

international monthly edition

# The Ukrainian Week

№9 (21) OCTOBER 2011

# EUROPE MUST ACT NOW!



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**BRIEFING**

**Europe Must Act Now!**  
The triangle of Ukraine, Russia and the EU

4

**FOCUS**

**The Collapse of Justice**  
Lawyer Valentyna Telychenko talks about the cases against Yulia Tymoshenko, Leonid Kuchma, and Oleksiy Pukach who killed journalist Gongadze



6

**POLITICS**

**Damon Wilson**  
on how Ukraine can improve its image



10



**David Kramer and Freedom House:** We will continue to tell the truth

12



**Steven Pifer**  
on official Kyiv running out of room to maneuver in the international arena

14



**Tango for Two**  
Jose Manuel Pinto Teixeira on how the scandalous trials in Ukraine can affect Association Agreement prospects

16

**NEIGHBOURS**

**Time to Shove Off**  
The Soviet Union was undermined by stagnation and a sense of hopelessness. Is the same thing happening again?



18

**Greek Consequences**  
Ratification of the Association Agreement and FTA will depend on whether political repression stops



22

**ECONOMICS**

**War and Myth**  
The real roots of Ukraine's energy dependence go back to the oligarchs

24

**INVESTIGATION**



**You'd Rather Be Dead**  
While pharmaceutical groups fight for the market, Ukraine's supply of vital medicines is running critically low

28

**SOCIETY**



**Tour de Ukraine**  
Ukrainians switch to bicycles, pushing local authorities to develop the country's infrastructure

30

**Who Is Scared of Ukrainian Hackers?**  
Ukrainian cybercriminals in Western Europe

32

**PERSONA**

**The Quantum of Wisdom**  
Vladyslav Olkhovskiy, Doctor of Physics and Mathematics and Master of Theology, on attitudes towards religion today



34

**HISTORY**

**No Unity, No Statehood**  
Discord among the elite in the 14-15th centuries led to the breakup of the Rus Kingdom



36

**CULTURE & ARTS**

**The Poems of Passion**  
A rhymed appeal for society to end its indifference

40



**Success Against All Odds**  
Ukrainian artist Ivan Marchuk on the British Top 100 Living Geniuses

42

**NAVIGATOR**



**The Whisper of the Carpathians**  
Shypit waterfall: a pilgrimage destination for flower children and thrillseekers

44

**THE REGIONS**

**Sublime and Earthly Things**  
Miners, gunpowder and portraits: a site specific installation from Cai Guo-Qiang in Donetsk

47

**The Ukrainian Week**

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**1 September**

**The new school year starts with scandals:** parents protest against the closing down of schools; students lack textbooks



**8 September**

For the first time, **Ukraine demands a fee from a Russian assault ship for crossing the Kerch Channel**



**11 September**

**Vitaliy Klitschko wins against Tomasz Adamek, Poland,** defending his WBC world championship title

QUOTES

**BRONISLAW KOMOROWSKY**

**warns Ukraine**

At a meeting with Viktor Yanukovich, the Polish President states that the trial against Ms. Tymoshenko could become a barrier "on Kyiv's path to European integration"



**VIKTOR YANUKOVYCH is ignored**

"The publishing house is the one to deal with allegations against the author or his "literary slave", says the Association of Austrian Writers that refuses to support Mr. Yanukovich's book



**VIKTOR, THE GANGSTER a new character in The Simpsons**

A brutal bandit called Viktor is a new character in one of the episodes. Viktor does not know how to use the Internet and insults his wife



**DENYS OLEJNIKOV wants to move to Latvia**

The owner of ProstoPrint is hiding from persecution by the government. He says he is going to ask for political asylum in Latvia. Mr. Oleynikov is currently in Croatia



# Europe Must Act Now!

Ukrainian authorities appear to have come to terms with Russia in energy relations, which possibly include economic concessions in return for Russian political support. The Belarusian experience suggests that such an exchange leads to loss of sovereignty and succumbing to Russian influence. However, this scenario might be averted if the EU acts promptly and resolutely.

It looks like the strained Ukrainian-Russian relations, which some have already labeled a gas war, are over. Having met with Mr. Putin and Mr. Medvedev, the Ukrainian government looks much more relaxed. Yet, even the tiny bits of information, leaked to experts after the meeting, hint at a gas capitulation rather than war. Politicians are once again discussing scenarios for the creation of a consortium that will manage the Ukrainian gas transit system. Russia has apparently accepted the trilateral format of the consortium rather than the bilateral Belaru-

sian scenario where the Kremlin has the opportunity for a complete takeover of the pipeline. For Ukraine, however, the former is not much better than the latter, given the long-term relations between Gazprom and some European gas companies.

*The Ukrainian Week* has suggested that the resolute declarations of Ukrainian officials might be merely a cover up of the intent to solve the gas price problem in the usual corrupt manner. Even at the height of the information war, Premier Azarov spoke of the possible granting the Russians access to the entity established on the basis of the current Ukrkazvydobuvannia, Ukrainian gas extraction company. It is likely that the "formats" of the consortium surrounding the gas transit system are also from this sphere.

The habit of Ukrainian officials to rely on their own arguments alone and mistrust alternative information has played a bad trick on them. It looks like Russian leaders have managed to play two scenarios. Firstly, they used the "pressure and relax" scheme. Moscow's hard line has been driving Mr. Yanukovich & Co desperate. When the pressure suddenly weakened at an informal meeting in Zavidovo, the official residence of the Russian President, Ukrainian authorities felt emotionally inclined to reach a "compromise." Secondly, Ukrainian leaders seem scared. Gazprom launched yet another campaign to promote its South Stream project and signed a series of documents with European companies shortly before the Ukrainian-Russian negotiations. This does not mean that the prospect of building the pipeline bypassing Ukraine is inevitable. Yet many Ukrainian officials became concerned about "what to do" with the local gas transit system.

If these trends prevail, the Russian Federation will make a huge leap towards gaining control over strategic sectors of the Ukrainian economy. Once it gets control of the pipeline and gas supply to Ukrainian enter-



The month in history

**4 September 1991**



**National blue and yellow flag rises over the Verkhovna Rada of Ukraine**

**6 September 1891**



Ivan Pylypiv and Vasyl Yelyniak from Nebyliv village, Ivano-Frankivsk Oblast, **start Ukrainian migration to Canada**

**11 September 2001**



**Al-Qaida terrorists attack the Twin Towers in the USA**

16 September



**11 miners are rescued from the collapsed Sukhodolska-Skhidna mine in Luhansk Oblast**

20 September



**Organized crime police block servers of the company that produced T-shirts with the print: "Thank You, the People of Donbas..."**

22 September



**MPs pass a law banning the advertising of cigarettes in virtually all mass media**

27 September

**People in Donetsk protest "against the anti-popular government"**

prises, Russia will be able to create an environment for their operation, whereby the establishment of joint ventures, at which Ukrainian assets will be handed over to Russia, will be inevitable.

After Mr. Putin officially announced his intent to become president of the Russian Federation, the pressure on Ukraine is only likely to grow. The former and the future president of Russia does not tolerate sentiments: neighbouring countries must serve as a resource for his economic and geopolitical ambitions. Meanwhile, Ukrainian authorities seem to have something else on their minds.

The temporary relief from Russia has already had a palpable impact on Ukraine's domestic politics. Apparently, Ukrainian authorities have been feeling confident enough to insist on political repressions. As a result, Yuriy Lutsenko, who is seriously ill, remains behind bars. The Tymoshenko case no longer intimidates them either: the Prosecutor General demands a tough verdict. Another bold move was the draft law to decriminalize certain economic crimes, which was submitted by President Yanukovich. It offers to white-wash actions beneficial for some businesses rather than cancel criminal liability for politicians under the articles used against opposition leaders which could be a compromise of sorts allowing the President to meet EU requirements to stop repression and save his reputation. The list of actions that could become legitimate if the bill is passed includes the illegal opening or use of foreign currency accounts outside Ukraine, fake bankruptcy, the deceit of buyers and clients, forcing business players to conduct coordinated anti-competitive practices and so on.

However, sentencing in the Tymoshenko case has been postponed until 11 October, the date is "approximate". In the meantime, Ukrainian authorities are trying to bargain with Europe. Taking part in the Eastern Partnership Summit in Warsaw on 29-30 September, President Yanukovich is quoted to have told the participating leaders of EU countries that amending legislation to re-

lease Tymoshenko is still an option – however she must "publicly admit to her mistakes" and "compensate Naftogaz for its losses" worth nearly USD 200mn. Europe, in turn, offered sticks and carrots. Mr. Yanukovich was sitting next to an empty chair intended for Belarus's Mr. Lukashenka who is boycotted by the EU leaders. Other than this warning, Ukrainian leaders had some pleasant incentives to change their approach: the EU will provide EUR 1.9bn. to fund the projects of the Eastern Partnership until 2014.

Meanwhile, it has been planned that Ukraine and Russia will be finalizing the Zavidovo agreements in October, which means that it could be a critical month for turning Ukraine away from Europe. Russia is in a rush to implement this scenario - it appears that in its own relations with the EU, the period for the provision of gas in violation of European rules is coming to an end. EC representatives have searched Gazprom subsidiary offices in Germany and the Czech Republic upon charges of price manipulation and abuse of their market position. Europeans have long been observing these "special features of business a-la Russia" but it looks like they are determined to make Moscow play by the rules now.

This shift in the European approach to cooperation with Russia gives hope that Ukrainian leaders will be forced to fulfill their commitments, as well. Their background and mindset allows politicians in power to understand a hard line and clear alternatives.

Ukraine will only be able to avoid turning into yet another of Moscow's puppet and the promoter of its interests on the EU border if the EU insists on keeping political processes in Ukraine within democratic limits, which means letting all opposition leaders run in elections and having free elections, as well as having the deals with Russia that do not contradict EC energy packages, which means that Gazprom as a gas extractor cannot be involved in running the system that transits its gas.

Rostyslav Pavlenko

## NUMBERS

Gazprom earned more than **USD 7bn**

in Q1'11 on gas supply to FSU countries, i.e. 119% more as compared to Q1'10

Experts estimate budget losses caused by anti-competitive actions of Lively oil importing company at

**UAH 5bn**

The Antimonopoly Committee turns a blind eye to the violator

Ukraine can lose

**20%**

of transit gas after Russia launches Nord Stream

**1,248 people**

died in car accidents in Ukraine this summer, compared to 1,361 over the same period in 2010. The total number of car accidents this summer hit 48,000

Ukrainian tax authorities win

**95%**

of court cases. They have collected UAH 26.8mn through the courts this year

Global energy consumption will grow

**50% by 2035**

projects the U.S. Energy Information Administration

A Government bill provides for

**UAH 337.5bn**

in the state budget for the next year. Planned spending is anticipated at a level of UAH 361.6bn

14 September 1871



**The first bank called Kharkiv Joint Stock Land Bank opens in Ukraine**

15 September 1941



**The Nazis start the mass arrest of Bandera's OUN members all over Ukraine and abroad**

19 September 1673



**A peasants' uprising breaks out in Slobozhanshchyna, Eastern Ukraine**

21 September 1920

**The Council of People's Commissars introduces the Ukrainian language as a mandatory subject in schools**

# THE COLLAPSE OF JUSTICE

Valentyna Telychenko: “We are dangerously close to the critical line, when because of the distrust of the judiciary, disputes will be not be resolved in the courts”

**Interviewer:**  
**Alla Lazareva**

**L**awyer Valentyna Telychenko is known as the advocate of Myroslava Gongadze in the murder case of her husband, journalist Georgiy Gongadze. Recently, Ms. Telychenko has taken on the role of Yuriy Lutsenko’s and Yulia Tymoshenko’s advocate in the European Court of Human Rights.

In addition to her legal practice, Ms. Telychenko has extensive experience in human rights campaigns and public activity ranging from membership in the Ukrainian Helsinki Human Rights Union (UHHRU) during the perestroika of the 1980s, to participation in the updating of election legislation. She has written numerous analytical reports on judicial reform, human rights and the rule of law in Ukraine. In her interview for *The Ukrainian Week* Ms. Telychenko spoke about the prospects of the proceedings in the cases of Oleksiy Pukach, Gongadze’s killer and Ukraine’s ex-President, Leonid Kuchma, as well as the impact of recent judiciary reform on honest judges who still exist despite all the odds.



“If the court were independent it would have to admit that the convictions against Tymoshenko and Lutsenko are groundless.”

Valentyna Telychenko

## THE CASE OF GONGADZE’S KILLER

**U.W.:** How would you qualify the actions of Oleksiy Pukach, Lieutenant General of the Interior Ministry, who admitted to having killed Georgiy Gongadze? Do you see him as one of the killers or an organizer of the crime?

– Oleksiy Pukach organized the murder and personally executed the order to kill Gongadze. He was the one who planned and thought everything through in advance. He had enough time to

think about it, he knew what the reward to expect for this. He made a conscious decision – to kill the man. This was not his first crime. In June 2000, Pukach, with the help of two policemen reporting to him, illegally arrested Oleksiy Podolskiy, another journalist, drove him into a forest, beat him and left him to his fate there at night. This crime was also organized and performed by him personally.

**U.W.:** Do you mean that this was an order from “above” or was it Mr. Pukach’s initiative?

– The conviction states that he performed both crimes on the orders of Yuriy Kravchenko and Leonid Kuchma. In other words, according to investigation results, the two of them should be considered the paymasters. But it would be premature to presume that this scenario will withstand the test of the trial. Moreover, the verdict in the Pukach case will not unveil those who ordered the murder because their actions will not be analyzed in the given proceedings. There is only one accused – Oleksiy Pukach, and everyone else is beyond the reach of the judiciary. Their cases fall under separate proceedings. The only thing clear today is that Mr. Pukach will not escape punishment as the verdicts on both episodes – the murder of Georgiy Gongadze and the beating of Oleksiy Podolsky – have recently come into effect. An open question is whether the cases on those who ordered the murder will reach the court. To this day, the Prosecutor General has been doing everything in his power for these people to avoid punishment.

