since nuclear fuel assemblies (FA) for Ukrainian reactors are produced by only two manufacturers in the world: the Russian TVEL and the Japanese-American-Kazakh Westinghouse.

Ukraine made the first steps to diversify its nuclear fuel supplies back in 2000, when the US-Ukraine Nuclear Fuel Qualification Project was launched, involving FAs manufactured by Westinghouse Electric. In 2014 and the first half of 2015, efforts were also made to diversify services at different stages of nuclear fuel cycle. In spring 2014, Energoatom extended its contract with Westinghouse for the supply of nuclear fuel to Ukrainian NPPs; on December 30, 2014, an addendum to the contract was signed to supply additional volumes in case of emergency. On April 24, 2015, Energoatom signed a contract for the purchase of U-235 enriched uranium with the French company AREVA. Enriched uranium is supplied for the production of nuclear fuel for Ukrainian NPPs by Westinghouse to a plant in Sweden.

The establishment of a Ukrainian-Russian joint venture (Nuclear Fuel Production Plant PJSC) after TVEL OJSC won the competition for the transfer of FA technology in 2010 no longer meets the objectives of diversifying the sources of nuclear fuel. TVEL has almost equal ownership rights in the joint venture (50+1 share), with the Ukrainian shareholder, Nuclear Fuel SC (50+1 share), and coordination of bilateral decisions is man-

datory. At the same time, in the license agreement for the transfer of FA production technologies, TVEL tries to attach to the operation of this joint venture the conditions, which are unacceptable for us and which enhance Russian influence on the supply of fuel assemblies to Ukrainian NPPs. For example, one of its clauses is the exclusive use of isotopically-enriched uranium and/or fuel pellets and cladding tubes for fuel elements (cartridges) manufactured in Russia. After the outbreak of the military conflict, the project was shelved. Even though the plant design underwent the government expert review, it was not approved by the Cabinet. In November 2015, the State Nuclear Regulatory Inspectorate of Ukraine denied Nuclear Fuel SE the license for plant construction due to the expiry of the deadline for the consideration of application documents.

However, Ukrainian NPPs remain largely dependent on the supplies of new nuclear fuel from Russia, while Westinghouse-manufactured FAs are still in pilot operation. Half of the reactor core at power unit 3 of the Yuzhnoukrayinska NPP is loaded with this fuel. In 2016, 42 Westinghouse fuel assemblies are planned to be loaded in the reactor of unit 5 of Zaporizhzhia NPPs. The slow pace of the implementation of FAs from non-Russian suppliers is explained by the need to address a number of engineering problems, primarily related to the fact that Westinghouse FAs are used jointly with the Russian ones, in the so-called "mixed areas," and adequate security needs to be ensured. According to experts, Westinghouse fuel assemblies have shown good results, and not a single case of cladding leakage was revealed during their operation. Let's hope that the diversification goal will be achieved in the next couple of years.

An important project for Ukraine's energy independence from Russia is the construction of the centralized storage of spent nuclear fuel for the operating power units of Rivne, Khmelnytsky and Yuzhnoukrayinska NPPs. It is currently being implemented using the technologies of Holtec International (USA). Zaporizhzhia NPP has its own dry storage facility for spent nuclear fuel.

The operator of all NPPs, Energoatom, is currently implementing a program to substitute imported equipment of NPPs, involving major state companies, such as Turboatom, Electrotiazhmash, Malyshev Plant, and Sumy Machine Building. The R&D support of exploitation is also provided by Ukrainian entities. Another way to minimize the dependence on Russia is to build new power units with the assistance of non-Russian companies. The debate on the need to complete the construction of power units 3 and 4 of the Khmelnytsky NPP has been going on since 2005, when the Cabinet issued the decree "On preparatory activities for the construction of new power units at Khmelnytsky NPP." This project was included in the current Energy Strategy until 2030 and in the Cabinet Program dated December 2014 as a priority task. Given the current state of Ukraine's economy and the military conflict, finding investment for the construction of the new nuclear power units within the country is unrealistic, and external financing is necessary.

On June 15, 2015, the Cabinet issued Decree No. 671-r "On launching the Ukraine-EU Energy Bridge pilot project" addressing the issue of investment for the new constructions. It proposed to raise funds for the Khmelnytsky NPP-3,4 construction under the guarantee of a long-term contract for electricity supply from its power unit 2 to Poland, making it part of the Bur-

shdyn Energy Island. On July 31, 2015, the Ministry of Energy and Coal Mining approved the Action Plan to implement the project planned to be completed in 2017.

In January 2015, the Ministry of Energy and Coal Mining held a meeting on the construction of Khmelnytsky NPP-3,4 to discuss the reliability of the existing constructions and the possibility of using VVER-1000 reactor plant manufactured by Skoda on the basis of the Conceptual Solution agreed in October 2014 with the State Nuclear Regulatory Committee, the Ministry of Energy and Coal Mining and the Ministry of Regional Development and Construction of Ukraine in view of the modern, post-Fukushima safety requirements. However, in early 2016, the Ministry doubted the feasibility of Khmelnytsky NPP-3,4 construction. This is stated in the report on the implementation of the CMU Program Ukraine-2020, published on its website.

The Ministry saw the risks of using the existing constructions and requested an additional independent examination of their resilience and compliance with the safety requirements to the operation of nuclear power plants. In addition, according to the Ministry, the engagement in the construction project of Skoda JS a.s., a Czech company, also carries risks, since it is owned by a legal entity registered in the Russian Federation. "Skoda JS a.s. does not manufacture the equipment, but orders it from the Russian Federation," the document says.

The arguments provided by the Ministry of Energy and Coal Mining to reject the Energoatom proposal are surprising. In their interviews, the Ministry's management also said that electricity consumption in the country is declining, therefore, the construction of new nuclear power units is not feasible. Indeed, power consumption in 2015 dropped considerably, especially in the production sector—by 17.8%. By quoting such arguments against the construction of the new units, the officials who define and implement the state policy in the energy sector are actually stating that they do not believe in the recovery of the Ukrainian economy in 5-8 years, because if the construction works at the Khmelnytsky NPP site begin today, it is the time period required to put the units into operation. The statement regarding the production capacity of Skoda JS a.s. is also inaccurate. The company has the necessary production facilities, geographically located in the Czech Republic.

FUELLING THE ECONOMY

It doesn't take a great economist to understand that the implementation of such major energy and export-oriented projects would provide an impetus for the development of the internal market. The more so that, according to Energoatom expert estimates, possible share of Ukrainian manufacturers in the project would be about 70%. It would revive not only power engineering, instrument engineering, high-tech security and process control systems production, but also the related industries of reinforcement steel, pipes and cement, and the construction industry. The R&D support for the project would also be required, making it possible to use the potential of Ukrainian scientists and engineers and provide incentives for young people to study science and engineering. If the country wants to develop, those in power should abandon populism and stop solving their political tactical tasks at the expense of the energy security. Such approach can compromise not only the nuclear energy sector and the economy, but ultimately the society in general. ■

Wojciech Jakobik:

“Russia has been trying to do all it can to stay on the European market”

Polish energy analyst and chief editor of BiznesAlert, an online business and industry analysis publication, spoke to *The Ukrainian Week* about the new gas infrastructure in Europe, attempts of Gazprom to preserve its influence in it, and the dangers of Nord Stream 2.

How would you describe Russia's share on the European energy market now as compared to, say, two years ago?

It has been rearranged to preserve the Russian influence on the European energy market in the tough environment of changing laws and attitudes of countries which are afraid of its aggression. Russia has been trying to do all it can to stay on the market, to keep the biggest share possible. The stance of Gazprom becomes more flexible. It proposes to sell more gas on auctions. It talks about some changes in long-term contract when it comes to oil index contested by some customers.

One of the tendencies we see is an initiative aimed at keeping the Russians in Central Europe gas industry through getting support from countries of Western Europe which favor cooperation with Russia even in spite of aggression against Ukraine and the fact that Russian troops are still present there.

What the Kremlin is trying to achieve is to divide EU countries in their stance on sanctions and economic cooperation with Russia. Some countries are hesitant about

Interviewed by
Anna Korbut

breaking the current strong stance against cooperation with Russia. Others are actively supporting cooperation with Russian companies and going back to business as usual in relations with it.

Russia is also feeling the effect of the oil factor. In that regard, the conditions are pretty bad for it: the prices keep going down, the price war between Russia, Saudi Arabia and other suppliers is aggravating, and the Russians are endangered by the prospect of diversification of fuel supplies in European countries. Poland, for example, is trying to achieve a contract to buy oil from Saudi Arabia and seeking supplies of fuels from Iran. So, the Russians feel that their influence in this part of the word is waning. In response, they are trying to achieve the most presence possible in infrastructure: they are looking for shares in crucial facilities in Germany, Austria. This applies not only to natural gas infrastructure, but also to refineries, oil pipelines and so on. That is why the European Commission has to go with antimonopoly motions against Gazprom to check if there were any unlawful proceedings concerning such activity.

We also see that Russia tries to use business relations with Western European companies to introduce corruption schemes. The pattern seems to be as follows: the Kremlin is taking diplomatic trips to Berlin or Helsinki, for example. A few weeks or months afterwards, we see deals that are used as a fundament for pressing the EC into quitting strict policies on Russia. Also, we see asset swaps: these deals introduce Gazprom into certain countries' infrastructure. In exchange, the companies of those countries, such as OMV, Shell and BASF/Wintershall, get shares in Siberian gas fields, such as Urengoy.

These are ways that Russian energy policy is dividing Europe, and it is quite effective even in the harsh conditions that Gazprom and Rosneft have found themselves.

What tools does the European Commission have to resist these attempts?

The EC can apply the EU law to Gazprom and other such companies: those are the same for every subject working on the European market. The other way of stopping or changing Russian behavior is through political decisions. But the European Council is divided on how to treat Russian business in Europe right now. Western member-states are supportive towards further cooperation. Eastern members, which have more experience with Russian influence, are strongly against that. There is also a factor of individual gains that Gazprom offers to states from all over the EU. It is really complicated. Some countries that are verbally against Nord Stream 2 will stop blocking it if they get something in exchange. So we have long discussions about what to do. The most compromise so far has been about keeping sanctions and preventing unlawful conduct on the energy market.



What are the threats of Nord Stream 2 in this context?

Nord Stream 2 is investment which will provide good money to Western European energy companies. But this is a shortsighted view. In the long run, there are some real security threats connected to the project. That's why NATO and EC are criticizing it: it makes Gazprom's presence in Europe more stable, and increases dependence on Russian gas, as well as Gazprom's presence in Central and Eastern Europe, thereby preventing it from diversification. Unfortunately, NATO and EC don't have any political instruments to block Nord Stream 2. The EC can only assure that it is following the rules.

What the countries of Central and Eastern Europe, including Ukraine, can do in this situation is deepen their integration, create more interconnectors to facilitate gas flows from new directions, and diversify the process of gas supply through, for example, LNG terminal in Świnoujście, Caspian gas in the future, and their own infrastructure between each other which could change the gas market in this region.

After the dissolution of the Soviet Union, Russian gas was supplied in the east-to-west direction to Western Europe through Central and Eastern Europe. Creating connectors between Poland, other V4 states, Croatia and Ukraine now would create another axis—from north to south. This changes the way the markets behave in this part of Europe. We will be able to get gas from Caspian, Mediterranean regions, from Scandinavia and even Middle East using gas pipelines. It is especially important, because pipe gas is cheaper than liquefied one.

We are seeing new infrastructure projects here: in addition to the LNG terminal in Świnoujście, another one is working now in Klaipėda, Lithuania. This shows that, even if such projects are costly, they give great results in terms of energy security. A year after the Lithuanian terminal was launched, supplies from Gazprom to the country decreased to less than 50% of total, and the country's major supplier is now Norway. That was Lithuania's way to achieve energy independence from Russia.

How is gas from such sources sufficient for the demand of Central and Eastern European countries, and how is it different from Gazprom's gas price-wise?

Step by step, such countries will reach a point where they could refuse from Russian gas completely. We see that in Ukraine: this year, after the big quarrel with Gazprom, Kyiv decided not to import Russian fuel. And it was only possible thanks to heroic efforts of Ukrainian government, companies and society in cutting consumption of gas in general, trying to introduce energy efficiency measures, and in looking for alternatives on the European market—reverse gas flows from Poland, Slovakia and Hungary. In September 2014, we saw that Gazprom wanted to decrease supplies to Poland and Slovakia, so that those countries wouldn't have gas to send through reverse flows to Ukraine. As a result, they went to buy gas from spot markets in Germany, even with a discount, instead of buying it from Gazprom directly. This shows how much the market has changed. But the ultimate goal is to neutralize the political impact of gas relations with Russia and recreate it into regular business deal which do not influence political relations, do not make countries take any concessions to Russia. Freedom of choice is the best solution.