**U.W.:** Oleksiy Pukach said that former President Kuchma and Volodymyr Lytvyn, his Chief-of-Staff, ordered the murder of Georgiy Gongadze. But he also claimed that by killing the journalist, he supposedly saved the country from an overthrow. What is the truth? Can you trust his testimony? What game could

he be playing and whose scenario could this be?

– Oleksiy Pukach gives the impression of being dull-witted and dumb during interrogations in court. His answers are not specific and unclear. He talks about a lot of things that are not relevant to the circumstances of the crime thus attempting to evade direct answers. He mentioned several times in court that “Georgiy Gongadze was a spy and was plotting an overthrow.” This is his way of justifying his actions and explaining his motives.

Meanwhile, all his colleagues describe Mr. Pukach as a highly qualified professional. He holds a degree in law and the title of Lieutenant General in the police force. A General who used to run criminal intelligence at the Ministry of Interior cannot but know that it is the SBU that is the authority responsible for spies, not his agency, and that an order to kill a person is definitely illegal. The investigation has just begun and the interrogation of Pukach is not over yet. So, I can’t give you a comprehensive analysis of his testimony at this point. Clearly, he is doing his best to not get a life sentence. It was the reason why he agreed to collaborate with the government the day after his arrest in July 2009. As a result, initially he stayed at the SBU detention center, which actually does not exist de jure, until the verdict is delivered, not at Lukianivka detention center. The difference in the level of comfort at the two places is striking. The decision to keep Pukach at a legally non-existent detention center, officially known as the SBU Department for Ensuring Pre-Trial Investigation was personally made by Pechersk Court Judge, Inna Otrosh. I believe she did this intentionally, exceeding her powers. It is the relevant local body of the State Penitentiary System that decides where a person is to be detained, not the court. This SBU detention center is essentially not a registered facility, which is not designated to detain people. Staying there is





not only comfortable for Pukach, it also allows him to secretly communicate with the representatives of the government involved in the case.

**U.W.: Why has this case been classified as secret?**

– Only a small portion of the materials has been classified, which unfortunately includes the charge sheet. However, the judges regard the existence of a few classified volumes in the case as grounds to hold the trial behind closed doors. Apparently, somebody is exerting pressure on them

and forcing them to hide the flaws of the pre-trial investigation. Of course, if journalists were present at the hearing, the fact that the court is turning a blind eye to the inappropriateness of the investigator would have been noticed by everyone. They are simply afraid of looking like their colleague Kireev (the judge in Ms. Tymoshenko's case – Ed.), so prefer to hide behind closed doors. By doing so, they are also violating the rights of both the victims and the public to see an open process. Article 6.1 of the European Convention for the

Protection of Human Rights and Fundamental Freedoms qualifies this as an unfair trial.

**U.W.: Is it possible to assume that Russian enforcement agencies were somehow involved in the murder of Gongadze? Leonid Kuchma claimed this case was "inspired by a foreign intelligence service". Has this been mentioned in court?**

– Indeed, Russian enforcement agencies could have been involved in the murder but the conviction does not mention any foreign factors in the case. I must admit that investigators have deliberately failed to notice or check the scenario regarding enforcement agencies. The fact that the proceedings are so secretive basically means that the judges will refuse to interrogate witnesses not listed in the state charges in order to prevent any surprises.

**U.W.: Who of the witnesses in the Pukach case has been interrogated? What are the possible conclusions?**

– The witnesses have not been interrogated yet. Even the interrogation of the defendant has not been completed. The prosecuting attorney has listed 13 people as witnesses, of which only one woman has never worked for the police. No witnesses have been listed who could talk about the circumstances surrounding the ordering of the murder, including those named by Pukach during his interrogation. People who knew back in 2000 that Pukach had killed the journalist (he named them) are not on the witness list either, neither are the people who helped to release Pukach from custody and evade criminal liability later in 2003. With such a list of witnesses and evidence, verifying his testimony thoroughly and confirming the motives of the crime stated by the prosecuting attorney will be impossible. This will force the victims to involve additional witnesses through their representatives.

**THE KUCHMA CASE**

**U.W.: Is there any chance of the diligent consideration and fair verdict in the case against ex-President Leonid Kuchma?** „

– After last year’s judiciary reform, which was heavily criticized by the Venice Commission, the judiciary in Ukraine lost all vestige of independence. The Supreme Council of Justice is supposed to be an efficient tool for purging the ranks of judges, but it has turned into an instrument of blackmail and pressure against them. Moreover, the outcome of court proceedings largely depends on the efficiency of the pre-trial investigation. I have already studied the materials in the case against Mr. Kuchma. All I can say, is that the pre-trial investigation has not been thorough enough. We filed a petition regarding this but it was turned down. Part of the petition was to initiate criminal cases against Volodymyr Lytvyn, Leonid Derkach - the ex-Chief of the SBU and several other officials. The answer essentially meant that the court refused to start the case. But the investigator did not risk issuing an official refusal. We have already filed an appeal against his actions to the Pechersk District Court for the second time. In October last year, the Prosecutor General’s Office overturned the decision of one of its investigators on the refusal to initiate a case against Messrs. Kuchma, Lytvyn, Derkach and Eduard Fere (Colonel General of the Interior Ministry, considered to be one of the key witnesses in the Gongadze case. The Prosecutor General’s Office had sent numerous requests summoning him to an interrogation but Mr. Fere stayed in coma until his death in 2009 – ed.). As far as ex-President Kuchma is concerned, the investigator has already made a decision and has even presented the charges. Moreover, the pre-trial investigation is over. As for the rest, for over a year now, the prosecution has been unable to determine elements of a crime in the actions of the above mentioned people already even though the law only allows 10 days for this. Given the power of Prosecutor General’s representatives to influence the judges in the Supreme Council of Justice, the outcome of any criminal proceedings, particularly those involving Kuchma, largely depends on the position and the intentions of Prosecutor General’s Office of Ukraine.



“Keeping Pukach in a non-existent SBU detention center gives him a comfortable life and an opportunity to communicate with some interested people out of the public eye”

Valentyna Telychenko



## JUDICIARY REFORM HAS DEPRIVED THE UKRAINIAN COURTS OF THEIR INDEPENDENCE

### THE PROSPECTS FOR TYMOSHENKO AND LUTSENKO U.W.: At one point, Yuriy Lutsenko claimed that his case was bursting at the seams. Is this true? Ms. Tymoshenko’s lawyers say the same things about her case.

– If the court were independent it would have to admit that both convictions are groundless. The same thing would happen to several other cases, including the one against Valeriy Ivashchenko, ex-Acting Minister of Defense. The actions listed in the convictions bear no criminal elements. Some political decisions have been made that can only lead to political liability. Perhaps, there were some violations of financial discipline. But it would be wrong to qualify these actions as corruption, since the fact of personal enrichment have not been found in any of the above- mentioned cases.

### U.W.: How can Mr. Lutsenko’s ill health affect the proceedings?

– Apparently, the right of Ms. Tymoshenko, Mr. Lutsenko and Mr. Ivashchenko to medical care has been violated. Art. 6 of the Basic Legislation On Health Care entitles every citizen to medical help and the free choice of a doctor. They have been denied such choice and in some cases, this has already resulted in a serious deterioration in physical health. They cannot trust the doctors chosen by those in power or the judiciary. This is because the former has sent people who will carry out their orders. The preliminary diagnosis for Yuriy Lutsenko is cirrhosis of the liver. Such a diagnosis calls for round the clock care. As soon as this diagnosis is confirmed, the court will have to decide on changing a preventive measure other than imprisonment. The European Court qualifies inadequate medical care for someone in detention as torture.

### U.W.: Mr. Lutsenko’s appeal is under extraordinary

### consideration at the European Court of Human Rights. If Strasbourg rules that the preventive detention of the former minister is a violation of the law, which options does this provide for him as well as his protection in Ukraine?

– If such a decision is made, Mr. Lutsenko will be able to apply to the Supreme Court of Ukraine, which would examine all previous decisions regarding his arrest and overturn them

### U.W.: Yulia Tymoshenko has also appealed to the European Court. How soon can she expect an answer? Plaintiffs sometimes face a wait of months and even years...

– The process will still take more than six months, even if the Court applies an emergency procedure.

### U.W.: In your view, what are Ms. Tymoshenko’s chances to appeal against the verdict that is probably going to be made in the next few days?

– Her chances to overturn the verdict through appeal are next to zero, because the judges of the relevant court are no more independent than any judge of a district court. The cassation procedure is more promising. A lot will depend on the specific persons who will be reviewing the appeal. If they are judges who have no concerns about their own past or that of their family members, they will not be afraid of being blackmailed, if they are not counting on getting housing or any other benefits anytime soon, so their dependence on the government will be minimal.

### U.W.: Are there such judges in Ukraine?

– Yes. Moreover, they realize that governments change. Today, the people in power have ordered Tymoshenko’s arrest, and tomorrow this will be done to them for executing the order against her. Therefore, they should not leave Kireev’s verdict in effect. With such a pile of violations during proceedings in the Pechersk Court, especially given the extent to which the charges are groundless, the verdict must be cancelled. Clearly, Judge Rodion Kireev realizes that a guilty ver-



“The complicity of Russian enforcement agencies in the murder of Gongadze cannot be excluded.”

Valentyna Telychenko



dict is impossible in this case. But chances are few that he will correct his mistakes on his own, because he has gone too far in his conflict with Tymoshenko. After all, he is very weak in comparison to the system.

**U.W.:** How justified, in legal terms, are the charges of "exceeding powers" against Tymoshenko regarding the gas deals? The deal was struck between two entities, Naftogaz and Gazprom, not the governments of Ukraine and Russia. Can the ex-Premier be liable in any way other than politically in this case?

– Yulia Tymoshenko is accused of instructing the Naftogaz management to sign the deals that set a specific gas price (the instruction was referred to as the "directive from the Prime-Minister). Although Naftogaz is a state-owned company, its officials are not required to execute the Premier's instructions but the Premier can still give them. Ms. Tymoshenko undertook political responsibility for a tough economic decision and the managers fulfilled the instruction and signed the deals, since the decision was made by the Premier. Therefore, speaking of exceeding powers is hardly justified in this case. Moreover, the conviction does not list any motives to confirm the supposedly criminal actions of Ms. Tymoshenko, nor has the court proven any. Her reasoning was the prospect of disrupted gas supply to Europe if no agreement had been signed. This means there is neither abuse of powers, nor the elements of a crime in the case.

**U.W.:** Some believe that Ukraine will sink into authoritarianism if the EU does not sign the Association Agreement as a result of political persecution. Do you agree?

– It's not only Tymoshenko or Lutsenko who need to be rescued today; it's the whole country that has to be rescued. Europe is forced to find the right balance. On the one hand, it does not need a Ukraine that does not share Western democratic values. On the other hand, though, Ukraine will fall to the Kremlin's feet if Europe rejects it. An Associated Partner-

ship between Kyiv and the EU generates additional, more powerful, leverage for the EU in Ukraine including in terms of protecting human rights. As far as I understand, signing the agreement as soon as possible is in Ukraine's interests.

#### THE LIMIT

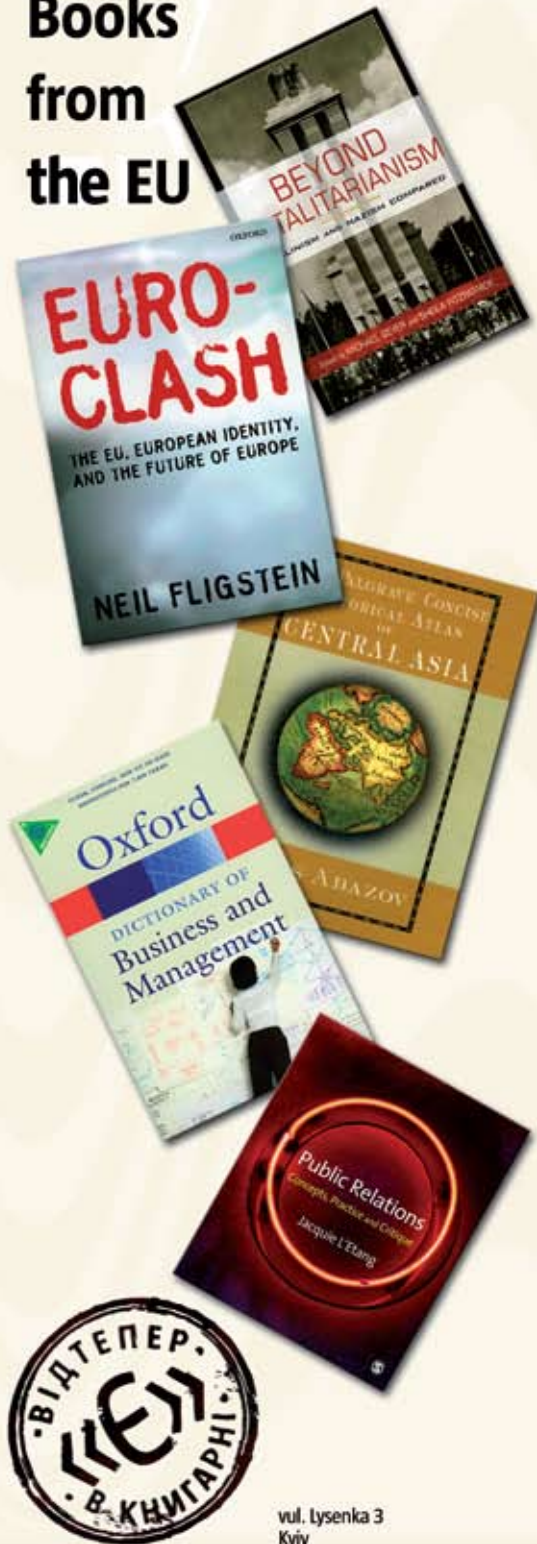
**U.W.:** Ukraine is among the top five countries in terms of appeals to the European Court of Human Rights. Why is this so? Ukrainians don't trust the justice in their country, find no truth at home or, as one diplomat once said, "they have realized where appeals can be filed now"?