As to the price, gas is cheaper on the markets in Europe than that offered by Gazprom. Gas from Russia costs on average about US \$238 for Europe and Turkey except for Baltic States. When on the spot markets in Europe, the price stands at around US \$150-200 per 1,000 cu m. Statoil gas going to Lithuania is cheaper than the one from Gazprom. We don't know the exact sum because it's in contracts that are confidential. But the Lithuanians say that even LNG which is normally more expensive than conventional gas is cheaper than Gazprom's offer. That makes the consumption of gas more flexible, and thus less dependent on Gazprom.

We see deals between Gazprom and German companies whereby they exchange stakes in big storage facilities. Could that have any political effect on future decisions regarding countries to which that gas can be sold, and countries to which it won't be sold? On the possibility to create artificial selective deficit of gas for some buyers?

That might be unlawful influence on European gas infrastructure that was pointed out by the EC during the antimonopoly review. The EC is now checking whether Gazprom thus obtains the right to influence the markets and the infrastructure that would prevent diversification. We already see the influence on the gas reverse in Slovakia on the German infrastructure—it might be in some danger. Gazprom is blocking larger reverse to Slovakia so that Ukraine can't import greater amounts of

CEE COUNTRIES, INCLUDING UKRAINE, CAN DEEPEN THEIR INTEGRATION, CREATE MORE INTERCONNECTORS AND DIVERSIFY THE PROCESS OF GAS SUPPLY

gas. Kyiv has pointed out that it is a problem already. The worries in Brussels right now are that if Nord Stream 2 starts working and Gazprom has such influence on regional infrastructure in Eastern Germany, there might be a problem of importing gas from Germany to Poland if we need it, because the priority would be transporting gas from Nord Stream 2. That's the real danger from having Gazprom inside this infrastructure.

Do you see consolidated efforts by CEE states, including Ukraine, to prevent such prospect?

One option is Polish-Ukrainian gas pipeline. There are talks about it, but we don't see any progress. In Poland, we are already modernizing the part of infrastructure near the Ukrainian border. What we need is a declaration of building such infrastructure on the Ukrainian side. It would be good to have such infrastructure so that Ukrainians could get energy from Świnoujście, but maybe there is lack of money in the budget for that. However, that is a problem that could and should be solved faster. As a result, you'd have the north-south gas corridor (and the idea is supported by the EC) involving the LNG terminal in Świnoujście, with pipelines to Slovakia, Czech Republic, Hungary and Croatia (the latter supports it as well). European Commission support is a great help. The List of Project of Common Interests (PCI) includes investment crucial for diversification like Polish LNG terminal, gas interconnection between Poland and Lithuania. Maybe Poland-Ukraine interconnection should also be enlisted there. ■

The alternative revolution

Yulia Berezovska

Alternative energy, which has already become a separate sector in developed countries, remains in its infancy in Ukraine and is under the careful eye of the country's oligarchs

The American consultancy Deloitte published the results of its research recently, announcing, "Alternative energy has finally become mainstream." The energy center of the giant consultancy presented the main trends that suggest the irreversible changes in the power industry landscape. Operating with terminology that hasn't even reached Ukraine yet, such as "microgrid" and "green bonds," they are being lavished with astronomical quantities of investment capital. According to Bloomberg, in 2015 alone, nearly three times Ukraine's GDP—US \$329 billion—was invested in clean energy in the US.

The stock markets have been fairly active, and utilities are on the prowl for such assets as solar power stations and wind farms. There are even entire "solar communities," bringing together the owners of roofs, power companies and financial institutions. By 2020, this mechanism is expected to be providing 11 GW of new capacities.

Numberless studies and practical experience have shown that buildings using renewable sources of energy increase the reliability of the power grid and in the national CleanPowerPlan, 400 GW of renewable energy generation is expected to reach by 2040. Meanwhile, some of the US's biggest and more reputable corporations—Apple, Intel, Kohl's, Amazon, General Motors, Facebook, and Google—plan to completely switch to renewable energy sources by 2035.

I spent more than eight years involved in clean technologies, especially the renewable energy sector in Ukraine. From working with other countries in the region as well, I saw the considerable advantages of our sector. For one thing, we got off to a good start: we were the first to institute "green" rates, in 2009; our natural potential is excellent and our businesses determined, and many individuals among Ukrainians who had serious knowledge about this new industry. Eventually, Ukraine committed itself before the Energy Community to increase the share of renewable energy in its balance to 11%. At that point, it was less than 1%, which offered the potential for rapid growth.

In the end, although Ukraine cannot boast about its R&D in power use, slowly modest manufacturers began to operate that were worth notice, such as trackers or systems for tracking the sun, and mounting systems from Ukrainian Solar Systems, small-scale wind generators, and heating plants equipped to use hard biofuels. Cells that are the components of solar panels are also manufactured in Ukraine, solar panels are assembled here, and thermal collectors are being manufactured. Wind turbines are also being assembled, and people are working to set up competitive production of polysilicon.



ARTWORK BY MYKYTA TITOV

But things looked really good only at first glance. As with other post-soviet countries, the direction in which the sector developed was controlled by huge financial-industrial groups (FIGs). Legislation was written to suit them and the entire chain of command worked for them. Mid-level businesses also took note. But anyone too bold and upstarts were immediately put in their place. Endless hurdles were devised with documents required to be connected to the grid and their "green" rates were not approved.

Meanwhile, Ukraine's renewable energy had some of the highest "green" rates in all of Europe while official declarations of intention to expand turned out to be the flame that drew developers,

equipment makers and investors from around the world. Many showed up in Ukraine, peaking in 2011-2012. This was a time when just about every major corporation on the planet that was working with renewables had to decide whether or not to operate in Ukraine, and how.

However, the optimism of these foreigners swiftly turned to disenchantment: the high “green” rates only worked for the select few, and to really make sure that no alternative players appeared on the market, the Verkhovna Rada wasted no time amending legislation to include a mandatory “local component” for facilities providing renewable energy.

In October 2013, the negative mood in the renewables sector bottomed out: wind power and small hydroelectric stations no longer interested anyone and the entire industry had narrowed its focus to solar bioenergy, where the few and the unreliable remained. Still, the most determined developers found a way to carry out their projects.

So far, 2016 has begun on a more optimistic note. For the first time in the last two years, new plants came on line in Ukraine. For instance, in mid-February, the first phase of a wind farm with a capacity of 6.6 MW began to operate in the Carpathians, owned and developed by Eco-Optima. Just before the New Year, this same company launched the second phase of its solar station, increasing its capacity from 1 MW to 5 MW. Another player on Ukraine’s green energy market, Energoinvest, recently added another 1.2 MW of capacity to its solar station in southern Vinnytsia Oblast while Rengy Development launched the second phase of a station in Trostianets rated for 3.88 MW. A series of other facilities is in the construction phase, most of them solar farms and biomass heating plants that represent the alternative cogeneration segment.

Today, with all the revolutionary changes, the state of war and new geopolitical and macroeconomic conditions, the ones who believe in Ukraine’s renewable energy sector are mainly those who began their business in this industry and this country “before everything happened.” All these new capacities are the coming to fruition of projects that were begun 4-5 years and more ago.

In the summer of 2015, restrictions on the development of this sector in the form of “local components” were removed and the “green” rates were lowered. With legislation somewhat tidied up—although state policy in renewable energy remains just as mutable and vague as ever—, it became possible for smaller players to bring the facilities that they had started building some time ago on line at last.

This same law now provides conditions for the development of private solar power plants in Ukraine on roofs and in yards. Finally, every owner of a farmstead can now take advantage of the “green” rates and launch their own micro solar business, selling surplus power to the grid. In 2015, the number of such small enterprises began to noticeably grow. And this truly revolutionary legislative decision could launch a boom and radically change the electricity system in Ukraine. This happened in Germany at one point, where 75% of the renewable energy capacity belongs to ordinary individuals, directly or through cooperatives today. Of course, in order for

the engine of change to work full-force in this sector, as in the rest, there are not enough financing and investment programs.

There aren’t any major projects, let alone major new projects, especially in the wind power business. And so wind farms continue to produce 432.8 MW in mainland Ukraine, as they have without much change for over two years now. This includes the recently launched 9.9 MW Carpathian project. The aggregate power generation of solar stations in Ukraine is nearly 500 MW. Meanwhile, projects involving biomass are having a hard time getting off the ground, probably because a concept that depends on burning forests to generate power is unlikely to be promising, especially as solar technology rapidly becomes less expensive.

Instead, cogeneration is noticeably expanding. New domestic brands of boilers have appeared. For example, the production of Breiter boiler equipment designed for hard biofuels for the low-end market began just a few months ago, and today its dealer network is expanding at a fast pace. As electricity, heating and natural gas rates continue to rise, replacing traditional energy resources with alternative forms of fuel has long ceased to be merely a tribute to the European fashion for renewable energy in Ukraine and become an economic necessity.



ALL THE NEW CAPACITIES IN UKRAINE’S RENEWABLE ENERGY SECTOR ARE THE COMING TO FRUITION OF PROJECTS THAT WERE BEGUN 4-5 YEARS AND MORE AGO

For instance, 1,000 cu m of gas can be replaced by 2 t of wood pellets made of compacted sawdust and other industrial waste from milling wood. The cost of gas for the utility sector is over UAH 7,000 per 1,000 cu m, whereas 1 t of wood pellets costs only UAH 2,300. Similarly, to produce the same amount of heat using alternative fuels costs UAH 4,600, which is over UAH 2,000 cheaper than using gas. The cost of gas is even higher for the commercial sector and is expected to rise again in April. This mathematical hypothesis is the main incentive for the market for alternative fuels and technological choices based on it to expand.

In the last five years, more than 2,000 biofuel-based boilers were produced in Ukraine, with a total capacity of nearly 720 MW. In the next five years, the rising cost of gas means that this market will grow actively, offering opportunities for boiler manufacturers to expand, along with engineering firms, and the manufacturers and providers of fuels.

At the same time, certain oligarchic circles are attempting to turn some renewable resources into a panacea. For instance, in 2015, when the law on “green” rates was being amended, there were attempts in some quarters to institute high rates—over €0.40 or around UAH 11—for geothermal power. Today, the geothermal lobby led by Viktor Baloha continues to exert pressure. The lobbying for widespread use of small hydroelectric stations in Western Ukraine, which could lead to irreversible damage to the environment, is equally controversial. ■

Alan Riley:

«Ukraine could be the main gas storage facilitator for Central-Eastern Europe»

Between the panels of the Ukrainian Energy Forum held on March 1-2 in Kyiv, British expert on energy and competition spoke to *The Ukrainian Week* about the development of Ukraine's energy system, renewable sources and problems faced by Europe's Energy Union.

Is there a way in which Ukraine could help the EU enhance energy security, except for being a transit country?

The EU is increasingly creating a single interconnected gas market. But the greatest actor that has most used EU rules to help itself is not any EU company. It is Naftogaz with the reverse flows. Ukraine is using hardly any Russian gas. Can Ukraine help the EU? My argument is: sure, and not just as a transit country.

Let's look at the map. Currently, Eurasian gas goes through Ukraine to Turkey. It could be possible for your country to bring gas from Europe into your network, and then reverse-flow it into the Balkan pipeline network. The issues are the capacity, interconnectors, Gazprom hogging the line. But the potential is significant. The other element of this is storage facilities. Storage facilities in Western Ukraine are about 32bn cu m and they can

Interviewed by
Vitaliy Rybak

be upgraded up to 50bn cu m. It would make the transition into a liquid trading hub much easier—in case you liberalize the energy market, and don't use Russian gas. Potentially, Ukraine could effectively not merely provide for its own resources, it could be the main gas storage facilitator for Central-Eastern Europe—and it could be an exporter. That would make Kyiv the main trading hub for the whole region, setting the price for Russian gas for it. This would upset Russia greatly.

But corruption stands in the way. One of the things about corruption that puzzles me here is that Ukrainian businessmen who are corrupt would actually make more money if the market were more liberal. If one operates in open and transparent system, the value of the company goes through the roof.

Is now a good time for Ukraine to develop unconventional energy sources?

There are lots of interesting questions about what Ukraine could do. The issue is not to make mistakes that Europe made. We in Europe are very enthusiastic about renewables, and we created pricing systems which are oversubsidized. Given the fact that Ukraine does not have much money right now, that is probably not the way to go. You should focus on energy efficiency instead. It is a lot cheaper than renewables.