– I think they can't find the truth they seek in Ukraine. But as long as they seek the protection of the court, even the European Court, it is possible to sleep peacefully. Once disenchantment and frustration with the judiciary reaches a critical point, conflicts will be solved outside the courts. This is dangerous. We've come too close to this point

**U.W.:** Why has Ukraine failed to establish an effective judiciary system that the government would not be able to manipulate over its 20 years of independence?

– We haven't reached the bottom of this abyss, which will teach us that the law and independent courts, however uncomfortable they may be, are better than the willfulness of those who are stronger. The politics of today are also part of falling into this abyss. Everybody has to realize that neither power nor force is eternal, while independent courts and the law are the only safety net for the weaker in the country. This is what must become the motivation for planning true judiciary reform rather than political or private interests, as has been the case in the recent so-called judiciary reform. It corrected individual elements, yet left the key problem, i.e. the lack of independent judges, unresolved. Thus, the judiciary today is virtually an infallible instrument in the government's hands. There can be no talk of human rights in a situation like this. Nobody violates human rights as long as those in power don't need or want to do so. ■

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# Image-Making or Policy-Making

Damon Wilson, Executive Vice President of the Atlantic Council: “The best thing Ukraine can do to improve its image is to not prosecute the opposition”

**Interviewer:**  
**Zhanna**  
**Bezpiatchuk**

**P**resenting a diagnosis of the problems of democracy and human rights in post-soviet Eastern Europe is not the top priority of the US in the political context. However, if one undertakes such a task, it must include clear, rational sense – political and even economic. And this emerges when the situation in a specific country is far from being hopeless and when the very concept of “democracy” and “human rights” actually fits into its development program, or is at least officially declared by the government. Fortunately, experts in Washington still have genuine interest in regards to Ukraine. This is a good sign.

*The Ukrainian Week* met with Damon Wilson, the Executive Vice President of the Atlantic Council, who was a co-author of the Freedom House special report, published in April on the status of democracy and human rights in Ukraine, in order to hear the views of Ukraine’s sympathizers from the other side of the Atlantic regarding events in and around Ukraine.

## MAUVAIS TON

**U.W.:** 18 months ago, in an interview with *The Ukrainian Week*, you stated that next 10 years would determine Ukrainian’s

**fate. Time goes by. What can you say about the situation today?**

– There are number of alarm bells going off right now. If Ukraine truly wants to become a modern, free nation-state and democracy in Europe, it’s doing things half right and half wrong. On the one hand, it is a good sign that the authorities in Kyiv are indeed concerned about in their reputation and image in the world. This underscores the importance of Washington and Brussels continuing to be actively involved in Ukrainian matters, critical when necessary and helpful when possible. So if your government is disenchanted with the criticism which can be heard from these geopolitical centers, it shouldn’t be angry at them, but respond to them with positive changes in domestic policy.

**U.W.:** Should Yulia Tymoshenko be convicted, in your view, how will this affect Ukraine-USA relations?

– I think it will cast a really dark shadow on US-Ukraine relations. And this is not because the US has some obligations or sentiments towards Tymoshenko. It has nothing to do with any of this. To be honest, as far as we were concerned, she was a disappointment as a prime-minister and a difficult interlocutor in dialogue on a range of issues. We didn’t see much progress on issues related to energy transparency. Even the negotiations on the EU and Westinghouse agreements were difficult. A lot of things that we have on our bilateral agenda did not make great progress when she was prime-minister. So, it’s not that the US is saying “We pick Yulia Tymoshenko up”, because she was a great partner of the US, that we allegedly want to see her become a president of Ukraine in the future. No. But let us not forget that she is a former head the Cabinet of Ministers of Ukraine, a popular leader, the runner-up in the presidential election, a viable political opposition. The point is that the winner in a democratic race is trying to eliminate the viable opposition. This is really dangerous for an unstable democracy. It destroys incentives for

the transfer of power in the future; it creates dynamics that makes it more difficult to pull off a democracy. If John McCain had to worry about going to prison when he was running in the presidential elections against Barack Obama, our system would have been crushed into smithereens. It would become completely dysfunctional. If you only set standards and high requirements only for your political enemies and not your friends, this arouses strong concerns, particularly when talking about democracy where institutions and the judiciary are weak. This is why Tymoshenko’s case is so important.

## FRONTMAN OR “TRACTOR”

**U.W.:** Isn’t it time for Ukraine and its friends in the democratic world to clearly articulate what is obvious: “It is the fate of democracy that will determine Ukraine’s position in the whole non-EU region of Eastern European”? In other words, neck or nothing. Or does this sound a little too idealistic?

– Ukraine is an unbelievably important country because of its scale and territory. Obviously, Ukraine has the potential to be one of the most important countries on the continent. However, at present, this is just a hypothetical possibility. When talking about the new Eastern Europe, then the direction of Ukraine’s development is particularly significant for it. We can see steps backward and forwards in Moldova and Georgia. This is important, after all, it is your country that could become a leader in the region and help it move towards Europe. On the other hand, it could become the “tractor” that pulls the whole region into some post-soviet fog. So, it does have outside importance. Reforms in the post-soviet space are not going to be promoted by Moscow. The reforms in this region will be driven by what happens in Chisinau, Tbilisi and Kyiv, and possibly even in Minsk. A flourishing, prosperous democratic free market Ukraine will also influence debates within Russia, regarding its own future.

## BIO

**Damon Wilson** is an American foreign policy advisor and the current director of the International Security program at the Atlantic Council of the United States, a foreign and public policy think tank based in Washington, D.C.

**1998** – Wilson completed his master’s degree (MPA) at Princeton University’s Woodrow Wilson School of Public and International Affairs. As a fellow of the Presidential Management Fellowship, Wilson worked on the State Department’s China desk and at the U.S. Embassy in Beijing.

**January 2004 – November 2006**, as Director for Central, Eastern and Northern European Affairs at the National Security Council, Wilson strengthened ties with the German Chancellor, coordinated interagency policy in support of reform in Ukraine, including the time during the Orange Revolution.

**December 2007 – January 2009** Wilson worked as a Senior Director for European Affairs at the National Security Council. Since early **2009** to present, Wilson directs the International Security program at the Atlantic Council of the United States, a foreign and public policy think tank based in Washington, D.C. His work focuses on NATO transformation, European defense, emerging global security challenges and transatlantic defense and intelligence cooperation.



**U.W.: How can problems with states budget of the USA and subsequent political crisis influence its foreign policy? Will Eastern Europe become an even lower priority in this respect?**

– Clearly we have major serious domestic issues related to our budget and how to overcome its deficit. It's not as if we have never had serious debates on immigration policy and social security in the G.W. Bush, Clinton, Reagan or Carter administrations. However today's disagreements in Washington are absorbing all the oxygen, if you will, in the political space of America. So, foreign political issues are very much secondary today. I personally am concerned about what it means in terms of sustaining US engagements around the world. At the same time we are superpower. We live in a reality in which our president has a lot more freedom to act in the international arena, that in domestic policy. So, what you see with the American presidency is that it's very difficult for it to move on its domestic agenda, when Congress has to be involved in the process. This is actually why a president tends to play a very active role in foreign policy, because it is easier to act independently. If you think about this in relation to Ukraine, you are right; it's not going to be on the top of president's agenda. But Ukraine has a lot of friends in Washington. There is a strong community here in the US that wants to see Ukraine succeed. Specialists in the White House, State Department and Pentagon – they all intend to continue working on US-Ukrainian relations, regardless of what it going on in the domestic policy of your country.

**U.W.: This year the Ministry of Foreign Affairs of Ukraine published a strategy for improving Ukraine's image abroad. What recommendations could you give to change it for the better, particularly in Washington?**

– It's not just the problem of image; it's a problem of policy. I would like to say that your Ministry of Foreign Affairs has a very experienced Foreign Minister right now, but the issues that are the problem for Ukraine on the international stage have to do with the Prosecutor General, Ministry of Justice, Constitutional Court and the Verkhovna Rada. So, I think the Ministry of

Foreign Affairs is in difficult spot. But if you assess Ukraine in terms of foreign policy it does quite well. I think quite interesting how seriously Ukraine has handled relations with the EU, has continued to maintain its strategic partnership with Poland and has got better about not negotiating and managing its relationships with Russia in a constructive way. Your Ministry has been working effectively on issues of energy cooperation with the USA, foreign investments, and tax issues faced by American citizens in Ukraine or how to deal with highly enriched uranium. The foreign policy of Ukraine has been pretty good. The problem lies in your domestic policy which is viewed negatively around the world. And this cannot be fixed with a PR plan to improve its image abroad. This can only be fixed with the aid of internal reforms, transparency at home and ensuring the independence of the judiciary system.

The best thing that Ukraine can do today to improve its image in Washington is to find a solution and stop the criminal persecution of high-profile representatives of the political opposition, beginning with Yulia Tymoshenko and Yuriy Lutsenko. We have some backsliding in negotiations about handling high-grade uranium. If Ukraine is unable to continue it effectively, it will lose a huge opportunity in relations with this White House.

**U.W.: What about next elections in Ukraine?**

– There has only been one election under this administration – last year's local elections which were conducted badly. They represented the first step back since 2005. Will this government be able to ensure an electoral process that is free, honest and transparent? This is truly the number one task and a test.

**U.W.: You were one of the first experts who, after the signing of the Kharkiv Treaty on the Black Sea Fleet, acknowledged that it would restrict Ukraine's ability to approve independent political issues. Have you personally seen this confirmed since then?**

–I have to admit, that to this day, I still have a pretty negative view of the Kharkiv deal. I stand by my original concern about it in terms of what it represents for long-term Ukrainian control and sovereignty. But I also think that this Ukrainian

government has performed admirably in relations with Russia since the Kharkiv deal. I think many in the Ukrainian Government have learnt a lesson “the more you give, the more Moscow demands” and Ukraine is simply incapable of satiating the appetite of the Russian government on certain issues”. The Kharkiv treaties were a low point. But from then on, one way or another, the government was able to prove that it was prepared to do that, which is first and foremost needed by Ukraine. And that's a good thing.

I think that President Yanukovich has realized that it is much more enjoyable to be the president of an independent country rather than a vassal state. Look how he responded to the challenge of choosing between the free trade agreement with the EU and the Customs Union with Russia. I think the Ukrainian government handled this well, and by doing so, asserted its strategic choice to move forward in negotiations with the EU. Even though good political and economic relations with Russia are very important, they cannot develop at the expense of turning away from the possibilities of your future in Europe. ■



# FREEDOM HOUSE: We Will Continue To Tell the Truth

Freedom House President David Kramer:  
“It looks like Ukrainian leaders are using the judiciary to prosecute their opponents”



Ukraine dropping in the Freedom in the World report reached all leading mass media and government centers in Europe and the US on the same day. Over the past few months, the current government has essentially been communicating with Freedom House through Hanna Herman and Inna Bohoslovska. These politicians are the people who have been responding to critical reports and letters from Freedom House's David Kramer and his colleagues on the state of democracy in Ukraine. The Ukrainian Week spoke with Mr. Kramer to hear his opinion on recent developments in Ukraine and the quality of communication with the Ukrainian government.

**U.W.: The case against Yulia Tymoshenko brings to mind two opposite views: either her hypothetically possible sentence to prison will have a catastrophic impact on Ukraine's democracy and European integration or the life of the country will not depend on this case so critically. What is your opinion on that?**

– This is a serious threat to Ukrainian efforts to move in a more democratic direction. It's more than one case. This prosecution of Yulia Tymoshenko started last year first over ambulances and the Kioto fund, and then over the current case as well as gas dealings when she was in the private sector in the 1990s. It has created the impression that the government is intent on going after her, convicting her, putting her in jail, making her ineligible to run for president again and essentially keeping her away from having any opportunity to return to office. So, this whole situation suggests that the Ukrainian leaders are using the judicial system to go after their main opponents. It's not just Tymoshenko.

**Interviewer:**  
**Zhanna**  
**Bezpiatchuk**

**A**scetics often live in caves to seclude themselves from the world. Unlike caves in religion, in politics caves have hardly anything in common with reverent solitude. They are cold, damp places sheltering hol-

low authoritarian or totalitarian regimes. No matter how much one wants to criticize institutions like Freedom House, turning away from them means running away from the world and into all the related consequences. The news of



It's also Yuriy Lutsenko and others. The Tymoshenko case is, obviously, the one that has received the most publicity.