The EU is developing the Energy Union project — and it could be a solution for the security problem. Are there forces within the EU which oppose it?

There are formally very few people against this project within the EU itself. Obviously, some energy companies don't like it because it involves market integration, connection upon the networks, and supply security. There is Gazprom, everyone knows about the Gazprom in Ukraine. But in each of the European countries there are mini-Gazproms. These companies were traditionally integrated to provide the supply—so they have dominant power positions and they are threatened by this wave of integration. Those companies on the whole are opposed—but the EU has forced the regulation about the prosecution to accept the EU rules.

On the other side, in Central-Eastern Europe there are many countries which say: «Russians are terrible». And the Russians may or may not be terrible, but a lot of the problem is not about them. These companies just use them as an excuse to protect their dominant position. We can't build interconnectors because of our problems with Russia and Gazprom contracts, they say. But the reality is that they've got very nice deals with Gazprom and they want to keep them. One example: Bulgaria has been offered EU money to build interconnectors and reverse flow, but very little money has been taken—and none of the planned projects delivered yet. ■



Professor **Alan Riley** is a British political analyst, law scholar, international writer on energy and competition issues, and Professor of Law at the City Law School, City University, London. He is also Senior Fellow with the Atlantic Council's Global Energy Centre; Associate Senior Research Fellow of the Institute for Statecraft, and a regular guest columnist on competition and energy law issues with the Wall Street Journal, the New York Times, and the Financial Times.

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Evelyn Farkas:

“To have Ukraine as a positive example is about all of us”

Interviewed
by
**Anna
Korbut**

Until September 2015, Evelyn Farkas served as US Deputy Assistant Secretary of Defense for Russia, Ukraine and Eurasia. In an article on her resignation, the Politico publication quoted a source in Pentagon saying that she had actively supported a US \$244 assistance package for Ukraine, the prospect of NATO membership for Montenegro, and expansion of contacts in defense with Georgia, as well as diverse cooperation with Georgia, Armenia and Azerbaijan. In February, Dr. Farkas attended the Ukrainian Defense & Security Forum in Kyiv. She spoke to *The Ukrainian Week* about the decision-making process on provision of arms to Ukraine when the conflict in the East erupted, as well as about reset policies between the US and Russia, and the need for reforms in Ukraine.

When the debate about provision of arms to Ukraine began, what was the major reason behind the US not supplying arms in the end — fear of provoking Russia or lack of trust for how Ukrainian recipients could handle those weapons?

First of all, the decision about what to provide to Ukraine was made to some extent in conjunction with the Ukrainian defense officials. When Ukraine’s Ministry of Defense officials came to the US, they had a long list of items they needed—from blankets to the ready-to-eat meal. The Ukrainian troops were literally out there in the field with nothing to eat. And, of course, the requests included more serious system, all the way up and including lethal arms—defensive and offensive.

As for the government of the US, we addressed what was in the priority rank order. In the early

days, some of those basic things, as well as medical supplies and individual gear for soldiers, were the priority.

As time went on, and there was more interest in lethal equipment, how the provision of lethal equipment from the US would have set the dynamic became an issue for the US government. I think it was very important for our government to try and de-escalate the situation as much as possible. Obviously, the party that was responsible for escalation was the Russian Federation. Nevertheless, we were eager to de-escalate as much as possible.

How would you describe the motivation of the US government for reset policy with Russia launched in 2009? Is there a chance of going back to something of that sort in the near future?

The US government has these periodic resets in the history of relationship with Russia. So, it's not out of the realm of possible that we could have another reset, or at least try to have one. But in order to have that, some level of trust needs to be reestablished. This is impossible with the amount of lying that has been present since 2014.

I think that it is absolutely critical for the US and the President that Russia lives by Minsk commitments regardless of whatever else is happening in the US' relationship with Russia.

Has this relationship, including the reset policy, actually been based on trust, or was it merely testing the water?

Maybe I shouldn't use the word trust. Still, there has to be at least a low level of trust. If you negotiate, for instance, access to Afghanistan through Russia, you have to trust that the plane is not going to get intercepted and charged some fee, or turned away on the border. There is some ability to trust Russia because we're engaged with it on some levels (for example, with Iran's nuclear weapons programs). We also continue to have arms control agreements with Russia that are being implemented. But it's insufficient for a reset.

Russia has broken international rules so dramatically with the attempted annexation of Crimea and what they are doing in Eastern Ukraine, and compounded that with making the situation in Syria worse on behalf of dictator who has barrel-bombed and gassed his people.

How do you see the US security policy develop in the last year of Obama's presidency and after the change of administration?

I can't predict exactly what the president is going to do. I think that he does hold to the commitment to stand with Europe and for the values that we share with Europe. And, as I mentioned earlier, the US is strongly behind Ukraine. There will not be any hesitation in terms of Minsk implementation and where we stand. If there is pressure to conclude Minsk, we will be firmly with Ukraine.

If Ukraine can do economic and anti-corruption work that's required, you will have even stronger allies not just in the US but, more importantly, on the European continent. You will also provide a good example. Unfortunately, some of our European col-

leagues, who had been strongly against corruption and transformed their systems, have been affected by this Putinism, that other alternative model.

To have Ukraine as a positive example is not just about Ukraine. It's about all of us.

There was talk at the Munich Security Conference of America's self-isolation, including from Europe, and of America's Asia pivot earlier. How accurate is that impression? If accurate, are the recent crises affecting the US' stance in any way?

Point No 1: America is not isolated. It's impossible for us to be isolated. Of course, there are countries and people who argue that we should do more. And there is always more that we can do.

With regard to the Asia pivot, it's an interesting issue. In fact, I think that Europeans were investing in Asia before the Americans were. I remember coming to Ukraine in the 1990s, and meeting a gentleman who was German and was working here as for a business company. He just came from working in Vietnam.

In my view, we, the US and Europe, should all together pivot towards Asia economically. I don't think what was referred to as America's Asia pivot was ever intended to necessarily be a military one, and it was certainly never a pivot away from Europe.



IF UKRAINE CAN DO ECONOMIC AND ANTI-CORRUPTION WORK THAT'S REQUIRED, YOU WILL HAVE EVEN STRONGER ALLIES NOT JUST IN THE US BUT, MORE IMPORTANTLY, ON THE EUROPEAN CONTINENT

We can't do anything without our European allies—you see that in the Middle East, and elsewhere. We don't want to be a unilateral power. We want to work together with other countries.

You said that the US will stand by Ukraine. Sometimes, however, Ukrainians are concerned about meetings between representatives of the US and Russia, and things they discuss behind the scenes, including Ukraine. There have been several such meetings recently, as the crisis in Syria escalated. Is it possible that discussions of Ukraine and Syria were intertwined, and compromises on one entailed compromises on the other?

Assistant Secretary Victoria Nuland always said to us and Ukrainian colleagues: it's not about them without them. Certainly there were times (not in the Syria context, but earlier, when we were trying to help Ukraine after the attempted annexation of Crimea and all of the fighting in the east) when the US was in the room with Russia without Ukraine. But we never talked about them without them: meaning, there was always very close coordination with Ukraine, and that continues to this day.

Meetings that are held about Syria are about Syria. I have no doubt that we never make the kind of linkage you're suggesting. Those are two separate issues. And you've heard our president speak very clearly about that. ■

Geneva+: Promising or pointless?

Alla Lazareva, Paris

Ukraine's diplomats are trying to work out a Geneva-style concept for returning Crimea in the hopes that they can involve the US, the EU, Turkey, and possibly Georgia, in the talks

Crimea is coming back. Not to join the rest of Ukraine just yet, but—slowly—as a subject of international negotiations and articles in the western press. One small push in this direction came several weeks ago when the European Parliament passed a resolution to raise the issue of human rights violations on the peninsula. The document mentions the possibility of reviving negotiations to de-occupy Crimea with the support of the United States and the EU. The Geneva format that was used in April 2014 worked only once, because Russia managed to push the EU and the US out of the negotiations, and agreed, instead, to the Normandy format involving only France, Germany, Ukraine and Russia. And these are the four countries that later cobbled together the controversial Minsk accords that are being effectively sabotaged by Moscow.

One French diplomat told *The Ukrainian Week*, “The brief talks on February 13 in Munich among French, German, Ukrainian, and Russian FMs ended in a deadlock. Moscow understands that no one plans to consider even harsher sanctions against Russia but it’s also not going to get those that are in place changed or dropped in the foreseeable future. Pressure on Kyiv has also reached its limits.” This format no longer has much to offer, but is being maintained through inertia. After all, any negotiations are better than a complete rupture, and even an unconvincing show of action can sometimes divert attention from a bad game.

Thanks to the efforts of the Kremlin, the Minsk accords were written up in such a way that the word “Crimea” does not even appear in them. And this is what has forced the search for new diplomatic approaches: Kyiv is trying to initiate a new concept of negotiations with different participants that will focus entirely on Crimea. At the same time, other alternatives are being tried: extending the notion of “occupied territories” mentioned in the Minsk agreements to include Crimea. After all, it was the annexation of the peninsula that originally led to western sanctions against Russia.

“To be frank, I don’t have much faith in a separate negotiating format on Crimea,” Ukraine’s one-time Consul General to Istanbul and Board Chairman of the Maidan of Foreign Affairs NGO, Bohdan Yaremenko, told *The Ukrainian Week*. “The main problem with any format set up to discuss occupied Crimea will be getting Russia to the table. But Moscow has no incentive to do so. And without Moscow, any negotiations will be little more than a talk shop or an interest group of little practical value.

“Obviously, it makes sense to try to ‘reopen the issue of Crimea’ in the existing negotiating formats, while at the same time modifying them and adjusting the agenda,” Yaremenko, who is currently the director of the

Maidan of Foreign Affairs, an NGO, says. “What’s more, this needs to be initiated fairly obliquely, starting with individual sub-issues related to the occupation, such as, for example, human rights. Or possibly even some component of the sub-issues.”

Right now, Russia is not nearly worn down enough by sanctions and the low price of crude oil to even consider discussing withdrawal from Crimea. Based on international law, however, there is no other way for Moscow to get sanctions lifted. The problem is that Russia has never been guided by international law, while the West has no desire to resort to the kind of dictatorial force that the Kremlin likes to make use of. And so the February resolution of the European Parliament is a kind of compromise: action without acting, a ticket to the dreamland where the wolves are full and the sheep are safe.

In an imaginary, ideal world with a normal Russia, it might be possible to set up a Geneva format and even expand it to include Lithuania, Latvia, Poland, which would suit not just Ukraine’s interests, but those of all of Europe... But what can be done in a real world where Moscow never listens and doesn’t want to hear anything?

One group of Ukrainian diplomats that includes former FM Volodymyr Ohryzko believes that every opportunity to discuss Crimea offers a way to bring the occupied peninsula back to the negotiating table. So why not discussions about a “Geneva+” format? Refat Chubarov, a Crimean Tatar leader, is convinced that the issue of the peninsula needs to gradually be brought to the talks on implementing the Minsk accords, the next round of which is tentatively planned for March 3. Yaremenko’s position is similar.

“The Minsk accords, which don’t exist as a single text and which referred the negotiated issues in different ways at different times, are the result of working in a specific negotiating format,” says Yaremenko. “So the same formats can be used to either introduce changes to those accords that already exist, or to come to new agreements. In other words, we should not be stopped by the fact that references to Crimea are absent in the current documents. The Minsk documents define the temporarily occupied territories of Ukraine only as ‘certain counties of Donetsk and Luhansk Oblasts.’ Of course, Crimea doesn’t fit into that kind of formulation in any way.”

The former diplomat continues: “An expanded negotiations format, without any doubt, needs the US and EU on board. I doubt that France and Germany will allow any other EU countries to participate individually in any talks, so the best way to ensure the presence of our closest allies—Lithuania, Latvia, Poland and Romania—has to be ensured precisely through the participa-



Little on the table. In April 2014, representatives of Ukraine, USA, EU and Russia agreed on the need of de-escalation, putting down of weapons by the Russia-backed separatists and dialogue. Later, Debaltseve and Ilovaysk battles took place, to name a few

tion of the European Union. We will have to make sure there is clear coordination between Ukraine and these four countries in order to get the most synergy.”

Mustafa Dzhe-milev, the previous head of the Tatar Mejlis, said in a recent interview that Turkey needed to be included in any talks about the future of Crimea and, most likely, Georgia, in the context of the security and development of the Black Sea region. Despite the Crimean Tatar’s enormous authority, the proposition is seen as controversial because of the fact that relations between Ankara and Kyiv are very muddled.