**U.W.: What criteria are most important in assessing democracy in Ukraine? Is it the procedural aspect of the case against the former prime minister — i.e. not ensuring her right to defense, disproportionate preventive measures and the rejection of defense witnesses, or that it is a trial against the opposition leader despite the other problems?**

— To be honest, it is a combination of all of this. I think this has reached the point where there is not much that can be done to fix it. The investigation, the charges and courtroom proceedings, in my view, need to be abandoned. The whole procedure has been compromised. It lacks credibility. When the judicial proceedings lack credibility, then you kind to start from the beginning, you start from scratch. I don't think that there can be fixes made in procedures to make this a better, more credible process. This whole prosecution of Tymoshenko lacks credibility. At the same time, former government officials should not be exempted from responsibility. The way this has been conducted almost from the beginning smacks of politics rather than the true pursuit of justice. There are a number of other issues and cases that if judicial authorities wanted to investigate, I'm sure they could find some interesting information such as in the second round of the presidential election in November 2004, or the gas deal that was signed in January 2006. And Yulia Tymoshenko had nothing to do with that. Or the manner in which the Rada ratified the Kharkiv Treaty last year. It seems that the bulk of attention is being devoted to Yulia Tymoshenko because — in the minds of the current authorities — it seems she poses the greatest threat. So they have dug an enormous hole for themselves. And they have to stop digging.

**U.W.: Representatives of the current government claim that foreign governments and organizations should not interfere with cases against former top officials. Still, virtually all Western Foreign Ministries**

**BIO**

**David J. Kramer** is President of Freedom House, which he joined in October 2010. Prior to joining Freedom House, Kramer was a Senior Transatlantic Fellow at the German Marshall Fund of the United States. Before joining GMF, Kramer served as Assistant Secretary of State for Democracy, Human Rights, and Labor from March 2008 to January 2009. He also was a Deputy Assistant Secretary of State for European and Eurasian Affairs, responsible for Russia, Ukraine, Moldova and Belarus affairs as well as regional non-proliferation issues. Before joining the U.S. Government, Kramer was a Senior Fellow at the Project for the New American Century, Associate Director of the Russian and Eurasian Program at the Carnegie Endowment for International Peace, and Assistant Director of Russian and Eurasian Studies at the Center for Strategic and International Studies, all in Washington. Kramer received his M.A. in Soviet Studies from Harvard University and his B.A. in Soviet Studies and Political Science from Tufts University.

**have commented on them. How do you see the situation?**

— Ukraine is a member of the Council of Europe and a member of the OSCE. Ukraine is a signatory to the UN Declaration on Human Rights. All these things mean that these kinds of concerns — human rights concerns — do raise the level of attention from other countries. And so other countries have the responsibility to raise the issues and concerns about these kinds of actions. And the Ukrainian authorities need to ask themselves why nobody outside of the country (and even a lot of people inside the country) attaches any credibility to this process. Criticism is coming from everywhere, including from Moscow. And yet the Ukrainian authorities say that everything is in the hands of the judicial bodies. President Yanukovich needs to show some leadership and dismiss the case and order the legal authorities to do this as well, because no one finds it credible.

**U.W.: This July you disclosed an open letter to President Yanukovich where you called on him to stop "digging a hole" for himself. Have you got any reply?**

— I did not get one directly, personally. There were comments made by Hanna Herman who dismissed the criticism and denied political persecution. Inna Bohoslovska wrote a response in the KyivPost saying that we are the ones digging the hole for President Yanukovich. There seems to be a lot of press attention to it, but I would say the government did not seem to receive it positively. The response from the government to our report that we released in June in Ukraine was more positive. Anna Herman was there, she stayed through the presentation, though she left after she made her first comment. The president issued a statement that he was taking it seriously. Unfortunately, I would say those comments proved to be rather empty. The test is really in the policies of the government which it still has to pass.

**U.W.: Eight months of 2011 have passed. Is it possible to forecast Ukraine's position in the next Freedom in the World ranking by Freedom House?**

— We still have four months to go before the book is closed. It

would be premature of me to suggest any change, but the trends so far this year have not been encouraging.

**U.W.: Who is the target audience of the democracy and human rights surveys carried out by Freedom House?**

— The audiences are all those who are interested in the development of freedom all around the world. That includes the US government, US Congress, European governments, European parliaments, the defenders of civil society and human rights. It's global. It covers the entire world. So we get a lot of attention. We have been doing it since 1972. The report has developed the reputation for being a key standard for how countries are developing.

**U.W.: Does the country's ranking in your report affect potential investors?**

— When a country is moving in the wrong direction on freedom scores, it generally still does have sufficient rule of law to attract the proper or adequate foreign investment. But I do know that US government agencies attach significance to the scores and rankings we report.

**U.W.: There is a caste of politicians in the FSU who say Freedom House promotes the US government's interests. What is your answer to them?**

— There is very rigorous methodology for evaluating countries. There are experts who contribute to the process. There is a committee that reviews the analysis and gives scores. It goes through a very rigorous process. That's not to say that we are perfect. We struggle every year to make the analysis and ranking better than the year before. But I think that it is about as good as it could be. It does not surprise me that countries that are authoritarian in nature and that are moving in an anti-democratic direction don't like what we do. They don't like the spotlight being shined on their deficiencies, shortcomings and abuses. I'm not sure what we can do in the minds of such government officials to improve this reputation. We will continue to tell the truth and to do the best job we can. ■

# Mr. Yanukovych's Foreign Po

Steven Pifer:  
 “You have some people in Europe and the US asking if it is time to apply possible restrictions on certain Ukrainian officials”

Interviewer:  
 Zhanna Bezpiatchuk

In his interview with *The Ukrainian Week*, Steven Pifer, former US Ambassador to Ukraine and now expert at the Brookings Institution, talks about official Kyiv running out of room to maneuver in the international arena.

**U.W.:** You previously said that Ukraine will get weaker in negotiations with Russia and lose its ability to defend its interests if democracy in the country is scrapped. Could you elaborate on this?

– It seems to me that over the past year and a half, the relations between Russia and Ukraine have improved. However, there are still issues on which Moscow and Kyiv have different interests. For example, the question of the price that Ukraine pays for gas imported from Russia. The Ukrainian prime minister is again talking about lowering this price. There is an obvious conflict in doing so. The lower price for Ukraine means lower revenues for Russia. The countries also have different views on the South Stream pipeline because if Russia builds this pipeline (and at this point there is no new gas supply to fill South Stream) the gas that would fill it would be gas that would otherwise be pumped through Ukraine. So, there are issues on which they differ. And my point is that if the democratic backsliding leads to weaker relations between Ukraine and Europe and between Ukraine and the US, it will weaken Ukraine's bargaining position in

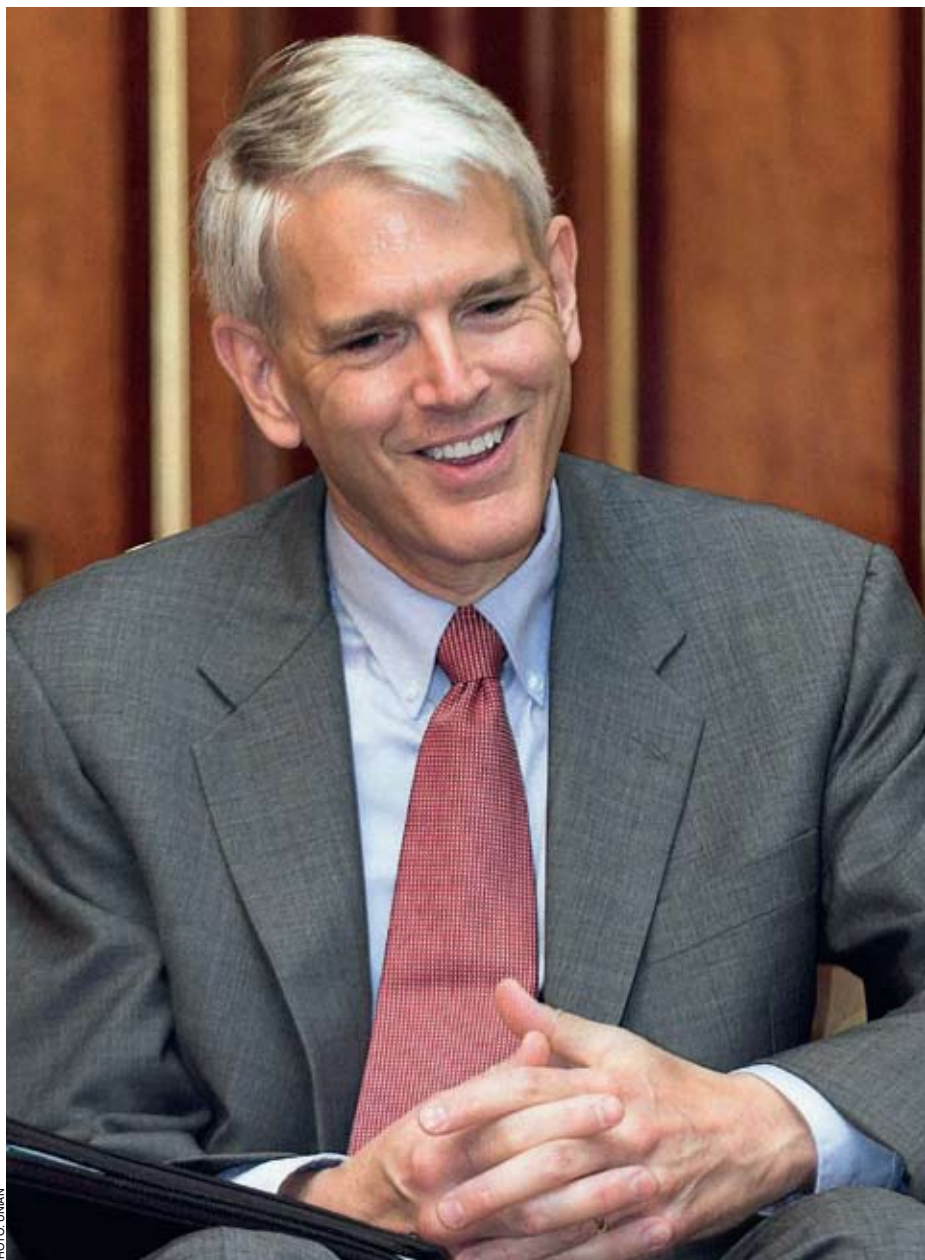


PHOTO: UNIAN

talks with Russia. If Ukraine has a strong relationship with Europe, it will be in a stronger position to bargain with Russia. Because of the backsliding on democracy, it will have a harder time having a good relationship with Europe. I think President Yanukovych's position will be weaker. That is the concern I have for Ukrainian foreign policy.

**U.W.:** Do you think the US and Europe could forgive or overlook

**the current president's authoritarian inclinations and deeds in order to keep Ukraine within the European framework?**

– I think the risk is the opposite. You already have Europeans talking about whether the EU should slow down negotiations on an Association Agreement because of declining democracy. I do not think that is in Ukraine's interest. Here in Washington, I hear there is significant concern about democ-



# Policy Dilemma

racy declining in Ukraine. As I said before, it makes it very hard for President Yanukovich to get a meeting with President Obama. The government has to think about what it wants to do. It can't have declining democracy and still have the kind of relations it says it wants to have with the EU and the US.

## **U.W.: Beyond any logistical and organizational matters, what is necessary to make a meeting with President Obama possible?**

– If you go back a year ago, remember, the administration organized a bilateral meeting between President Obama and President Yanukovich when Yanukovich was in Washington in April 2010 for the Nuclear Security Summit. I think the White House reached out to the Yanukovich administration very quickly, recognized the presidential election and accepted Yanukovich as president because he won in what everybody saw as a free and fair election. That gave him a significant degree of democratic legitimacy. What happened over the last year are the problematic local elections in October 2010, actions by the Security Service of Ukraine, the trial of Tymoshenko and what appear to be politically motivated prosecutions of other leaders of the opposition. Basically these events have called into question how committed the Yanukovich presidency is to democracy. And many people are very concerned about the backsliding on democracy. I think two things would have to happen to make a meeting between the two presidents possible. First, this White House would like to have some positive results. There have to be specific achievements. But I think it is more important to stop the backsliding on democracy, because if President Obama were to meet President Yanukovich, I think he would raise significant questions and significant criticism. If he was not very tough in criticizing President Yanukovich backsliding on democracy, there would still be pressure from Congress. Why have you met him without expressing concerns? A lot of people in Congress are following the Ty-

moshenko trial. A lot of people are really concerned that this is in fact a politically motivated trial and that there is no substance in the charges. For example, we have seen expressions of concern from the Congressional Commission on Security and Cooperation in Europe and from Senator John McCain who comments on Republican foreign policy. The further the Ukrainian political system goes back in terms of democracy, the harder it will be to achieve that meeting. I am not saying this is what the US government thinks, my comments are based on my own assessments.

## **U.W.: Is it possible to draw a line between support for Tymoshenko that comes from abroad and that came previously when she was in politics and support for the democracy in Ukraine as such? Many will argue that Ms. Tymoshenko is no angel herself.**

– I don't think that people had unrealistic illusions about Tymoshenko, they recognize that she has flaws. But I think it came as an unpleasant surprise to many when the government prosecuted her. It seems the essence of the charge is that she negotiated a bad contract. I have heard people here criticize the terms of the contract. But it's not a criminal matter that she negotiated that contract. It contributed to the fact that she lost the election in 2010, but you don't have to criminalize that and that's causing concern. This has been something that has not been seen in Ukraine previously. Despite the political differences prior to President Yanukovich, that has not been your history. And last year it seems to have become common – politically motivated prosecutions of opposition leaders. And that is not healthy for democracy.

## **U.W.: Do you see any difference between the American and European approaches to Ukraine?**

– I think there is a lot in common between the American approach and the European approach. Your president made very clear that he was not interested in the NATO membership action plan, he was interested in practical cooperation. People here in Washington, DC say that's fine, that's Ukraine's choice. That it is a logical course for Ukraine to develop a relationship with the EU. So, my

impression is that the US government is very supportive of the idea of an Association Agreement between the EU and Ukraine and a deep and comprehensive free trade zone because that might ensure very positive links with Europe. And that's why they became concerned about the backsliding on democracy, because that backsliding will make it more difficult for Ukraine to follow its path to Europe. You have some people in Europe and the US asking if it is time to apply possible restrictions on certain Ukrainian officials. This is not good and it's not healthy. President Yanukovich has the power to stop it.

## **U.W.: How would you comment on the statement that Ukraine cannot afford to be authoritarian because unlike Russia with its greatness, Kyiv can only rely on its own democratic achievements when it comes to dialogue with Europe and the US?**

– I don't think it's black and white. But a democratic Ukraine will be seen as a more compatible and acceptable partner for Europe and the US. I think President Yanukovich's foreign policy is pretty sensible for Ukraine – a good relationship with Russia and a good relationship with Europe. He has made clear that he wants to bring Ukraine into a comprehensive free trade arrangement with the EU as opposed to the Customs Union with Russia, Belarus and Kazakhstan. I think that is a very sensible policy. But again his ability to move that policy is going to be much stronger if people see Ukraine as a democratic state that shares the political and democratic values of Europe. If Ukraine continues to be seen as moving in the wrong direction, as backsliding on democracy, it will be harder for Yanukovich to promote this kind of foreign policy.

## **U.W.: What solution do you see from the American perspective?**

– I worry that the longer the Ukrainian government continues on this course of digging themselves into a deeper and deeper hole, the harder it will be to change course. But I do think that if they want to stop a trial that has lost credibility, they could find the technical reasons to do so. That would certainly be a positive signal. ■

### BIO

**Steven Pifer**  
Born December 8, 1953 in California

1976 – graduated from Stanford University

1985-1988 – worked at the US Embassy to the USSR

1988-1990 – Deputy Director for Multilateral and Security Affairs, Office of Soviet Union Affairs

1990-1993 – Deputy Political Counselor, US Embassy in London

1993-1994 – Deputy to Senior Coordinator for the Newly Independent States

1994-1997 – National Security Council Director for Russia, Ukraine, and Eurasia; special assistant to the National Security Council president and senior director

1998-2000 – US Ambassador to Kyiv

2001-2004 – Deputy Assistant Secretary of State in the Bureau of European and Eurasian Affairs



# A Tango for Two

Jose Manuel Pinto Teixeira talks about the effect of scandalous trials in Ukraine on the prospects of signing the Association Agreement with the EU

**Interviewer:**  
Zhanna  
Bezpiatchuk

**Photo:**  
Andriy  
Lomakin

**T**he situation around the talks on the Association Agreement between the EU and Ukraine is about to reach its zenith: technical aspects will soon be clarified in full and big European politics will once again take the spotlight. Currently, the outlook does not look like a big hit for Ukraine as it is shadowed by the dark clouds over Pechersk. It was during this intriguing time that the Ye Bookstore met Jose Manuel Pinto Teixeira, the EU Ambassador to Ukraine. The Ukrainian Week presents some excerpts of Mr. Teixeira's presentation below.

**There is a tendency to sometimes present a distorted reality to the Ukrainian people, that Europe does not give them a European integration perspective, thus demonstrating that it does not want Ukraine. That is completely**

**false. Nobody in Europe disputes Ukraine's European identity.** I come from Portugal where there are about 100,000 Ukrainians. They are extremely welcome in our country. No-one doubts they are Europeans. They are hard working. We are the fortunate ones to have received an influx of people from Ukraine and the loser here is Ukraine itself. Ukraine is an integral part of Europe but not yet an integral part of the European Union and its institutions. But then again Ukraine has to do its job. I get the chance to have conversations with Ukrainian politicians, people in responsible positions, and they say, "Look, you have to take us, otherwise somebody else will." The EU is not in the business of taking anyone. It's always about people wanting to join. The EU is called a soft power; we are not a power that imposes decisions on other countries.

**I don't think that anybody can say with an absolute guarantee that the resolution on Tymoshenko or other leaders now in custody is a pre-condition to signing the agreement.** There are three steps leading to the initialization. The first is negotiations on each side. When no open issues are left, they do the initialing of all pages of the document. The next stage is the signing which is beyond the technical process and involves consultations with the representatives of the 27 member states and the European Council to agree to actually sign it. Then you move into ratification by the parliaments, plus the European Parliament. Sometimes parliaments don't agree with what the governments in these countries decide. We don't have vertical power structures in the EU.

I do not want to make you believe that the European Parliament



will necessarily be in favor of ratifying the agreement if the situation in Ukraine does not improve by the time the process of ratification begins. Most political groups in the European Parliament, even the socialists who now have some kind of cooperation with the Party of Regions, share unequivocally the need to respect fundamental principles in Ukraine.

Nobody can preempt the decisions that need to be taken by the 27 members.

**This raises the issue of coherence between the EU offering this kind of prospect and agreement to a country where such events are taking place.** This is incompatible with its principles. Therefore, we are in a dialogue with the authorities to press for understanding of the problems. If integration is really the objective, these issues will have to be resolved. Some legislation that still applies in Ukraine does not reflect the following democratic principle: decisions made by political leaders elected by people during their mandate should be judged by voters. I would expect that the current and future authorities of Ukraine will want to avoid having the aberration of legislation from the times of Mr. Khrushchev. It was better than the legislation under Mr. Stalin, perhaps, but still not good enough. It's up to the politicians in Ukraine to find a solution.

**In 2009, when Slovakia, Serbia and Bulgaria were freezing, the lady who is now in jail found a solution.** That was recognized and welcomed by the EU. The position of the EU always was and still remains that the EU is not part of the gas agreements. These are agreements between companies that earn money in Bulgaria, Slovakia and so on, and make agreements with Gazprom in Russia to be supplied gas at a certain cost. Ukraine is a transit country but Naftogaz is not a signatory to any company in the EU in this case. The EU in a way had to organize meetings with the parties to the gas conflict and try to get them to sort out their problem. Eventually, they were solved by the Prime Minister at the time. If this gas conflict drags on, I'm afraid the EU will be squeezed between the parties, the supplier and the transiting party. But I think it's important to take the lessons from the current

case in court. When we claim that Ukraine wants to pay the same price as Germany does, we must understand that when a contract is signed with a party that has lost credibility because at a certain point in time things were not delivered, the flexibility to negotiate is reduced. The EU must now think how to diversify its energy supply. We should start buying liquid gas on spot markets.

**The pillars of the Ukrainian economy are the same today as they were 20 years ago.** Twenty years ago Ukraine was producing steel, iron, coal, fertilizers and agricultural products. This is still the case today. 40% of Ukraine's exports are steel. These industrial assets largely moved from being state-owned in a communist country to the hands of several businessmen. Since then, Ukraine has not diversified into new products, into higher quality products, or into attracting foreign and domestic investment. What is quite important, Ukraine has not moved towards having small and medium enterprises that really constitute a substantial percentage of the economy, offer flexible employment opportunities, and absorb economic

**raine.** Why is that? The situation here has deteriorated over the past year, I must say. We used to have the Bureau for European and Euro-Atlantic Integration and a national coordination unit at the Ministry of Economy. One was eliminated, the other is still there. The reason might be the current public administration reform that every country unquestionably needs. But we've seen very knowledgeable and experienced interlocutors who used to work with the EU for a long time being shifted to other positions. At this moment we are a bit lost. Deputy Prime Minister Klyuyev with whom I have very good relations has taken on these responsibilities recently. But I think he's still in the process of getting his house in order, the structures I mean. At the moment there is a need for improvement in this area. If European integration is indeed the objective, everything is very simple with Ukraine: just do what others have done — set up structures, engage civil servants in the respective departments seriously in the cooperation with their foreign counterparts, adopt and implement the legislation, and change the public services that have to conduct these processes. It takes two to tango, therefore both partners must work.

**I wish Ukraine had no hypocrisy. When the authorities say "we want this" they should really do it, not just say it to look sympathetic to us and to make the public believe things are going to happen when they are not. We need serious commitments to not only adopt the right decisions but to implement them as well.**

Ukraine has joined the Bologna process. If Ukraine is going to integrate into the EU, the sooner it starts harmonizing its education system with the European Union, the better. If Ukraine wants to have more people in European universities or companies gaining the experience they can bring back to their country later they need to have academic qualifications that are recognized in Europe. I met with the Minister of Education some time ago and we talked about the independence of universities and their European integration. But I cannot dictate anything to anyone. If the government says tomorrow that they don't want to follow the process they are sovereign to stop following it. ■



## I WOULD EXPECT THAT THE AUTHORITIES OF UKRAINE WANT TO AVOID THE ABERRATION OF LEGISLATION

shocks similar to the one we had in 2008. The Free Trade Agreement has two objectives. One is the liberalization of trade when Ukrainian producers can access the European market of 500m people with a much higher income level. The demands of this more sophisticated market will encourage you to make higher quality products. Also, the zone is deep and comprehensive which means that Ukraine will have to use the same regulatory approaches to the economy as the EU does and have the rule of law in the country. But Ukraine has lost 20 years already and should not waste another week.

**Ukraine receives all the assistance that all candidate countries in the process of negotiating EU integration do. It has all instruments available including Twinning programs, TACIS and so on. Unfortunately, I think they are very ineffective in Uk-**



**THE MASTER OF RUSSIA**  
The prospect of having Vladimir Putin back as president discourages young and ambitious Russians to expect changes for the better in their country

PHOTO: AP

# TIME

The Soviet Union was undermined by stagnation and a sense of hopelessness. Is the same thing happening again?

In 2000 a group of young Russians, just back from their studies in America, started the website WelcomeHome. Ru. "Life in Russia is becoming more normal. It is possible to live here, make a career and bring up children. Many of those who had left have come home. We are among them," the site read. It was a typical reaction by young Russian professionals to the growth, opportunities and promise of stability from Vladimir Putin, the new president. Soon, after years of capital flight, money started to flow back into Russia.

Twelve years later, as Mr Putin appears to be preparing to retake his presidential office for another 12 years, the mood is starkly different. WelcomeHome.ru is dead. Instead, a new popular blog has sprung up on a Russian social network. It is called "Pora valit", which means roughly "Time to shove off". Its few thousand users exchange stories about how best to leave Russia. The blog's title sums up perfectly the mood among Russia's urban and educated class.

Emigration is the talk of the town. Dmitri Bykov, a popular and prolific author, dedicated a recent weekly feuilleton to the flight of money and people and the travelling ban imposed briefly on two opposition politicians, Boris Nemtsov and Vladimir Milov. The Soviet government punished dissidents by expelling them, Mr Bykov quipped. "Now they punish them by keeping them in."

A recent opinion poll by the Levada Centre shows that 22% of



# E TO SHOVE OFF

Russia's adult population would like to leave the country for good. This is a more than threefold increase from four years ago, when only 7% were considering it. It is the highest figure since the collapse of the Soviet Union, when only 18% said they wanted to get out. Those who are eager to leave are not the poor and desperate. On the contrary, most are entrepreneurs and students.

The Levada Centre recently conducted a survey of people aged 25-39 living in large cities and earning five-to-ten times the average income in Russia. Almost a third would like to emigrate permanently. They are not dissidents or romantics. Half say they have no interest in politics, a third are Kremlin supporters, most work in the private sector and have done well over the past decade. "These are not just people who would like to leave Russia, but people who have the means to do so," says Lev Gudkov, the head of the Levada Centre.

These figures do not necessarily indicate a brain drain. Mr Gudkov, who has been measuring Russia's emigration over the past 20 years, says the number of people who will actually leave is probably small. Among the young and well-off, only 6% have filed for a visa, are negotiating a contract or have applied to study abroad. (Though, given Russia's unfavourable economic and social trends, it can ill afford to lose even a small number of its best educated young people.) What these figures really show is a startling level of frustration with the state of the country. "This is a cardiogram of Russian society," says Mr Gudkov. If so, things are going badly.

## THE SUITCASE SYNDROME

In some ways, the urge to leave now may seem odd. Mr Gudkov says that what he calls the "suitcase mood" usually spikes either in anticipation of a crisis or just after one. After the financial crisis in 1998, for example, his emigra-

tion indicator went up to 21%. Devaluation and default had wiped out savings and Boris Yeltsin had fired his government, raising fears of an unstable succession. But now the succession is in no doubt. Mr Putin will remain in power for the foreseeable future. And even if, by chance, Dmitry Medvedev, the present president, is allowed to stay on in his post, the current regime will continue in some form or another.

The economy also shows no sign of immediate distress. After the 2008 financial crisis, which hit Russia harder than most countries, output bounced back and is now growing at between 4% and 5% a year: not as fast as in the mid-2000s, but certainly no worse than in many other emerging markets, including Brazil. The oil price is 1.5 times higher than it was in 2007, the peak of general optimism; inflation is heading down; employment is up and consumption is robust. Evgeny Gavrilenkov, chief economist at Troika, a Russian investment bank, calls it "a good muddling through".

Yet, despite this, people and firms are taking money out of Rus-

optimistic analysts, argues that the economy is in a better state than people think—for the moment. "Things can go on like this for another two years. Maybe three. But then..."

## MISUSING OIL

Russia's most immediate vulnerability is its growing dependence on energy. During Mr Putin's rule the share of oil and gas in Russia's export revenues has gone up from half to two-thirds. This increase is almost entirely due to higher prices rather than growing production. The budget depends on them. Five years ago Russia needed \$50-a-barrel oil in order to balance its budget. Next year the price will have to be \$120 to meet its spending obligations. The current price is \$113 a barrel. As Russia gets closer to elections, its budget expenditure (which is already growing by more than 10% a year) is bound to increase.