“Why Turkey should play a role in the negotiations format will extremely difficult to explain to both Russia and the EU,” says Yaremenko, an ex-Consul to Istanbul. “If we begin to try to pull every country that seems friendly towards us into these talks—and it remains to be seen just how friendly Turkey is—, Russia could easily begin to make counterproposals and demand that some satellite of its be involved as well.

“By the way, has anyone heard talk in Turkey that Ukraine should be involved in negotiations over Syria?” Yaremenko continues. “Turkey’s relations with Russia may be very strained right now, but Ankara still has not joined Brussels in placing sanctions against Moscow. Nor did it raise any bilateral sanctions or restrictions against Russia over the occupation of Crimea or the war in eastern Ukraine. Ankara has openly stated that the only obstacle to normal dialog with Moscow is Moscow itself. So it would seem that Turkey’s interests are not quite as close to those of Ukraine as we might like to think. That’s why I wouldn’t rush to declare Turkey our ally. Yes, we have become closer lately because of our mutual rejection of and enmity towards the Russian Federation. The difference is that, for Ukraine, this position is uncompromising, long-term and strategic. Is it so for Ankara? I doubt it strongly.”

“What’s more, as far as I understand, Turkey, whose diplomatic corps is immeasurably stronger than ours, is doing the exact opposite and trying drag us into the war

in Syria!” Yaremenko concludes. “In other words, we could find ourselves being taken advantage of, long before we gain any benefit from the presence of Turkey in talks over Crimea. The Crimean Tatars think that they determine Turkey’s stance towards the peninsula. But first, Ukraine has to shape up its relations with Ankara: right now, they are completely haphazard. We have no idea what we want from Ankara, while the Turks know exactly what they want—and nothing that Kyiv has to offer. Ukraine has never attempted to integrate relations between the Crimean Tatars and Turkey as part of its foreign policy approach. It’s high time we did. Indeed, the Crimean Tatar issue is no longer a separate matter. We have the problem of an occupation that the Tatars will not be able to handle that on their own.”

In the end, engaging the US in a “Geneva+” process would be both a realistic goal and insurance that the talks are successful. Still, it will be very difficult, not just because of resistance from Moscow, but also because President Obama does not have a clearly formulated foreign policy position towards Eastern Europe. Nor for that matter towards the entire continent.

“Nobody is writing or talking about ‘Europe+,’” a Washington source told *The Ukrainian Week* the day that the Ukrainian press was abuzz over the European Parliament’s resolution. And nothing changed over the following 10 days, no progress whatsoever: no dates, no cities where the talks might take place, no road map, nothing.

“I’m skeptical about ‘Geneva+’ to be frank,” says one-time attaché to the Ukrainian Embassy in Washington Vasyl Zoria. “It has no real prospects. It’s a flawed imitation of the previous formats, which were themselves unsuccessful. It looks more like a bureaucratic imitation of diplomatic efforts regarding Crimea, at most intended for future use if some new impulse arises to deal with the Crimean problem. In fact, this isn’t going to happen for at least another year. The current approach will continue to work sluggishly, without prospects, and will slowly kill any expectations that Putin might be engaged in the process. There’s nothing in place that might do that right now, because Putin firmly believes that Crimea is at best a ‘family’ matter in bilateral relations between Ukraine and Russia, with no outside witnesses needed, thank-you.”

Zoria continues: “As to the Ukrainian side, Crimea is only fourth in the list of top priorities—after instability, war and the economic crisis. So the idea put forth by Ukraine’s Ambassador to the UN, Kostiantyn Yeliseyev, is too much like window-dressing under the slogan, ‘We have to set up a special format so that no one can complain that we aren’t doing anything.’ The West will ignore the lack of real prospects, because this will not require any commitment from it, anyway.”

The US is passive, Russia’s determined, the EU is adrift in its foreign policy, and Ukraine is overly pre-occupied with everything but Crimea. Hardly a winning formula for any new negotiations format. It looks like Jamala’s entry in the Eurovision Song Contest is more likely to win European hearts than the initiatives recently announced by FM Pavlo Klimkin. Still, every reference to the illegal annexation and occupation of Crimea keeps the issue alive. Let the drops of water keep falling on the stone. Provided that they are concerted, the quantity of collective efforts will inevitably bring quality as well. ■

Town and company

Company towns are thriving, for now, in western Germany

Wolfsburg has no cathedral, but two glass towers loom over the city. Inside them, robots whisk new Volkswagens into storage racks, an entertaining ceremony akin to a votive offering. The towers also dominate the Autostadt, a sprawling, car-themed entertainment park and VW marketing wheeze, more popular than any other tourist site in Lower Saxony, a big German state.

Since 2000, 33m car pilgrims have paid homage there; last year brought a record 2.42m visitors. (Even more devotees flock to BMW World, a rival in Munich). Those who tire of gawping at vehicles can refuel with VW-made sausages or ice cream. Many drive home in a new VW. Last year 168,000 cars, 28% of all the firm delivered in Germany, drove through the doors of the Autostadt's showroom.

"People in Germany love cars," says a VW employee. But public trust in VW is being tested by a scandal involving software to cheat emissions tests, installed on 11m cars sold worldwide. Though most other carmakers are reporting buoyant sales, VW's were down by 9% year on year in January in Germany, and have fallen in other countries. Its shares are down by two-fifths since the scandal broke in September. Its tin-eared bosses have bungled their explanations and apologies.

The threat to VW goes beyond possible big fines in America—the firm has set aside more than \$7 billion for those. Having to come clean about its cars' true emissions will make it harder to meet ever-stricter curbs being imposed in many countries (though pliant European officials recently eased theirs). VW looks like a reluctant innovator, especially in electric vehicles, of which Germany's government wants to see 5m on the country's roads by 2030.

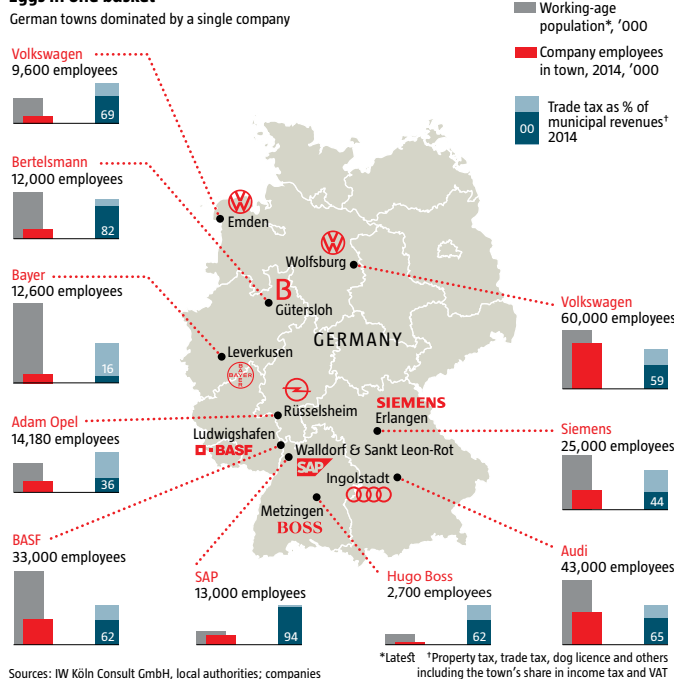
Wolfsburg's citizens are not pleased. One describes a recent trip to Japan where his hosts jeered at his home as "the city of liars". It certainly lacks charm. Founded in 1938 by the Nazis and their industrial friends as "City of the KdF Car" (a reference to the Nazis' leisure club), its purpose was to house labour, including wartime slaves, for the factory built to produce what became the VW Beetle. "It's really one of the worst, most artificial, ugliest cities," says a newish resident, pointing to the grim architecture on Porschestraße, the main drag.

But Wolfsburg, renamed by the British after the second world war, is at least prosperous and debt-free, thanks to VW. The firm does not directly provide housing or public services, unlike in some company towns in other countries, but it is pervasive. Its cars crowd the roads—only here could driving a Volvo be deemed rebellious. Estate agents spurn calls not from VW staff. A theatre, galleries, sports teams and small businesses all depend, ultimately, on VW as sponsor, customer, taxpayer or dominant employer.

There are intimate ties between local politicians, managers and union leaders, as in much of Germany. The last big scandal at VW reflected that: a former personnel chief was convicted in 2007 over a bribery

Eggs in one basket

German towns dominated by a single company



scheme, involving sex parties and prostitutes for leaders of works councils. VW eventually shrugged that off, and may be hoping to do the same again.

The mayor, Klaus Mohrs, whose office sports a large painting with VW symbols, says politicians enjoy "close co-operation" with car bosses, but rejects any talk of crony capitalism: "35 years ago" he might have thought relations too close, he says, "but we lead a good life this way." VW employs 60,000 in a town whose working-age population is around 77,000. Firms pay a "municipal-trade tax", or Gewerbesteuer, at typical rates of 14-18% of profits. That tax, the lion's share of which is paid by VW, provided 59% of Wolfsburg's revenue in 2014. The Economist's analysis of the dependency of some German towns on their principal employers shows that Wolfsburg is extreme, but not unique (see table).

Such reliance on a single employer would once have been familiar outside Germany, too. "Company Towns", a 2012 book by Marcelo Borges, notes how America had 2m people living in them in the 1930s. George Pullman, pioneer of the luxury rail car, founded a planned community near Chicago, and named it after himself, to house his workers. William Hesketh Lever, the founder of what is now Unilever, created Port Sunlight in the north-west of England, to "socialise and Christianise" workers in his soap factory.

Such places are still to be found in developing countries: for example, Jamshedpur in India was named for Jamsetji Tata, the founder of Tata Steel,

which still dominates the town and provides many public services. In the West, however, many such places have diversified or died. It is in western Germany in particular that towns dominated by a single firm, *Arbeitsiedlungen*, continue to bloom.

Henri de Castries, the boss of Axa, a French insurer, lauds how “family-owned global firms keep their roots in small towns” in Germany, spreading wealth more evenly than in his centralised home country. Bill McDermott, the American who runs SAP, a giant software firm, says “I deeply respect all things that Wolfsburg is,” referring to its home town among the asparagus fields of the upper Rhine valley.

Waldorf, like Wolfsburg, relies on a firm that has vastly outgrown its nest. For firms, that usually spells a lower rate of municipal-trade tax, but also means they may struggle to lure talented staff to work in semi-rural obscurity. Bertelsmann, a publisher with 112,000 global staff, is based (with about a tenth of its workers) in Gütersloh. BASF, a chemicals giant, has 35,000 in similarly modest Ludwigshafen.

Such towns also run the risk of their corporate champions stumbling. Residents of Metzingen, a town of 22,000, will have shivered this week when a warning of weak sales by Hugo Boss, the fashion firm that dominates it, sent the company's shares plunging. Back in Wolfsburg, Mr Mohrs has so far cut this year's investment budget for the city by one-third, to €120m (\$132m). An official at VfL Wolfsburg, a high-flying football club, says locals are anxious—70% of fans in his stadium work in VW's plant. The club has put off building a youth academy to save a few million euros.

Cultural events funded by VW have been scratched. Kevin Nobs, a local journalist, says small businesses expect a tough year, fretting that VW staff will not get their usual bonuses.

A SAUSAGE-MAKING COUNT TO THE RESCUE

Residents recall worse times. In the cold war, Wolfsburg, on the frontier with East Germany, felt like “the end of the world”, says a businessman. Carmaking slumped in the 1990s, sending the local unemployment rate to 18%. The city and VW responded with Wolfsburg AG, a joint venture to encourage startups. Its boss, Julius von Ingelheim, says 600 local firms resulted, notably in health care and IT. “Today the region is much stronger than one company,” he claims. He also lauds Count von der Schulenburg, the former lord of Wolfsburg's castle, who runs a boarding-house, a music festival and a sausage business.

In reality, VW crowds out much else. High wages for designers, researchers and financial experts at its headquarters make it hard for others to attract staff, or for anyone else to afford housing. Olaf Lies, economy minister for Lower Saxony, which owns one-fifth of VW, says the entire state is bound to the firm. He worries about the 120,000 VW employees in the state and as many more workers in supply firms. VW also employs 10,000 in Emden, a town of around 33,000 working-age residents.