The fact that Russia has a lot of oil to export is not a problem in itself; as Clifford Gaddy of the Brookings Institution has argued, it ensures a competitive advantage. The problem is the country's addiction to it, and its misuse of oil revenue. Instead of investing in human capital—such as better schools and hospitals—and modernising the oil and gas industry, Russia has used the money to perpetuate the inefficient structure of the Soviet economy in exchange for political support. Instead of encouraging people to look for newer opportunities, Russia ties them down with handouts to dinosaur enterprises and one-company towns.

A good example is the case of Avtovaz, maker of the Lada car. After the 2008 crisis, Mr Putin should probably have let the ailing company go bust. It simply could not compete with the new models being produced elsewhere, especially in Japan. Instead, Mr Putin gave Avtovaz more than \$1 billion and shielded the company from foreign competition. Since ▶

**22%**  
of Russians would like to leave their country and live somewhere else



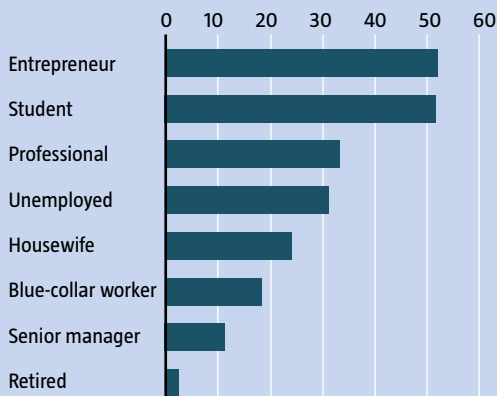
## RUSSIA'S ECONOMY IS MORE FLEXIBLE THAN THE SOVIET ONE WAS

sia. Last year the net outflow was \$34 billion (see chart). Some of the capital flight, Mr Gavrilenkov says, can be attributed to the unexpected windfall from higher energy prices: unable to invest everything at short notice domestically, energy firms are parking it abroad. But a lot of capital is leaving the country in small sums and can only be attributed to individual transfers. Soaring sales of mid-price properties to Russian buyers in Europe confirm the trend.

So while the sense of acute crisis has gone, it has been replaced by a feeling of stagnation. Mr Gavrilenkov, one of Russia's more

### Greener fields

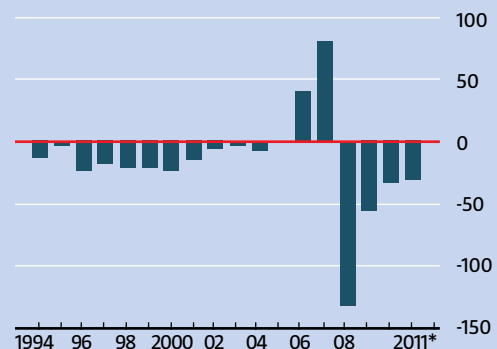
Would you like to leave the country to live elsewhere?  
May 2011, % replying "yes"



Source: Levada Centre, Novaya Gazeta

### The money drain

Net private capital inflows/outflows, \$bn



Source: Central Bank of Russia

\*To June 30th

Avtovaz employs 70,000 people directly, and millions of parts-suppliers and car-dealers rely on it, the prime minister's investment is expected to pay off on election day. Asked who should be Russia's next president, Igor Komarov, the plant's boss, replied: "If you weigh up who has helped us in our hardest time, the answer is obvious: Mr Putin."

Mr Putin's rule, however, is far from being as beneficent as it seems. Throughout most of his vaunted "period of stability", disposable income and retail-trade volumes have grown twice as fast as GDP. In the 2000s soaring consumption translated into economic growth, but this was largely achieved by using up the spare capacity of Soviet assets and under-investing in new industries and infrastructure. A study commis-

sioned by the World Bank in 2007—a year before the crisis—revealed that only 5% of firms were created or destroyed in the decade of high growth. In a healthy market economy the rate is much higher, sometimes approaching 20%.

As a result, Russia now lacks capacity for strong economic growth. The continued increase in consumption, backed by a high oil price, has led to an astonishing increase in imports (up 40% a year), but it no longer stimulates the domestic economy. Such stimulus can come only from a boost in productivity and investment.

Fresh investment, both foreign and domestic, is deterred by Russia's poor business climate, which shows little sign of changing. When Walmart tried to buy a retail chain there—a three-year flirtation that eventually ended last year—it was apparently fobbed off by bureaucrats who, according to a source familiar with the negotiations, "did not want another whiner like Ikea, which had exposed corruption."

### NOT FOR A SACK OF GOLD

That corruption crushes the prospects of active and talented people. The rent-seeking behaviour of Russia's rulers, who control the money and the levers of repression, stifles competition. Many of the elite have backgrounds in the security services; their instinct is to raid, grab and control, rather than create and compete. The occasional firing of high-ranking officials such as the former mayor of Moscow, Yuri Luzhkov, leads not to a change in the system but to the simple redistribution of cash flow.

Investing in innovation and raising productivity makes little sense when your well-connected competitor can hire the tax police and prosecution service to force you out of business. As Dmitry Kamenshchik, owner of Moscow's Domodedovo airport (now being eyed by state-backed competitors), says wryly: "Like anyone else I don't know whether I will be sent to prison or not. We are all citizens of the Russian Federation and live under the Russian criminal code."

Mr Medvedev has a grand plan to create a Silicon Valley in Skolkovo, a special zone outside

Moscow, and is bringing in Cisco, an internet-services giant, as a flagship firm. But this will do nothing to free up competition or make Russia an attractive place to do business. When two Russian physicists who live and work in Britain won a Nobel prize last year they were asked to come and work in Skolkovo. "You must have all gone mad over there if you think that for a sack of gold you can invite anyone," Andre Geim replied. The fact that Russian scientists want to work abroad is not a problem in itself; large numbers of Chinese scientists do the same. The problem is that so few want to return. According to the World Bank, 77% of Russian science and engineering students studying in America will never come back.

In the past, Russian entrepreneurs were prepared to put up with bad institutions and corruption because of high returns. Now that the rewards are smaller and the appetites and impudence of bureaucrats greater, large Russian firms are reducing the domestic sector of their business to a minimum, while smaller ones are looking to sell up. A recent survey by Campden Media and UBS, a bank, of 19 Russian businessmen with a personal wealth of more than \$50m and a turnover of \$100m showed that 88% had moved their personal wealth abroad and were prepared to sell their companies. Few planned to pass their businesses on to their offspring, which is hardly surprising, since most children of the rich and powerful are now ensconced in the West. Parents send their children abroad not to learn to run their businesses more efficiently, but so they never have to come back.

### A FUTURE AMPUTATED

All this is breeding a sense of stagnation that compounds the glum mood of the middle class. It is not fear of impoverishment or unemployment that makes people think of emigrating, as in many other countries, nor the threat of instability or revolution, which have forced out Russians in the past. People want to leave because they feel there is nothing more for them in Russia. The sense of a future has been amputated. According to the Levada Centre, three-quarters of Russians do not plan



more than two years ahead; only 3% plan more than ten years ahead. The degradation of infrastructure, institutions and, most important, human capital, creates a desire to tune out of it all.

Those who want to go abroad often have higher material standards of living than their peers in the West. They are looking for things they cannot buy: recognition of achievements, protection of property rights, physical safety, a functioning health service, a proper education for their children. They want to live a life which does not involve paying bribes, or losing one's business for political reasons, or being jailed at the whim of a corrupt bureaucrat.

The story of Sergei Magnitsky looms large in the minds of professionals. Mr Magnitsky, a successful corporate lawyer, blew the whistle on a big corruption scheme run by a group of police investigators, only to be put in jail and hounded to death by the same policemen. The government failed to investigate the accusations, and is still covering up the circumstances of Mr Magnitsky's death.

The feeling that nothing will change, improve or open up is exacerbated by the likelihood of Mr Putin's return as president. His restoration will be largely symbolic, since he never let power shift out of his hands. But it does, nevertheless, symbolise a reversal, rather than a forward movement.

And the roots of unhappiness go much deeper. After the collapse of the Soviet empire, the country was left without a clear sense of purpose or destiny. After seven decades of trying to set up Utopia, Russia's only aim in the 1990s was to become a normal, civilised state. But two wars in Chechnya and the destruction of Yukos, Russia's most successful oil company, in 2003 put an end to that hope.

Mr Putin has stirred and exploited the country's nostalgia for its Soviet past. But the narrative of resurgence and restoration was combined with contempt for ordinary Russians who, in the view of the Kremlin's rulers, were not ready for democracy. The double-digit growth of incomes masked problems for a while, but when growth slowed down stability turned into immobility.

In some ways, says Vladimir Mau, Russia's leading economic historian, Russia's situation is similar to that of the Soviet Union in the 1970s and early 1980s, the "era of stagnation (zastoi)", after a thaw in the 1960s. Then, too, the oil price was high and consumption rising, but the country was consumed by a sense of hopelessness. Life was reasonably comfortable for the well-educated, but social mobility was blocked by party apparatchiks. The gap between expectations and reality was unbridgeable. When the oil price fell, food shortages and fury at the privileges of the elite became catalysts for change.

Russia's economy is more flexible than the Soviet one was, but frustration with the unfairness of the system is no less strong. Shortages of goods have been replaced by lack of property rights; the humiliation of queuing for meat has been replaced by the humiliation of being milked by bureaucrats. Most important, the gap between rhetoric and reality is just as wide. The question is whether Russia's middle class, whose demands and expectations exceed the capacity of the system, can play the same role as the relatively affluent Soviet intelligentsia who helped to sweep away the Soviet Union.

In the 1980s the intelligentsia believed that removing senile Communist apparatchiks would be enough to put the country on a path towards normality. Millions of young technocrats who faced spending the rest of their lives behind the Iron Curtain, unable to fulfil their ambitions, did not expect the Communist system to collapse; but when Mikhail Gorbachev started his reforms, they were a powerful force behind them.

Today, Russian society as a whole is much more cynical and distrustful than it was in Soviet times. Aggression, hatred and nationalism have risen to levels not seen even after the Soviet collapse in the 1990s: 34% of Russians "want to shoot" those they blame for their troubles. As for the middle class, it is much less cohesive and idealistic. It is also less desperate. "They would rather exchange their country than change it," says Mr Mau.

## Roots of discontent

What causes frustration or anxiety in your life?

May 2011, % replying:

Unreasonably high cost of living	67
Low quality of medical services	53
Widespread corruption among public servants	49
High level of crime	48
Influx of migrants	41
Deplorable state of education system	39
Moral decay of society	39
Weak protection of property	36
Limited career opportunities	35
State of pension system	35
Increasing intolerance in society	27
Absence of an independent judiciary	26
Growth of Russian nationalism, xenophobia	16
Authoritarian regime	15
Restriction of media freedom	14

Source: Levada Centre, Novaya Gazeta

The Kremlin undoubtedly likes things that way. It has learned from the mistakes of the Soviet Union, which raised levels of education and science to compete with America, but in the end created pressure from within the system that it could not contain. This is one reason why Mr Putin is so keen for Russia to have a visa-free travel arrangement with the rest of Europe. The other is that it would give the Russian elite unhindered access to their European properties.

Yet it is important to remember that Russians are not going to emigrate in their millions. The overwhelming majority will stay at home, discontented. The big question is what will they do? Will their frustration be transformed into protest and an attempt to change things? Or will it simply be dissolved in the general conformism and cynicism which has been nurtured to such harmful effect over the past decade?

The stagnation in the dying days of the Soviet Union was both more restrictive and more productive. Russia's current stagnation is comfortable for most people, but also less promising. It may take a new generation to make fiercer demands on the system and force change. But what kind of change that will be, nobody knows. ■

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# Greek Consequences

The EU is leaning towards signing an Association Agreement and Free Trade Agreement with Ukraine but ratification will depend on whether political repression stops

**Author:**  
**Alla Lazareva**

**T**he crisis in Greece potentially followed by one in Portugal, Ireland, Spain and Italy has put talks of EU enlargement on a back-burner for the time being. The idea of solidarity between the poor and the rich used to be interesting only for idealists in better times. Currently though, the realistic prospect of lending more cash to Greece, Spain and Portugal is met with little enthusiasm by Old World tax payers, making it more difficult for European politicians to pass unpopular decisions through parliaments. Keeping power and ensuring a safe political future is also becoming a challenge.

In such a turbulent context, the issue of Ukraine is in second or third place. Most often, it comes up in debates about relations between Kyiv and Moscow and the premonition of a possible gas war. The second most important issue is undoubtedly the political persecution of opposition leaders. The Ukrainian government has failed to convince the world that Ukrainian judges are “completely independent.” The pathetic attempts to blame conflicts with the Kremlin on Western leaders who “are far too critical of Ukraine” have been a fiasco as well. Official Kyiv continues to hamper Ukraine’s progress towards its declared European choice.

## EASTWARD FROM THE EAST

“The average person in France knows very little about Ukraine,” says Daniel Desesquelle, host of Carrefour de l’Europe (The Crossroads of Europe), a popular program on Radio France Internationale. “Generally, the French think of Ukraine as a European suburb somewhere behind Poland, Eastward from the East. This country generates very few symbols. Moscow has its Krasnaya

## EUROPE TAKES A BREAK.

The future of the Association Agreement and the FTA between EU and Ukraine will be known in November at the earliest

Plushchad (Red Square), Rome has the Capitoline Hill, Berlin has the Brandenburg Gate and London has its Big Ben, while the person on the street have no idea what Kyiv is known for”.

“Perhaps, older people remember Ukraine as the producer of a lot of coal and fed the whole USSR with bread,” says Valérie Serère, a communications expert. “Chornobyl is another symbol. But for most people in France, Belgium and Spain, Ukraine is like a face-

less individual. Reluctant to spend extra cash, Europeans are afraid of new expansion eastwards. They all remember how much it cost them to bring East Germany, Poland and the Czech Republic up to the Western standard. They simply have no available cash for Ukraine, Moldova or Georgia at this point.”