But ask Wolfsburgers to imagine a future without VW and you get only glowers. Historians there say no one dares criticise VW, and recall hosting an exhibition in 2014 that urged visitors to “learn from Detroit”, suggesting that the city's reliance on VW was a “ticking time-bomb”. Locals shunned it. ■



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Truly hearing the Donbas

Denys Kazanskyi

Patriots from Donetsk and Luhansk Oblasts strive to become an influential force in Ukraine

The longer talks on the future of the Donbas continue in Minsk, the more questions you can hear regarding the negotiating team. Questions arise to both the individuals representing Ukraine in Belarus and the country's tactics for the negotiations overall. People that come from the Donbas ask another very important and sensitive question: What about us? Shouldn't the fate of our area be discussed with us first? These people are patriots who were forced to leave the occupied territories and have been left on the outside of the process to discuss the region's future.

Unfortunately, all that remains for internally displaced persons from the Donbas to do today is to get angry in posts on social networks, which the author of this publication can personally confirm, as he was forced to leave Donetsk with his family when he was blacklisted by the militants. Under the statement "hear the Donbas", most still primarily have in mind the militants, the Party of Regions, Communists and the like. The voice of patriotic Donbas residents cannot be heard in Minsk. The Ukrainian Donbas is not party to international negotiations at all. Because of this, people around the world are probably not aware that this sort of Donbas even exists.

The situation is frankly absurd. It turns out that the Ukrainian constitution could be changed at the request of unelected criminals who seek to destroy the Ukrainian state and have been robbing and looting the Donbas for two years. And law-abiding citizens who lived in Donetsk and were patriots of their country, creating and building things instead of robbing supermarkets and car dealerships—nobody cares about their opinion.

What crosses the mind of a Kharkiv or Odesa resident who sees this? That it is more advantageous to be a separatist than a patriot in Ukraine. In the first case, you will be listened to and your requirements will be fulfilled. In the second, you lose everything and get an 800 hryvnia (\$30) monthly allowance from the state as a refugee.

Of course, this situation must change immediately. The only people that can do this are Donbas residents, if they can force the state to listen to them. Some of those who were forced to leave their hometowns have already realised this. Right now, they are forming the Ukrainian People's Council of the Donetsk and Luhansk Oblasts (UPCDO) to combine their forces. Donetsk journalist Stanislav Fedorchuk, who has been living in Lviv since 2014, believes that the organisation could eventually become a respected and influential player in the Donbas negotiations. It would let the Luhansk and Donetsk residents who do not agree with making concessions to terrorists have their voices heard.

"This is about creating a representative self-governing body that will work on the following tasks: carrying out a census of the Ukrainian Donbas including displaced persons, as well as those living on the front line and on free territory, in order to protect the rights and interests of these citizens; restoring the constitutional rights of the Ukrainian citizens who remained loyal to their state, unequivocally recognise the authority of the Ukrainian constitution and the fact that Russia has occupied the Donetsk and Luhansk Oblasts, as well as Crimea; pooling the efforts of the most active citizens in order to gain influence in areas densely inhabited by IDPs and creating conditions for the election of representatives/spokesmen to public authorities (Cabinet, Parliament, Presidential Administration); influencing any diplomatic processes that involve the fate of the occupied territories, individually and as observers," said Fedorchuk.

He added that the idea of creating such a body would be presented at parliamentary hearings on 17 February.



UNDER THE STATEMENT "HEAR THE DONBAS", MOST STILL PRIMARILY HAVE IN MIND THE MILITANTS, THE PARTY OF REGIONS, COMMUNISTS AND THE LIKE. THE VOICE OF PATRIOTIC DONBAS RESIDENTS CANNOT BE HEARD IN MINSK

"Initially, we plan to create an open internet platform through which future members of the UPCDO will be able to register (if they are registered in the Donetsk and Luhansk Oblasts or have a displaced person document). The next step will be to take it offline in the cities and towns where there are a sufficient number of activists. We want every UPCDO community to elect short-term representatives who will have the right to promote their interests at the oblast and local level. Subsequently, delegates should be nominated for an UPCDO meeting in Kyiv, where a common action plan with specific goals and objectives for 2016 and, at most, the first half of 2017 will be adopted after debates and voting. In addition, this meeting should delegate UPCDO representatives to the Cabinet, Parliament and Presidential Administration. As soon as this working group comes into existence, we will be able to talk about starting negotiations with government institutions on models and forms of cooperation.

Discussions on which legal form should be used to register the UPCDO are continuing. I, for example, believe that it should be a citizens' initiative that will



The invisible. The previous government overlooked Donetsk patriots. The current holds the dialog with the region without them as well

not turn into some sort of social organisation. For example, the Crimean Tatar Mejlis is not registered as a legal entity, but that does not stop it from being a successful and respected representative of interests both domestically and abroad.

The biggest ambition that I would personally like to fulfil is to convert the atomised and dispersed communities of Ukrainian IDPs into a powerful social and political force that sees its future in the EU and is able to clearly define and guard Ukrainian national interests, as well as their own. Moreover, in my opinion, representatives of the Ukrainian Donbas should be an additional party in talks with Russia and the collaborators, since in such circumstances society can be sure that diplomacy is not taking behind the scenes and another political crisis will not be caused when more secret agreements between the negotiators are published," said Fedorchuk.

Journalists, public figures and politicians who live in Ukraine have joined the organisation. The majority agrees that such consolidation is necessary and should have been started back in 2014.

But better late than never. The emergence of the UPCDO gives us hope that Ukraine will finally hear the Ukrainian Donbas, and the idea that only "separatists and provocateurs" live in Donetsk and Luhansk will be neutralised.

"We are no longer willing to put up with the fact that oligarchs, criminals, the accomplices of Russian aggressors and political bankrupts speak on behalf of the Donetsk and Luhansk Regions. The Ukrainian citizens of Donetsk and Luhansk who left the occupied territories should become a new social force that will effectively and efficiently champion Ukrainian interests regardless of their current place of residence. Civic organisations alone are not able to satisfy all the interests and rights of internally displaced persons, which is why we are announcing our initiative to establish the Ukrainian People's Council of the Donetsk and Luhansk Oblasts as a representative body

that can be joined by every citizen of Ukraine who has the status of an internally displaced person and is prepared to attest to the fact that he or she did not take part in the so-called referendum and collaborationist military formations.

We, Ukrainian citizens from the Donetsk and Luhansk Oblasts, are now deprived of our constitutional right to have representatives in local communities and MPs in parliament elected under the majority voting system. However, neither the constitution of Ukraine nor other laws prohibit us from protecting our political, social and economic rights by creating self-governing public structures in our current places of residence, as well as forming elected bodies capable of representing our interests in the Verkhovna Rada, Cabinet of Ministers and Presidential Administration.

Accordingly, we should be a party of any international negotiations on the future of the occupied territories, in whatever format they occur.

The Ukrainian People's Council of the Donetsk and Luhansk Oblasts stands for the complete and unquestioning struggle against Russian aggression and declares itself to be a pro-European social and political force that will never recognise the violent occupation of Ukrainian lands. We are all aware that the best ally of Russian occupants is the political and economic corruption that in recent years gave them the opportunity to "buy" local authorities and representatives of law-enforcement agencies and the Security Service in the Donetsk Region, Luhansk Region and Crimea. Therefore, the Ukrainian People's Council of the Donetsk and Luhansk Oblasts declares its readiness to fight corruption not only in the case of crimes against IDPs, but also against all citizens of Ukraine," the organisation's founders write in their manifesto.

One can only hope that this initiative really grows into something more than just fine words on paper and will tangibly influence Ukrainian policy on problematic areas in the east. ■



"Almost all Orthodox Churches believe that Ukraine should have its own Church"

Interviewed by
**Roman
Malko**

Patriarch Filaret of the Ukrainian Orthodox Church—Kyiv Patriarchate spoke to *The Ukrainian Week* about church canonicity and manipulations around it, how Ukrainian church could gain independence, who hampers the process, and why the Government's intervention is necessary.

Two years ago, the Church took active part in the events on Maidan, taking sides with the protesters. What would be the Church's standpoint today, when we society is growing disappointed with those in power?

The Church at all times has been, is, and will be with the people. People are part of the Church, and it cares for its flock. When we supported the Maidan, we supported the Ukrainian nation, who found itself in the conditions of untruth. Thus, the Church fulfilled its duty.

Today, Ukraine is in a difficult situation. We have external aggression on the part of Russia that has temporarily occupied Crimea and is trying to seize Donbas. Understanding that it could not win by force alone, the aggressor is trying to use internal Ukrainian problems. And what is the main Ukrainian problem? It is corruption and reforms that our country is to implement. Unfortunately, they are hampered by the oligarchs cashing in on Ukrainians, and by political parties fighting for power. In short, those in power are not walking the path of truth, but serving themselves, not the people and the state. This is not about all of those in power. But there are many corrupt officials who are in government for their own gain.

What can we do? The first thing is to defend our country. For these infighting and instability can be used by the aggressor. It failed to take Ukraine by force of arms, and now it wants to take it by chaos and disorder. Preserving its statehood under such conditions is the main task of the Ukrainian people. If we fail to do this, we will end up where Crimea and Donbas are today. If we ask the residents of Crimea or Donbas, when their life was better, now or when they were part of Ukraine, all will say that today things are worse. But this was their own choice. They did not protect Ukraine, but succumbed to temptations. This is an example of what can become of Ukraine, if we do not preserve our statehood.

The second thing is to fight corruption and implement reforms. Firstly, the judicial one. For while there are unfair trials, there can be no truth. There is only suffering and dissatisfaction. Secondly, establish a fair tax system, so that billionaires do not make fortunes while the poor grow poorer. For why is this happening? Because there is no truth. And we must make sure that all people—oligarchs, businessmen, and ordinary people alike—live by fair laws.

Without the Church, this will not be possible. The Church must proclaim the truth that all of the nation's troubles come from injustice. Laws are unfair, and the system itself is unjust. And corruption reigns above it all. This is why the Church states loudly that we are against corruption. We appeal to the faithful in the Parliament, in the Government, and among the public servants: do not forget that you are not in the office forever. When you

stand trial before God, you will have no excuses. Most of them are Christians, and as Christians they should keep the commandments. And the main commandment is to love thy neighbor, that is, to love thy people. If you want the power, go for it only when you are ready to sacrifice yourself and serve the people. When you go for it to get rich, you are a sinner before God, since you enrich yourself unfairly and do harm to the people.

Preparations for the Pan-Orthodox Council are currently underway, where the issue of the Ukrainian Churches and the possible granting of autocephaly to UOC-KP is to be discussed. The issue is a complicated one and, probably, it will be difficult for the Church to solve it on its own. Should the government intervene in the process and contribute to it somehow?

—It is not only about the Pan-Orthodox Council, it is about establishing a united Orthodox Church in Ukraine that would be independent of both Constantinople and Moscow. Today, such independent Church is the Kyiv Patriarchate. However, the Orthodox Church in Ukraine is divided, and therefore we are now trying to reunite. Is this process happening? Yes, it is. In which way? People saw that the Moscow Patriarchate serves not the interests of Ukraine, but those of Russia. This is evident from the lies it tells, saying that we have a civil war in the East, and not the aggression of Russia that is taking advantage of the separatist sentiments there. Why is not the Church telling truth, as it should? Because it is dependent on Moscow. People saw it, and therefore they moved away from that Church. The process of unification is already underway. When will it be accomplished? When we are united, not only the believers, but also the episcopate. This can happen when UOC-KP is recognized as an autocephalous Church. And we hope that this will happen. To make it possible, we will have to turn to the Ecumenical Patriarch.

Why him? For the Kyiv Metropolia was illegally included in the Moscow Patriarchate, this was not canonical. Moscow claims that everything should be according to the canons. But we agree to follow the canons. And if so, let's put things in order. Was the inclusion of the Kyiv Metropolia in the Moscow Patriarchate non-canonical? Yes, it was. Does the Ecumenical Patriarchate recognize the Kyiv Metropolia to be part of the Moscow Patriarchate? No, it doesn't. The proof of this is the granting of autocephaly to the Orthodox Church of Poland in 1924 by the Ecumenical Patriarch on the grounds of the fact that it was part of the Kyiv Metropolia. Therefore, based on the same canonicity, the Ecumenical Patriarch should grant autocephaly to the Ukrainian Church.

Again, why? For Ukraine has become an independent state. If it were not so, there would have been no reason. But today there is a reason. And since Kyiv Metropolia is the canonical territory of the Ecumenical Patriarch, we should turn to him.

Should the government request the granting of autocephaly? Yes, it should. It is the matter of national security, and should be the concern of the state. Independence of the Church from another center, from Moscow, is the issue of security. And the Church can gain independence through a deed issued by the Patriarchate of Constantinople. Therefore, the granting of autocephaly should be the concern of both the Church and the Government.

»



What are the relations between the Kyiv Patriarchate, the Ecumenical Patriarch and other Orthodox Churches? What is their attitude towards the idea of granting autocephaly to the Ukrainian Church? Who promotes it and what are the obstacles?

The fact is that almost all Orthodox Churches believe that Ukraine should have its own Church. And so do the Ecumenical Patriarch and the other patriarchs. The obstacle is Moscow. It is ready to divide the entire orthodoxy into two, just to prevent the Ukrainian Church from gaining autocephaly, because the Russian state can influence Ukraine through the Church. So, the Ecumenical Patriarch slows down the process, not willing to tear apart the global Orthodoxy. Instead, Moscow is ready to do it for the sake of its imperial ambitions. If Ukraine had its own Autocephalous Church independent of Russia, there would be no separation of Crimea or the war in Donbas. The church would have united the Ukrainian nation, and there would have been no propaganda and no disinformation. But today, to the contrary, the Moscow Church promotes Moscow propaganda.

It is no secret that the Russian Church is quite influential. Is there a danger that in the light of the current developments in the Middle East, where Christians are being exterminated, with Russia presenting itself as their protector, the Ukrainian cause could fall into the shade, and the number of our allies among the Orthodox Churches could decrease?

The fact that Christians in the Middle East are being killed and forced to leave their land is widely known. And we side with those Christians. At the same time, we cannot blame for what is happening all Muslims, since they do not want this war either. There is an aggressive force there, which calls itself the "Islamic State," and it is the medium of terrorism that exterminates Christians. I recently met with ambassadors of Arab countries, and they prove, based on the Qur'an, that Islam is against this violence, it wants to live in peace and harmony with the Christians.

We have to understand that the events in the Middle East do not distract the US and EU from Ukraine, they do not lose sight of it. Therefore, sanctions against the aggressor will continue until Russia becomes a peaceful country.

At the same time, we cannot say that Russia does not protect Christians in the East. It does. But under this guise, it also pursues its own political goals. These things should not be forgotten. Other Churches can see

the truth, and therefore support our Church and Ukraine. In the end, we will win. We do not want to be at war with anyone, including Russia. But Russia wants to occupy Ukraine. Therefore, truth is on our side.

Why do we want to go to Europe? We want to have democracy, freedom, fair laws, and new technologies. We know that Europe has lots of flaws, but we aspire to benefit from the best that it has to offer, while giving it the best that we have: our spirituality, morality and piety, of which Ukraine has more than many European countries.

I can't miss the opportunity to ask your opinion about the joint statement signed by Pope Francis and Patriarch Kirill...

First of all, this statement should not be presented as an important historical breakthrough. It is not. Because popes met with Orthodox patriarchs many times. The first patriarch to meet with the pope was Bartholomew. He also met in Jerusalem with the Jerusalem Patriarch. So, the meeting of the Moscow patriarch with the pope is just one of a number of meetings, it is not something exceptional.

Is it good or not? It is good. This statement includes many things, which we cannot oppose and which we support, because it is not only their vision. Our vision is the same. But what is wrong with it? It is the fact that they agreed to settle Ukrainian issues behind our back. This



THE GOVERNMENT SHOULD REQUEST THE GRANTING OF AUTOCEPHALY TO UOC-KP. IT IS THE MATTER OF NATIONAL SECURITY, AND SHOULD BE THE CONCERN OF THE STATE

outraged not only the UOC-KP, but also the Greek Catholic Church and the Roman Catholic Church. Catholics are not satisfied with the statement, because it tells lies about Ukraine. The pope and Patriarch Kirill called the events in the East of Ukraine an internal conflict, and not a Russian aggression. This is not true.

There are also some unfair words about our Church in the statement. It says that the unity of the Orthodox Churches in Ukraine should be established based on the canons. We agree. But what are the canons for us to follow in the unification? There is the 34th Apostolic Canon, which says that every nation should know its first bishop. Whether a metropolitan, or an archbishop, or a patriarch, but it should be the first independent one. Shall we unite according to this canon? If so, we agree. But again, talking about canons, the Kyiv Metropolia was included in the Russian Patriarchate against the canons. If you want to act based on canons, this breach has to be remedied. There is no need to bring confusion to people's minds, because people do not understand which canonicity is being discussed. And it's about the following: anything that comes from Moscow is regarded there as canonical. Therefore, to speak of unification by the canons one should, firstly, name those canons, and secondly, turn to history. And then, based on the canons and history, today's issues should be solved.

Like Moscow today, the Constantinople Patriarchate did the same when it held Bulgarian, Greek and Romanian Churches under its dominion. When the Ottoman Empire collapsed, and the new states began to form their

Patriarch of Kyiv and All Rus-Ukraine Filaret (secular name Mykhaylo Denysenko) was born in Donetsk Oblast in 1929. In 1946, he entered the Odesa Seminary, and in 1952 he graduated from the Moscow Theological Academy. He took the vows in 1950. Until 1957, he stayed in Russia in various positions at religious schools. In 1958, he headed the Kyiv Theological Seminary. In 1968, he received the rank of the Metropolitan of the Russian Orthodox Church, and served in Ukraine, in Russia, and in foreign dioceses. After the death of Patriarch Pimen in 1990, the Holy Synod of the Russian Orthodox Church elected Metropolitan Filaret as the Locum Tenens of the Moscow Patriarchal See. He was Chairman of the Local Council of the Russian Orthodox Church. On October 25-27, 1990, the Bishops' Council of the ROC granted the UOC autonomy and independence, and Metropolitan Filaret was unanimously elected by the Ukrainian Episcopate the Primate of the Ukrainian Orthodox Church with the title of the Metropolitan of Kyiv and All Ukraine. In 1995, at the All-Ukrainian Church Council, he was elected Patriarch of Kyiv and All Rus-Ukraine.

own independent Churches, Constantinople opposed it, but finally had to admit autocephaly of all the Churches that used to be part of it. This is a historical example.

What is the situation with your Church today in the occupied territories of Donbas and Crimea?

In Kyiv and throughout Ukraine, the Moscow Patriarchate laments that the Kyiv Patriarchate is seizing its churches. In reality, this is not true. But it keeps silent about what is going on in Donbas and Crimea, even though human rights and the Constitution are violated there. In Donbas not only the KP, but also on the Ukrainian Greek Catholic Church, the Roman Catholic Church, and Protestant Churches are being persecuted. Only the Moscow Church is recognized there, and all others are persecuted and cannot worship openly. So why do you keep silent? Or do you believe that this is good?

We had more than 80 priests in the Donetsk Diocese. Some of them left the occupied territory. The same applies to the Luhansk Oblast and Crimea. But some of them stayed. In Donbas, UOC-KP still holds services, but as a clandestine catacomb church. They cannot worship openly.

In Crimea, we lost several churches. However, the Moscow Patriarchate is not crying out that they seized our churches. But they did. The remaining churches still hold services, but they have been restricted. They are constantly under pressure to register under Russian laws and become Russian citizens, but they don't want to. Archbishop Clement has a stern stance there.

Recently, you obtained permission to hold services in one of the churches of St. Sophia Cathedral, which caused significant resentment. How would you explain this?

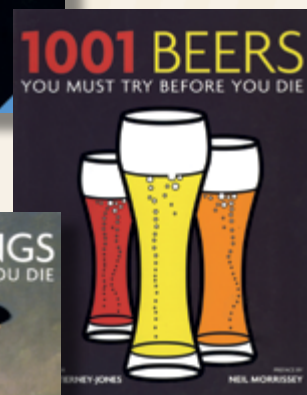
This is a milestone event that indicates that Ukraine as a state is winning. This sanctuary was built by an Orthodox Kyiv Prince for the Orthodox Church. For years, there was no worship there. Now we have consecrated it, and started regular services.

Who is protesting? It is Moscow and the Moscow Patriarchate. Pro-Russian forces in Ukraine are also protesting. Not because praying is bad, but because it is Ukrainian prayer, for Ukraine, and not for Russia. If so, if the enemy does not like it, then the government has done everything right.

They base their claims on the violation of the Constitution. They want equal treatment for the MP and KP. They claim that KP allegedly has privileges. But when the Kyiv-Pechersk Lavra, a Ukrainian sanctuary, is in the hands of the Moscow Patriarchate, is this not a violation of the Constitution? When the Pochayiv Lavra, where Ukrainians are not allowed, belongs to the Moscow Patriarchate, does this not violate the Constitution and the relations based on equality? Now, talking about UNESCO. Some academics claim that by holding services in the winter church of St. Sofia Cathedral, we are breaching the Constitution of UNESCO and destroying the historical monument. But in Europe, is the Constitution violated by all the UNESCO religious monuments where services are held? No. The Lavra is also a UNESCO monument, and the Moscow Patriarchate holds services there without breaching anything, but the Kyiv Patriarchate would somehow violate the rules by holding services at St. Sofia. All these claims are only the evidence that we still have pro-Russian forces in Ukraine, and they will always be in opposition. But we will win. ☐



B O O K S T O R E



The Pope in Havana: A new walk to Canossa?

Philippe de Lara



Church policy. Declaration signed in Cuba represents a post-Yalta interpretation of religion

German Emperor Henry IV's walk to Canossa in 1077 to prostrate himself before the pope is a key episode in Christian history. Not only was it the peak of the papacy, but also the beginning of the end of its ambitions to imperial sovereignty. In retrospect, it turned out to be a step towards the birth of the modern, certainly western, policy of dividing the powers of Church and state that we now call secularization or "the separation of religion from the state."

Back then, the emperor was forced to humiliate himself and crawl on his knees in just a nightshirt to the pope, but it was not for nothing: his excommunication from the Church, which might have led to the isolation of Medieval German princes, was lifted. And the minute Henry IV renewed his power over the Empire, he found new strength to fight against Rome.

The expression "to walk to Canossa" remained a popular saying, but it lost its original meaning: to debase yourself before higher authorities or a victor. A similar expression is "to bow your head," which would not have much suited Emperor Henry, whose apparent humiliation was a masterful political move. So I propose changing this outdated, no-longer-relevant phrase for another: to walk to Havana. That's where a different

religious and political event took place on February 12, 2016: the meeting and Joint Declaration of Pope Francis and the head of the Russian Orthodox Church, Patriarch Kirill, in the Cuban capital.

It seems obvious that Pope Francis met with greater humiliation in Havana than the emperor had at Canossa. The result of his 'dialog' with Kirill was even more catastrophic than the most pessimistic expectations. Firstly, the pope made an enormous number of concessions, starting with the Ukrainian Greek-Catholic Church in Ukraine, and got nothing in return, other than promises such as moving Easter, "promises that only commit those whom they are given." Moreover, the pope behaved like a politician in a one-down position, not like the leader of the world's largest Christian Church.

What's more, the pope sacrificed his principles and the trust of a part of his faithful for the sake of a "deal" that looks like nothing more than the division of spheres of influence between competing bureaucrats under cover of "communicating" and "dialog" between two parts of a sundered religious community. Despite its pastoral and religious form, which is as it should be for such a document, the Declaration is saturated with

the bureaucratism of political advisors who rarely ever know anything about theological issues.

I realize I am touching on matters that do not concern me, as I am neither a Catholic, nor a believer, but I can say right now: How did it happen that a pope and Jesuit who may not have lived under totalitarianism like his two predecessors, but nevertheless considers himself “clever”; that cardinals who know the dogmatic subtleties and Christian hermeneutics felt obligated to sign under so much selfish manipulation and pious lies?

Statements to the effect that the Russian Church represents all of orthodoxy cannot be interpreted as anything but politicking—because it’s actually just not true. Other orthodox churches have been around for a very long time—France alone has at least 10—and they cannot be expected to live in peace and harmony with the Russian Church, which did not even exist in 1054, when the original schism took place.²

To agree to a common front with Moscow, supposedly in the name of the “Christian soul” of Europe that has “lost its way” the “militant secularist” process of European integration, while forgetting about the open aggression against the EU expressed by the Kremlin and its western acolytes—the Hungarian, Greek and German neo-nazis, France’s National Front, and so on, most of whom are, in fact, pagan—, and about the sectarianism of the Moscow patriarchate—not of orthodoxy as a whole—, which sees Catholics and Protestants as heretics and not fellow Christians, can also only be called politicking.

To accept the official Russian version of events, which is that the war in Ukraine is a strictly domestic conflict that Russia plays no role in, and that the Ukrainian churches, especially the Greek Catholic Church, are pouring oil on the flames and supporting freedom-loving attitudes, is also nothing more than politicking.