Searching for a way out of its own crisis is itself quite debilitating for the EU. Gerhard Schröder, ex-Chancellor of Germany, currently employed by Russian Gazprom,





suggests that Europe should turn into the United States of Europe. "This is the best way to withstand competition from America and Asia," Mr. Schröder comments. Angela Merkel and Nicolas Sarkozy are proposing the creation of a "real European government". Behind the scenes EC members are thinking about the establishment of a common finance ministry, which would report to the European Parliament.

Obviously, the Greek crisis has clear political consequences in addition to financial and monetary ones that directly affect Ukraine's prospects. Only a few years ago, Western diplomats said that the Eastern Partnership program should be seen as a warm-up before the competition to join the EU. Today they open their eyes wide in private conversations and claim that "it would be wrong to make a link between Eastern Partnership and candidacy."

"Ukraine is not Croatia. It has 47 million people, not 7 million," explains an MP from France's ruling Union for a Popular Movement defensively. "As long as 27 EU members do not agree on security, foreign or monetary policy, nobody is in a rush to invite new members."

This is all true, yet there was less talk of Ukraine's population in 2009 when the Eastern Partnership project was approved. "I

## EUROPEAN CAPITALS PREFER TO KEEP SOME OF THEIR CARDS OUT OF RUSSIA'S REACH

have always said what the West should have admitted a long time ago: Ukraine is 100 times more European than Turkey," Bernard Lecomte, a writer and publisher, insisted back then. "Europe without Ukraine is a historical and geographical misunderstanding!" What has changed since then? "Our door must have shrunk," a French MP admitted.

### SYMBOLS AND PRACTICES

Most European experts expect the EU to sign an Association Agreement and an FTA with Ukraine at the end of 2011 as planned, despite the furious statements of Western leaders about no agreement as long as Yulia Tymoshenko is behind bars. Also, they claim that signing alone does not launch cooperation under new rules.

"The ratification of agreements by EU-member parliaments will be a big test for Ukraine," says political analyst Maurice Dupré. "Keep in mind the words of the French Minister of Foreign Affairs, Alain Juppé, that the ratification, not the signing of the Agreement is impossible until Ms. Tymoshenko and other leaders of Ukrainian opposition are set free and all groundless charges are lifted."

It makes little sense for Brussels to slam the door in Kyiv's face. The gesture of signing the Association Agreement does not take much effort. The implementation, though, might serve as grounds for profound dialogue on real compliance with European values, not a pretense thereof. In this case, the wolves would be sated and the sheep wouldn't be touched.

There is another factor that clearly affects the dialogue process: the coming winter and the anticipation of a new gas war, something Moscow is insistently preparing Western consumers for. "European capitals prefer to keep some of their cards out of Russia's reach, just in case," claims economist Gabriel Dufour. "That said, the EU still has no common energy policy. But it's not only Ukraine, but Poland, Germany, Greece and Italy as well, that seek to review their contracts with Gazprom however they can".

Meanwhile, the Ukrainian government is inexhaustibly giving interviews to the Western media, delicately blaming current conflicts with Russia surrounding gas contracts on those who have been criticizing official Kyiv for manipulating the judiciary. "Your criticism encourages Russia to think we're in a weak position and gives us ultimatums", complains Mykola Azarov in an interview for *Le Figaro*.

"The Party of Regions takes every opportunity to stress that political repression in Ukraine is none of Europe's business", Olha Herasymyuk, a member of Ukrainian delegation to PACE and Member of Parliament, told *The Ukrainian Week*. "They have been showing up more often at PACE Committee meetings just in case they have to defend themselves. They do so even when the issue of repression is not on the agenda".

Ultimately, signing a new agreement with the EU is important for official Kyiv, at least symbolically. However, that doesn't mean that the government will rush to add any practical sense to the document. What for? The agreement is a perfect chance for those in power to advertise themselves prior to the parliamentary election, and what they will do next – we'll see later.

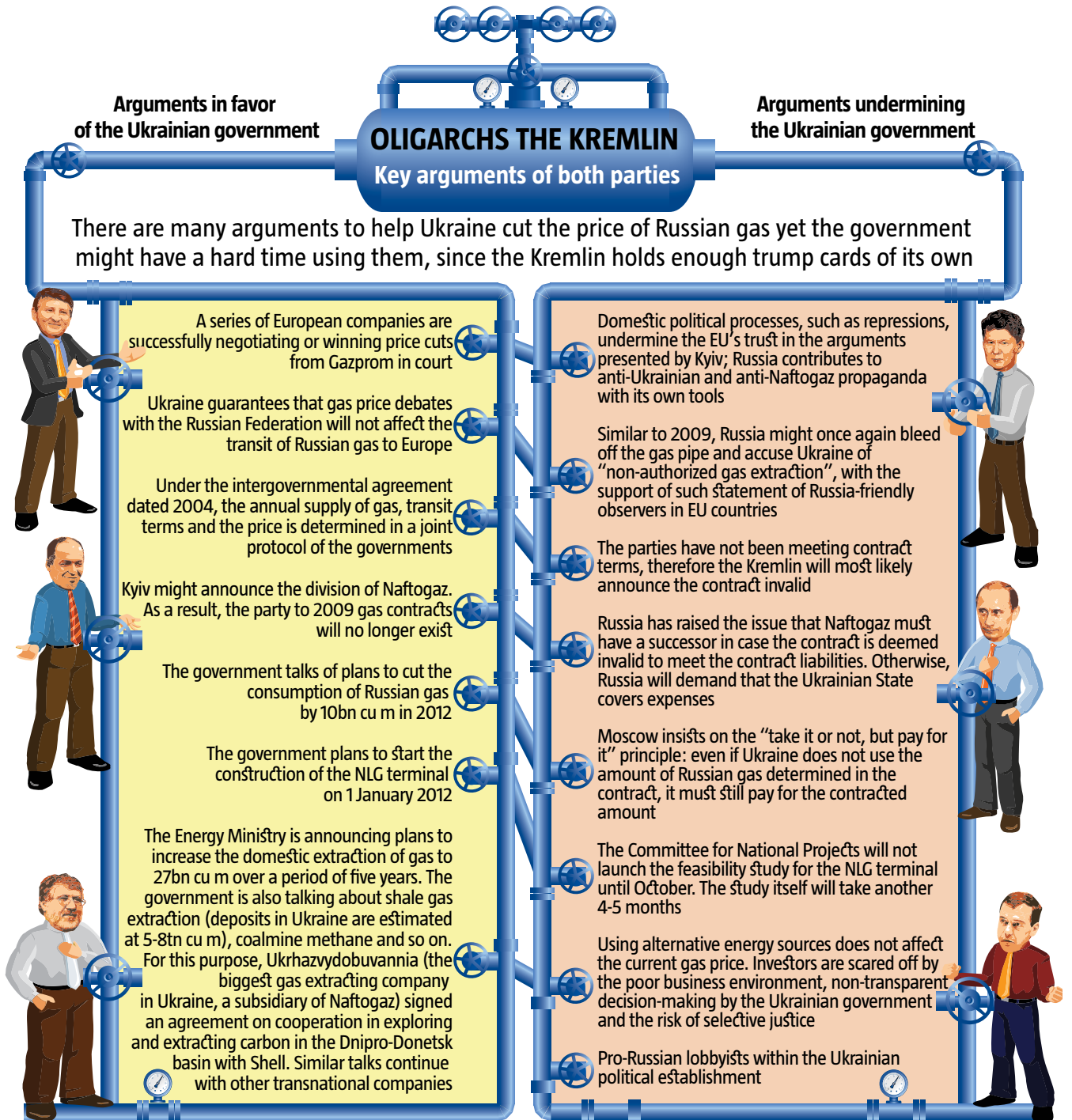
As for the EU, the test of its attitude towards Ukraine, as well as Georgia, Moldova, Azerbaijan and Armenia, will be participation of the Eastern Partnership summit on 29-30 September in Poland. Although Angela Merkel has already promised to attend, the French government has been hinting that Mr. Sarkozy will probably not go to Warsaw, but in all likelihood, will send his Prime Minister François Fillon. Also symbolical, isn't it? ■



PHOTO: REUTERS

# WAR AND MYTH

The uproar surrounding the gas wars hides the real roots of Ukraine's energy dependence. It originates from oligarchs who prefer to not to modernise their plants and rely on their shadow arrangements with Russia





**Authors:****Oleksandr Kramar,  
Roštyslav Pavlenko**

Ukrainian and Russian officials keep reciting their parts diligently in the play called “the gas war” yet mutual frustration can no longer hide behind words and gestures. The Ukrainian government did not expect Russia’s tough stance on gas price. It looks like the Party of Regions has convinced itself that standing alone by the steering wheel in Ukraine is sufficient for the Kremlin to make concessions. Russia has underestimated the motivation of Mr. Yanukovich & Co to administer the resources of the country they rule without handing over its sovereignty to bodies where the Russian Federation controls over 2/3 of all votes, such as the Customs Union.

Yet, saying that the “war” between Russia and Ukraine is inevitable while the government is fiercely protecting national interests is an over-simplification.

**EXCHANGE OF GREETINGS**

On 29 August, Mykola Azarov said he had warned Vladimir Putin that: “You are pushing us into a dead end where our only way out will be to terminate the contract.” The contract entails negotiations whenever any party claims the market situation has changed dramatically and the price no longer meets the market value of gas. Should the parties fail to come to a written agreement about price review within three months, each of them has the right to take the case to arbitration in Stockholm.

Later, news surfaced of a potential radical mechanism for the liquidation of Naftogaz and the establishment of three separate companies on its basis for transiting, selling and extracting gas, as provided for in the EU’s 3d Energy Package. On 2 September, Viktor Yanukovich instructed the government to submit draft laws on the amendment of laws for reforming Naftogaz “as a result of Ukraine’s joining the Energy Community and the need to adapt Ukrainian legislation to that of the EU” to the Verkhovna Rada for consideration. He did this two and a half years after signing the Brussels Declaration that entailed the-

ses moves and 18 months after undertaking relevant commitments - a requirement for joining the Energy Community.

However, the problem of Ukraine in its gas conflict with Moscow is the latter’s utter conviction that Mr. Yanukovich’s regime is bluffing and is incapable of being independent of Russia’s energy hold. Konstantin Simonov, President of the Russian National Energy Security Fund (NESF), has admitted that Gazprom will run into big troubles should dramatically Kyiv cut its imports of Russian gas. “These statements are a typical trick of Ukrainian government,” Mr. Simonov claims. “When our talks



## DECISION-MAKING IN UKRAINE RELIES TOO HEAVILY ON THE SHORT-TERM INTERESTS OF OLIGARCHS

about gas price end in a stalemate, Ukraine always says “we don’t need your gas”. The Ukrainian government probably thinks that this is an effective way to exert pressure on the Russian Federation, but in reality, it has no choice other than to continue such imports”.

This is why Russia is determined to break Ukraine’s resistance, saying that Kyiv must meet the commitments undertaken earlier; that it is “bluffing”; and that Ukraine should join the Customs Union “completely” and the unacceptability of any other form of cooperation. On August 31, Dmitri Medvedev went as far as to say that Russia was “subsidizing” Ukraine while Premier Putin once more repeated his usual mantra on liberation from the “dictatorship of transit countries”, as he opened the “North Stream”.

Lower-level Russian officials expressed themselves more harshly. Gazprom CEO, Alexey Miller, stated that there was only one way in which Naftogaz could be re-organized – by means of a merger with Gazprom. Otherwise, Russia would follow a single-minded policy of forcing the company to go bankrupt. “In any case, Naftogaz will pay for at least 33bn cu m of gas,” Mr. Miller said. “These are the terms of the effective contract: take it or not,

you have to pay for it.” Konstantin Simonov warned that Ukraine would “have to pay for the gas it did not receive as well as penalties... in the amount of up to 300% of its value. Such is the gas business”.

In addition to firing arguments at each other, Russians have turned on their TV. Local TV channels, including the state-controlled Channel One, pour criticism on Viktor Yanukovich. They mention every tiny detail, from broken promises to Russify Ukraine, to the rejection of the Customs Union and integration of gas transport systems.

**EUROPEAN PERSPECTIVE**

Ukrainian politicians say that they are still hoping that negotiations will continue. Regardless of the ever more heated statements made by both parties, on 6 September, Naftogaz announced that it had paid USD 487mn for Russian gas supplied in August. Although the price will grow to USD 354 and USD 388 per 1,000 cu m in Q’3 and Q’4 this year respectively, Naftogaz says nothing of its intentions to stop meeting its contract liabilities.

Both Kyiv and Moscow are doing their best to present themselves as perfectly compliant with international law in front of the EU, the third party in the gas triangle and the major consumer of Russian gas. If the situation goes so far that Ukraine decides to stop fulfilling the contract, it will be the EU’s position that will determine the winner. In the earlier conflicts of 2006 and 2009, the governments of Ukraine and Russia managed to come to terms without involving the EU, even though the quality of the final compromise raised questions. However the experience of 2009 showed how skillfully Russia manipulates its leverage to affect public opinion and politicians in EU countries, starting with the circulation of information that it is namely because of Ukraine that Europe faces the threat of “cold pipes” that are empty of Russian gas and ending with pro-Russian advocates calling on the EU to impose sanctions against Ukraine.