Two paragraphs in the joint declaration merit quoting: “We deplore the hostility in Ukraine that has already caused many victims, inflicted innumerable wounds on peaceful inhabitants and thrown society into a deep economic and humanitarian crisis. We invite all the parts involved in the conflict to prudence, to social solidarity and to action aimed at constructing peace. We invite our Churches in Ukraine to work towards social harmony, to refrain from taking part in the confrontation, and to not support any further development of the conflict.” Of course, Russia and its Church have not had a hand in any of this—they certainly did not bless the annexation of Crimea—, whereas the Greek-Catholics are horribly pro-Maidan!

The declaration goes on: “It is our hope that the schism between the Orthodox faithful in Ukraine may be overcome through existing canonical norms, that all the Orthodox Christians of Ukraine may live in peace and harmony, and that the Catholic communities in the country may contribute to this, in such a way that our Christian brotherhood may become increasingly evident.” This is coded phrase not only associates any actions on the part of the Greek-Catholic Church, even ordinary discourse with Orthodox churches, with Uni-

atism, that is with one Church taking over the faithful of another—which Rome has clearly rejected since 1993—, but, in referring to only the “Catholic community,” even denies its status as a Church. It may seem like a minor detail, but the devil is in the details when it comes to religion, too. Professor Myroslav Marynovych wrote a brilliant, detailed analysis in an article called “An Epochal Meeting with Epochal Consequences” in *Ukrainska Pravda*.

At first glance, all these phrasings seem intended to pacify, but in are, in fact, elements of classic stalinist language: “What’s mine is mine; what’s yours is open to negotiation.” In other words, this is a kind of post-Yalta interpretation of religion: the only permissible church is orthodox; the rest are banned, persecuted, and forced to merge with the Russian Church

THE POPE SACRIFICED HIS PRINCIPLES AND THE TRUST OF A PART OF HIS FAITHFUL FOR THE SAKE OF A “DEAL” THAT LOOKS LIKE THE DIVISION OF SPHERES OF INFLUENCE BETWEEN COMPETING BUREAUCRATS UNDER COVER OF “DIALOG”

through the auspices of an NKVD-organized pseudo-Synod. And this all continues to this day: in independent Ukraine, the Orthodox Church (of the Moscow patriarchate—**Ed.**) enjoys complete freedom and has no problems, except maybe with its own faithful, who are annoyed by its pro-Putin position.

Meanwhile, on the territory occupied by separatists and Russian forces, the Catholic Church is banned, its buildings have been stripped, and its members, both clergy and faithful, are being persecuted. Patriarch Kirill is actually only one of the Russian priests. Under his direction, the traditional “symphony” of Caesar-and-Pope has been put to the service of not even the state so much as Putin himself. Kirill is the key to an unbelievable ideological synthesis of sovietism, orthodoxy and hatred of the West espoused by the Putin regime.² The Russian president is now actively “rehabilitating” Stalin, recently declaring that, despite negative aspects, it was not necessary to forget everything good that happened in the 1920s and 1930s. He also regularly boasts about his country’s nuclear power.

The declaration of the church leaders, unfortunately, is more than an enormous puncture on the eve of the Ecumenical Council scheduled for June. Because of the extraordinary importance of relations between the Eastern and Western churches, not just in the religious context but also in the political one, this recent gesture by the Pope is unjust and intolerable for Ukrainian Christians. They will have to muster considerable composure, generosity and wisdom, as well as spiritual strength, to come out of this situation without loss. It is this strength of spirit, in every sense of the word, that has always been demonstrated by the head of the Greek-Catholic Church, Archbishop Sviatoslav (Shevchuk), who wondered about “the meeting that never took place,” because of the extent to which “both sides were in completely different dimensions with completely different objectives”—pastoral in the case of one of the participants, and political in the case of the other. ■

¹ Ukraine has three orthodox churches. The church that is subordinated to the Moscow patriarch is one of the major ones, but it is now torn between its Ukrainian identity and the loyalty to Moscow demanded by Kirill. Moreover, it has been losing parishioners since the start of Russian aggression in 2014, which have been going over either to the Kyiv patriarchate or to the Autocephalous Church. To get a better sense of the complicated ecclesiastical orthodox geopolitics, both in Ukraine and in the world, I recommend the work of Antoine Arjakovsky, *En attendant le Concile de l’église orthodoxe*. [Awaiting the Council of Orthodox Churches].

² See the article by French philosopher Michel Eltchaninoff, “Dans la tête de Vladimir Poutine” [Inside Vladimir Putin’s Mind].

Industry of ideas

Mykola Skyba

How hubs, clusters and coworking spaces can change life in Ukrainian cities



Old new urban space. The Jam Factory art cluster in Lviv

One of the English lessons in the British Council programme was devoted to the changes that have taken place in Kyiv over the past decade. My myClass fellow students noted that, in general, these changes have been positive. Whereas things like extending the metro system in Kyiv to cover Troyeshchyna, a remote and densely populated suburban district, remains a pipe dream and there are more traffic jams in Kyiv these days, the urban space has become more humane. It offers more options for spending leisure time, the range of services has expanded and the cultural life of the capital has become more interesting and meaningful. Nevertheless, Ukraine's new urban creative industry, space, class and economy are rarely talked about. So, is there a "creative class" in Ukraine?

PERSPECTIVE ONE: A TRIP TO THE ELEPHANT'S NATIVE LAND

According to a 2014 Ernst & Young report, ordered by the European Commission, 4.2% of EU GDP is generated by the creative and cultural industries. Creative businesses were responsible for the employment of 7 million people. Which is more than the population of Latvia, Lithuania and Estonia put together. These people work mainly in the SME sector or as freelancers. This employment structure democratises management styles, promotes flexibility in decision-making, propagates innovations and prevents the formation of monopolies. So this creative baby elephant, which is growing at a rate of knots, is a rather environmentally friendly species. What helped it get on its feet and how is it moving forward?

The creative economy in the EU, as well as Australia and Canada, stands on at least four strong "legs": 1) policy and legislation, 2) clusters and hubs, 3) incubators and accelerators, 4) professional networks and associations. This infrastructural support ensures the sector's stability and sustainability. Local authorities play an active role in the creation of clusters and incubators, as modern cities around the world compete primarily for creative people and access to technology. Networks and associations defend the sector's interests in the political world, urging policymakers to follow strategies and adopt regulations that eliminate, rather than create, barriers to development.

PERSPECTIVE TWO: A VISIT TO THE DOCTOR

By comparison, Ukraine has weak institutional competence in the sector alongside strong creative potential and equally large ambitions. So, one leg is now growing more actively than the others are. This is the boom in so-called "third places" that can be seen in the last year and a half. There were about 60 of them across Ukraine in 2014, then this number reached 100 by the beginning of 2016. And the quality is growing along with the quantity. Today, almost every county capital—normally, a town of around 50,000—has a coworking space or hub. In Lviv, the Jam Factory, an early 20th-century spirits plant that was recently turned into an art cluster, is preparing to open. An ambitious project called Creative Quarter has been announced. In Ivano-Frankivsk, a concept to revitalise the Industrial Equipment factory as a creativity and knowledge hub is being developed. In Rivne, cultural and creative initiatives are being mapped out with the goal of forming a creative cluster. In addition, a network of IT coworking centres under the iHUB brand is gaining momentum across Ukraine. Over the last year, Art-zavod Platforma and its eponymous coworking space have become a magnet for the creative class in Kyiv.

The creative space of the School of Ukrainian Entrepreneurship (widely known as Chasopys — Ed.) is a textbook example in Kyiv, as it has set the standard for educational projects in such centres. ReinventVDNH, the campaign to revive and revamp the huge and badly managed exhibition and show venue with a vast park around it, was launched by Maks Yakover, the co-founder of Chasopys. So the upscaling of creative spaces and development of educational initiatives open more prospects in the future.

All these projects are being implemented thanks to foreign investments and grants. Jam Factory is financed by Austrian historian, Dr. Harald Binder from the Centre for Urban History of East Central Europe, and Platforma by Ofer Kerzner from Israel. iHUB is expanding with the support of Norwegian foundation Seed Forum. Creative Quarter in Lviv, according to its initiator Iliia Kenigshtein, is being set up in cooperation with Intel, Cisco, Microsoft, Hewlett-Packard, Ericsson, Schneider Electric and Mastercard with the support of the Ukrainian Catholic University, Lviv Business School, art community Dzyga, the Museum of Ideas gallery and others. Despite the fact that Iliia is an advisor to Lviv Mayor Andriy Sadovyi, the city council or administration is barely involved in the list of initiatives.

What does the distance between local authorities and large creative spaces signalise? Ukrainian cities are currently too busy with decentralisation, which, by the way, leaves many questions unanswered, and other pressing issues. This strategic short-sightedness and neglect for the main resource of the future is not to the credit of local government leaders. But, a priori, this is neither particularly good nor particularly bad. That's just the way it is. It is possible that there could even be advantages to this approach. Less excessive bureaucracy, for example, as well as flexibility and speed in decision-making. Not to mention the powerful role of professional communities and independent players. Competition between initiatives will encourage innovation and improve expertise. However, less social response to the initiatives can also be expected. The development of new clusters and hubs may be restricted to the range of interests or cognitive horizon of owners and top managers. An obsession with corporate interests would hinder the development of the creative economy ecosystem on a socially significant scale. Currently, these challenges are only hypothetical. But it is better to anticipate them and nip them in the bud now than deal with the consequences later.

BACK TO SCHOOL!

Communicative and educational projects are one way to overcome the above challenges. The latter trend is the most encouraging for Ukraine.

Chernozem, a creative economy online library united around businessman and philanthropist Kostiantyn Kozhemiaka and his family-run printing house Huss, launched in 2015 with an ambitious pre-



THE DEVELOPMENT OF INFORMAL EDUCATION AS PART OF THE CREATIVE ECONOMY IN UKRAINE EMPHASISES THE IRRELEVANCE OF CLASSICAL AND FORMAL EDUCATION

sentation at the Creative Economy Forum. The event was attended by such experts as Ragnar Siil from Estonia, David Parrish and Terry Sandell from the UK, and Russia's Sergei Khromov-Borisov, but as of yet it is getting less public attention than it deserves. The creative economy library has just published a translation of David Parrish's book "T-Shirts and Suits: A Guide to the Business of Creativity" in Ukrainian. This introductory work will surely be helpful for creative entrepreneurs in Ukraine. The School of Visual Communications also proposed an interesting format with two punchy events at FedorivHub: Visual Communication Gathering and VCG Cases, which looked at the practical experience gained in the visual arts industry. Out of the special projects that mushroomed last year thanks to proper management, the School of Literary Education deserves a special mention.

Another popular educational initiative is the Cultural Project, founded by Natalia Zhevago. It has quickly progressed from popular art courses to masterclasses that helped the audience develop the culture of independent thinking and analysis. A thirst »

for knowledge and, most importantly, the desire to be the creator of one's surroundings rather than just a consumer of finished products manifested itself at the makers' festival MiniMakerFaire, an American brand name that Svitlana Bovkun has the right to use in Ukraine. Educational programmes that prepare teenagers for independence and choosing their own path through the innovation economy of the future are being developed. These new initiatives include GoITense and the Next Generation Business School.

The School of Urban Studies, which branched out from the CANactions urban architecture festival thanks to Viktor Zotov's architecture firm, has showed a promising start. Studio#1, its first study session, organised pilot project "From Master Plan to Guide Plan: strategic tools for the development of modern cities" in Ivano-Frankivsk. Over two months, an interdisciplinary team of 18 participants studied the urban fabric in such domains as economy, environment, social relations, culture, heritage policy and infrastructure. As a result, the students have proposed a model called the Urban Constitution — a set of key principles for the city's future participatory development strategy. In February 2016, Studio#2 workshops were launched. They focus on rethinking and revitalising industrial and post-industrial cities. The programme's mentors are mainly European architects, and the school was co-founded by Urs Thomann from Switzerland, who for some time worked as chief architect of Vinnytsia.



IN AN EDUCATIONAL PROJECT FROM AN URBAN STUDY INITIATIVE, STUDENTS DEVELOPED A MODEL OF THE URBAN CONSTITUTION — A SET OF KEY PRINCIPLES FOR THE CITY'S FUTURE PARTICIPATORY DEVELOPMENT STRATEGY

"Still in its infancy, Chasopys began to bring together two categories of visitors and residents. The first is made up of experts in various fields of business, the second — those who are looking for business expertise. Both groups are frequent guests of Chasopys. In addition, the team's expertise made it possible to draw up a special programme for training future entrepreneurs. The School of Creative Entrepreneurship, initiated by Aliona Kalibaba, is a logical continuation of the Chasopys mission statement: "to help novice entrepreneurs," says Danuta Pysarenko, head of the PR and events department. The school's target audience is both online and offline entrepreneurs, small business and start-ups. Their focus areas vary greatly: from language schools to video surveillance services. The idea itself remains the same, but the structure of the programme has been fine-tuned. At first, it lasted eight weeks with classes almost every day, whereas the second programme consisted of 2.5-day modules. Both times, there were five applicants per place. At present, 18 companies and projects have undergone training at the school. The initiative broke even with its second intake of students.

Of particular note is the Creative Management Camp (CMC). CMC is especially interesting because it is a somewhat horizontal and open initiative. Project

founders Arianna Khmelniuk and Toma Lazarenko first clearly formulated their idea and enlisted the support of the Platforma coworking space and creative industry insiders. This alliance launched the initiative in October 2015. The programme aims to teach young entrepreneurs how to correctly build their projects and check their viability. The CMC pilot course trained 30 students with projects in such fields as film, publishing, media, festivals, theatre, art and children's educational programmes. Its curriculum consists of 10 modules covering the different stages of creating a cultural product: from the idea and first insights to the business plan and presentation. During the course, participants received regular intensive feedback from mentors, management consultants and cultural leaders. There were several crash tests, which helped participants to consolidate their ideas and develop a sustainable business concept. So far, more than 30 experts and creative business practitioners have joined Creative Management Camp. Lecturers and partners include the School of Urban Studies, Chernozem and the Congress of Culture Activists. Their number increased further for the second intake. Specifically, Ok Project, an open lecture about music and arts, joined the initiative and the Platforma coworking itself started to play an active role. All this points at the birth of an ecosystem. This approach guarantees the sustainability of creative initiatives and makes it possible for them to mature and expand with time.

Although no more than three months passed from the germ of the idea to registration of the first group, the programme is complex in character, and there were four times more applicants than the organisers could physically accept.

There was also lively competition for each place at the School of Creative Entrepreneurship, which is evidence of a growing creative class in Ukraine, willingness to invest in development and the understanding that knowledge and real skills are an irreplaceable asset.

WHAT'S THE PROGNOSIS, DOC?

The development of informal education as part of the creative economy in Ukraine emphasises the irrelevance of classical and formal education. Firstly, secondary schools are basically committing a crime by discouraging young people from learning. Secondly, universities, instead of turning into corporations of knowledge, continue to promote their "one true method" of writing term papers, dissertations and essays in the "copy and paste" spirit. And above all this looms the strategic blindness of officials, politicians and some experts. In the context of the fourth industrial revolution that is taking place globally, the lack of innovative development strategy even in theory and discussions in Davos about nothing but the war are evidence of the inaptitude of the country's political class, both old and new.

The development of creative industries is included in the "Long-term National Culture Strategy 2025" as a top priority. But it's unclear when this statement will force its way into practical solutions through the populist and opportunistic discourse that dominates the government district. Maybe makers have to replace the current "reformers" there for the practical solutions to kick off eventually? ■

Great Baltic profiles: Two stories

Leonidas Donskis

ARVO PÄRT

Born on September 11, 1935, the Estonian composer Arvo Pärt is one of the most illustrious creators of contemporary academic music. Dubbed a classical postmodernist and master minimalist, he often provokes musicologists to coin new terms (*mystical minimalism*, *sacred minimalism*) to describe his art. Having left the Soviet Union in 1980 and emigrated to Austria, he lived in Vienna before settling in Berlin. One of the world's most famous and recognized composers, Arvo Pärt has undoubtedly earned the status of a living legend.

Lithuanian experiences have occasioned the composition of his brilliant piano piece *Für Alina* (1976). When I first heard it in Budapest, I was fascinated; but for a long time I didn't know that this composition of enchanting beauty was written for a woman I was acquainted with: long-time London resident Alina Slavinsky, the daughter of Lithuanian theatre arts scholar, civic and cultural activist Professor Irena Veisaitė. *Für Alina* was created by the *tintinnabuli* method invented by Pärt and allowing the pianist to evoke a special piano sound with sacred harmonies and rhythmicity.

Für Alina was masterfully performed by the Lithuanian pianist Petras Geniušas in our joint cultural seminar in Antwerp on the subject of identity. While I talked about identity and its dilemmas and tensions, Geniušas played classical and modern works. One of his magnificent insights about Pärt immediately inspired me to work up this detail into a philosophical theory of identity. Petras Geniušas called attention to simple facts, which at once opened up to view both the depth of the modern connectedness between people and its simplicity.

Arvo Pärt himself is an Estonian Orthodox Church believer living in Germany; his composition is dedicated to a Lithuanian Jewish woman's daughter living in England. Let me add that all vicissitudes of identity are finally centred in, and given meaning by, a musical language of superb inspiration, one external to ethnic identity or everyday language or whipped-up self-consciousness.

Performed in Antwerp's historical Catholic chapel for an audience of Belgium's Lithuanians at an evening filled with Lithuanian language and music, Arvo Pärt's *Für Alina* seemed to me one of the most poetic and hopeful alternatives to the murkiness of our age, to the confusion of things that long seemed clear, and to the new onslaught of insensitivity and brutality in our world.

IRENA VEISAITE

Born on January 9, 1928, Irena Veisaitė is a person through whose incredible life story we could write the history of the twentieth century. Like



her cousin, Aleksandras Shtromas (Štromas, 1931–1999), a Lithuanian-born British-American political scientist and Soviet dissident, who was like a brother to her, Irena was born and brought up in independent pre-war Lithuania and then matured in another – Soviet and isolated – Lithuania.

They both survived the Holocaust in a miraculous way. Lovingly called by his friends Alik, Shtromas was to become a giant in the political science world, befriended by the greatest Russian dissidents and mentioned by Czesław Miłosz as one of two political prophets who predicted the collapse of the former Soviet

FÜR ALINA WAS CREATED BY THE TINTINNABULI METHOD INVENTED BY PÄRT AND ALLOWING THE PIANIST TO EVOKE A SPECIAL PIANO SOUND WITH SACRED HARMONIES AND RHYTHMICITY

Union. Another one was the Russian writer and dissident Andrei Amalrik. Irena's and Alik's story of survival and struggle reads as an exciting novel of adventure.

Irena Veisaitė lived to see the restoration of independence in her country, whose story of emancipation and reintegration into Europe was inseparably linked to her own activities as a public persona and civil society activist. In all her social and political incarnations, she was and continues to be ahead of her time – not only in terms of her remarkable dispositions for tolerance, kindness, benevolence but also ability to forgive as a Holocaust survivor free of hate and anger, but also as a great visionary European who deeply believes in Europe's reconciliation and its enormous creative potential.

Justly and rightly proclaimed a Person of Tolerance in Lithuania, awarded the Goethe Medal in Germany, and admired everywhere where she has friends, Irena Veisaitė has become an emblematic person in contemporary Lithuania – in a way, she represents the best of her country and its multicultural past, while at the same time remaining uniquely attentive and sensitive to the dramas and challenges of the present day.

She was married to Grigori Kromanov (1926–1984), an Estonian theatre and film director, who made, among other creations, much celebrated Estonian films, such as *The Last Relic* and *Dead Mountaineer's Hotel*. Grigori Kromanov and Arvo Pärt were close friends, and this made it possible for Irena to join their club, which, as we have seen, symbolically included her daughter Alina.

This is how the miraculous *Für Alina* came into existence – through two Baltic stories. ■

March 7, 7.30 p.m.**Allan Harris****Sentrum
(11, vul. Shota Rustaveli, Kyiv)**

Kyiv's audiences will soon be able to enjoy a concert by a jazz legend, the winner of a number of music awards and prizes, famous singer, guitarist and composer Allan Harris. The favorite of jazz festivals, known for his interpretations of jazz standards, will present in Kyiv his program called *Love's the Key*. In his music career, Allan Harris released nine albums and has worked with jazz groups and famous jazz musicians, such as Bill Charlap, Eric Reed, Tommy Flanagan, Metropole Orchestra, and Rias Big Band.

**March 8, 8 p.m.****Music of France:
From Piaf to Mathieu****Maria Zankovetska
Drama Theater
(1, vul. Lesi Ukrainky, Lviv)**

The best French hits (from the 20th century to our days) will be performed by the Grand Orchestra symphony orchestra and the talented soloists of the French music genre. The show program will feature songs from the repertoire of the legendary Edith Piaf, Patricia Kaas, Joe Dassin, Mireille Mathieu, Lara Fabian, Charles Aznavour, Bruno Pelletier, Mylene Farmer, Garou, and ZAZ. The original arrangement of international hits, combined with the incredible light effects, will help recreate the romantic and unique French atmosphere.

**March 18, 7 p.m.****Jamala****Atlas
(37-41, vul. Artema, Kyiv)**

The solo concert by one of the brightest stars on the Ukrainian music scene will be based on her last studio album *Breath*, released in December 2015. In the concert program, Jamala also promised to perform the songs from her previous albums, including *Thank You* (2014), *All or Nothing* (2013), and *For Every Heart* (2011). Constant participant of a variety of music events and festivals, this year Jamala will represent Ukraine at the Eurovision 2016 Song Contest, where she will perform *1944*, a song she composed based on the story of her grandmother's life and deportation in Stalin's campaign against Crimean Tatars.

**Opening March 18, 6 p.m.—March 23, 8 p.m.****Identity. Behind
the Curtain of Uncertainty****National Art Museum of Ukraine
(6, vul. Hrushevskoho, Kyiv)**

The joint art project of Ukraine, Nordic and Baltic countries offers an artistic interpretation of the concept of identity in the context of national, political, regional, social, and gender issues. Nearly 25 artists from Ukraine and the Baltic States tried to express their artistic vision of identity in a variety of manifestations. According to the organizers, this art project promises to become one of the largest displays of North-Eastern European art in the past decade.

**Acoustic Quartet****Master Klass Education
and Culture House
(16a, vul. Lavrska, Kyiv)**

A performance by one of the best-known Ukrainian jazz bands will take place as part of Oleksiy Kohan's project "Theme and Variations. Live" organized by Jazz in Kyiv production center. The Acoustic Quartet will present to Kyiv's jazz fans *Falling Walls* concert program, an incredible flow of music combining the sounds of piano, trumpet, drums, and bass. Concert organizers traditionally expect a full house, since the band is a rare guest in Kyiv through their numerous tours abroad, including Berlin and New York.

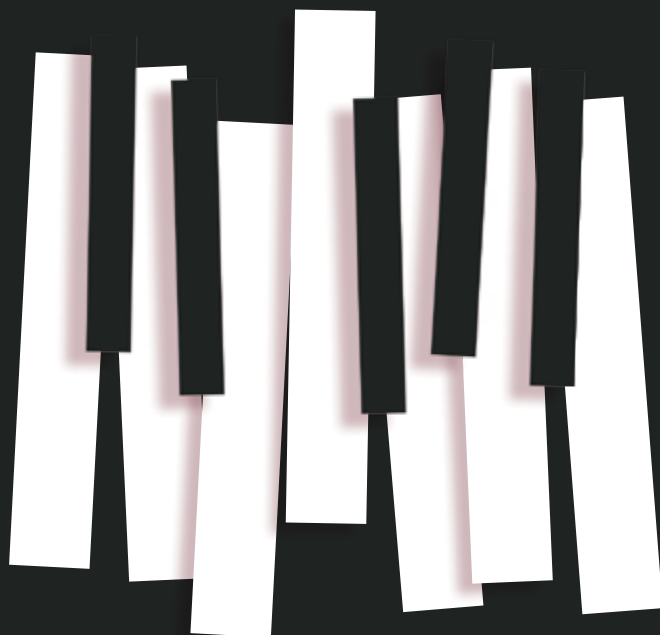
**March 23 through April 10****Shadows of Forgotten
Ancestors. An Exhibition****Art Arsenal
(10-12, vul. Lavrska, Kyiv)**

The walls of the Art Arsenal will soon host the *Shadows of Forgotten Ancestors* exhibition, dedicated to Sergei Parajanov's brilliant film by the same name. The project aims not only to recreate the world reflected in the movie, but also to show what was left out of it. The exhibition will include nine displays, each examining the film's concepts from different angles. The displays will be structured according to the storyline of the film. The exhibition program will be complete with lectures on Ukrainian and world cinema of the '60s, and curatorial tours.



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