In 2011, Ukrainian government has done everything possible in domestic politics to turn ▶▶

Kyiv wants to buy  
Russian gas for  
**USD 230**  
per 1,000 cu m

European countries against it. Virtually everyone has already claimed that proceedings against opposition members were politically motivated and that Yulia Tymoshenko's arrest was the final straw, as Europeans mostly dropped diplomacy when speaking to the Ukrainian government. The French Ministry of Foreign Affairs has even brought into question the signing the Association Agreement should political persecutions not be brought to an end. While we share the frustration of the Europeans, at the same time, it is impossible to forget something else: taking away the prospect of Ukraine joining the EU will have a totally opposite effect to the original goal. If this happens Kyiv will lose any reason, even if purely formal, to comply with European norms. The oligarchs, in their turn, might be tempted to "sell everything and flee this hopeless country" rather than keep playing against their Russian rivals hoping to be accepted by the club of rich Europeans at some point in return.

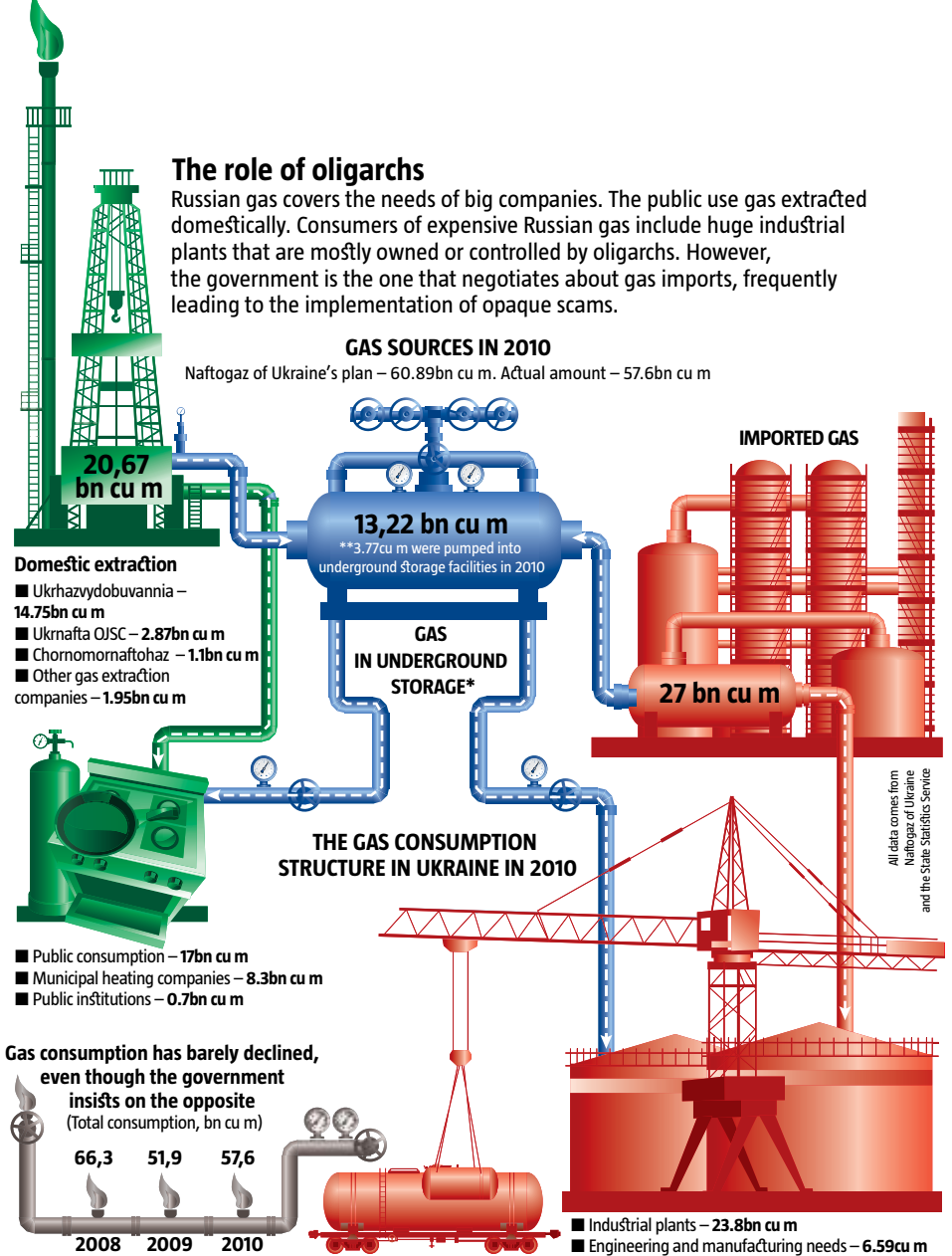
The litmus paper regarding the position of European politicians will be discussions on the prospects for Ukraine's signing of the Association Agreement and Free Trade Zone Agreement, which is scheduled for 12 September at the European Parliament. The draft resolution that has been leaked to the Ukrainian media calls on the EU to speed up the signing and ratification of these documents. But the resolution was drafted in July, before the arrest of Ms. Tymoshenko, thus the debate could turn out to be quite passionate.

**ANOTHER BATTLEFIELD**

Some European consumers of Russian gas have similar demands to those of Ukraine, and sometimes these are eventually satisfied. At the end of August, Leonidas Dragatakis, the President of DEPA, a Greek gas buyer, said that negotiations to cut the gas amount to an "acceptable" level of 70% of the contracted 3bn cu m and the price of Russian gas under Greece's long-term contract with Gazprom were completed successfully in July 2011. Italy's Edison also negotiated price cuts with Gazprom at the end of July. Gazprom is in the middle of a big-time gas war with E.On Ruhrgas, one of its major European gas partners, that has already taken the case to the arbitration court. E.On Ruhrgas is seeking to adjust contract prices to rates that meet spot prices for gas in Europe. On 31 August, Radoslaw Dudzinski, Vice-President of the Polish PGNiG, claimed his company would continue to demand that Gazprom cuts gas price for nearly 9bn cu m of gas that the company is buying from it. Talks have been on-going since February 2011. If necessary, PGNiG will also to apply the arbitration court. In 2010 and early 2011, Russia's gas monopolist negotiated a review of contracts with E.On Ruhrgas, WIEH, WINGAS, RWE (Germany), GDF - Suez (France), ENI, ERG, Sinergio Italiano, PremiumGas (Italy), GWH Gashandel GmbH, EconGas (Austria), GasTerra (Netherlands), EGL (a transnational gas sale company operating in Europe), and SPP (Slovakia). All of the above examples involve companies in the process of economic debates. With Ukraine and Russia, though, this is more about politics than anything else.

**The role of oligarchs**

Russian gas covers the needs of big companies. The public use gas extracted domestically. Consumers of expensive Russian gas include huge industrial plants that are mostly owned or controlled by oligarchs. However, the government is the one that negotiates about gas imports, frequently leading to the implementation of opaque scams.



**...UNTIL TROUBLE TROUBLES YOU**

Ukraine's problem is that it has approached yet another "war" unprepared. It is well known that victory in wars comes from a systemic re-

sponse rather than courage. Ukraine lacks the former, since decision-making in Ukraine relies too heavily on the short-term interests of oligarchs.

This sometimes results in paradoxes. For instance, Mr. Azarov says that the construction of the NLG terminal will start early next year, while the Committee for National Projects chaired by Vladyslav Kaskiv reports on an upcoming 4 to 5 month-long feasibility study. The latter looks more likely, since various interest groups are still competing for control of "the new gas gate", the two key rivals being PR's Andriy Kliuyev and tycoon Dmytro Firtash, or, more specifically, the entities linked to them. Similar issues arise when it comes to drawing investment into the extraction of gas and its sub-



stitutes in Ukraine, i.e. non-conventional carbon such as shale gas and coalmine methane. In the end, all the backstage hustling scares off investors and drags out the exploration and extraction of minerals that even without this will take more than one year.

The effectiveness of decision making is another headache. Clearly, choosing advisors is up to the government, but talk of the “prospect of a gas war” sounds weird, particularly given the fact that the Presidential Administration employs citizens of the Russian Federation or people who are proud of working for the sake of “bringing Ukraine and Russia closer together”. For example, in one of his interviews, Ihor Shuvalov, First Deputy Premier of the Russian Federation, accented his role in telling the Ukrainian government how Russia would respond to its decisions. Strangely though, the gas turmoil has bypassed Andriy Portnov, an Advisor to the President, who had drafted gas contracts together with Ms. Tymoshenko back in 2009, while now observers claim he that was involved in the decision to arrest the ex-Premier that came like thunder out of the blue.

On the whole, the maneuver space for the Ukrainian government will now be limited by a slew of factors including the chance to make Ukraine’s gas market more European under the Brussels Declaration – something that would, at the same time, significantly undermine Gazprom’s position – wasted for almost 18 months now; concessions in the form of state sovereignty and strategic objects; the loss of potential allies in the Ukrainian political environment and electoral support, something Moscow sees very clearly, causing the Kremlin to doubt the ability of the current regime to withstand a possible gas war; and the cooling of relations with the West.

As a result, Mr. Yanukovich may face the fate of Mr. Lukashenko who found himself between the devil and the deep blue sea at a critical point in time, rather than continuing to walk a fine multi-vector line between Russia and the West. On the one hand, the Belarusian scenario means turning to the Customs Union and handing over Ukrainian gas transit system that will lead to the loss of sovereignty and eventually power. On the other hand, the current government’s preparation for a “war” with Russia looks more like a myth that the government is using to win back at least some of the electorate. Meanwhile, internal conflicts within the party in power and the overall situation with the decision-making process make it super-difficult to effectively combine the diplomatic, informational, organizational and economic moves necessary for a successful campaign to change the effective gas deals. Especially, given the crowd of Russia’s supporters among those in power. Under such conditions, there is only a “slow”, yet only right way out. Having survived the shock of growing prices for fuels, as Western Europe did in the 1970s and Eastern Europe did in the 1990s, Ukraine should start cutting energy consumption in the economy, develop the domestic extraction of fuel and introduce alternative energy sources. Movement in this direction should already have been started yesterday. The critical growth of the gas price will, at the very least, possibly push the Ukrainian government and oligarchs in this direction tomorrow. ■■



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# You'd Rather Be Dead

The war of pharmaceutical groups is leading to a catastrophically short supply of vital medicines in Ukraine

**Author:**  
**Yuriy Nikolov**

**D**oes Premier Mykola Azarov know that every 6th Ukrainian with AIDS, of the 24,000 officially registered with the Health Care Ministry, lives in Donetsk Oblast, the harbour of his Party of Regions? This is not a rhetorical question, nor is it meant to point the finger at the troubled region. Civil servants are now doing their best to give the necessary salvation medicines to people with AIDS in Donetsk and elsewhere. Meanwhile, the Premier is personally hampering the campaign to purchase pills for public money which was recently launched by the Health Care Ministry.

The situation looks disastrous. The last time the Health Care Ministry bought medicines was autumn 2010! Hospitals without aspirin is one thing, but people who cannot survive without pills is something much more serious.

There is, however, one alternative supply channel for people with AIDS. An NGO established by the international AIDS infected community imports the necessary treatment into Ukraine. But there is a problem, this year the government has rather alarmingly clogged that channel. The NGO's Dmytro Sherembei says the organization recently tried to import a large amount of medicines for people with HIV and AIDS, but filled in an old, now unused, customs form, which was a purely technical mistake. The paper could have easily been re-filled instantly and the pills would have arrived at their destination in Donetsk. Yet, the customs officers who received the shipment noticed a good chance to advertise themselves. They immediately put the cargo, worth UAH 15mn, under arrest and reported it as potential smuggling

## THE BIG MONEY

In money terms, the pharmaceutical market grew

**17.7%,**  
to UAH 19.7bn in 2010

All public institutions have held tenders to purchase medicines worth

**UAH 5.5bn**

The Health Care Ministry has spent

**UAH 1.5bn**  
at the tenders

The Ministry buys medicines based on target state programs for specific diseases, such as tuberculosis, AIDS, hemophilia, cancer and so on, for hospital treatment

**On 19 July**  
the Health Care Ministry admitted Ukraine has virtually no vaccines for children because the procurement plan has not been followed

to a higher administration. The Prosecutor General immediately responded to the case while public activists went straight to the Health Care Ministry for help. The cargo was a salvation for the Ministry as it has been having a hard time purchasing medicines for HIV and AIDS carriers this year. The Ministry explained to the Prosecutor General that this was not a case of smuggling and the investigators would have closed the case if not for the customs officers, who refused to recall their complaints that served as the ground for the alleged crime. As a result, the pills are still under arrest.

This case is just one element in the pharmaceutical chaos Ukraine's hyperactive, or inert, government has dragged the country into. Cynical as it looks, it was business interests that left the hospitals short of medicines.

## MONOPOLY PILL PUSHERS

Over the past few years a pool of companies has emerged in Ukraine that has been involved in every large scale procurement of medicines by the Health Care Ministry. The most powerful players were entities owned by Petro Bahriy and Andriy Lirnyk, though the industry looks strongly fragmented to an outsider. Still, numerous companies turned out to be related in different aspects that were hidden from the public eye, such as offshore zones, common addresses and remote, yet ultimate owners.

Their growth peaked in 2008-2010 when Zynoviy Mytnyk was running the Health Care Ministry's procurements. Mr. Mytnyk was a member of both Yulia Tymoshenko's and Mykola Azarov's governments, getting to the latter through the quota for the Communist Party. Clearly, this monopolized public procurement system for medicines affected the whole pharmaceutical market.

The cost of pills in the country, in dollar equivalent, grew 100-300% over 2005-2009, while the hryvnia dropped 60% compared to dollar.

This all changed dramatically last autumn when President Yanukovych appointed Illia Yemets, a well-known doctor, as the Health Care Minister. This was the first step in the collapse of the then available medicine public procurement system, under which the Ministry was at least purchasing pills and vaccines, even if it was at a price three times higher than normal.

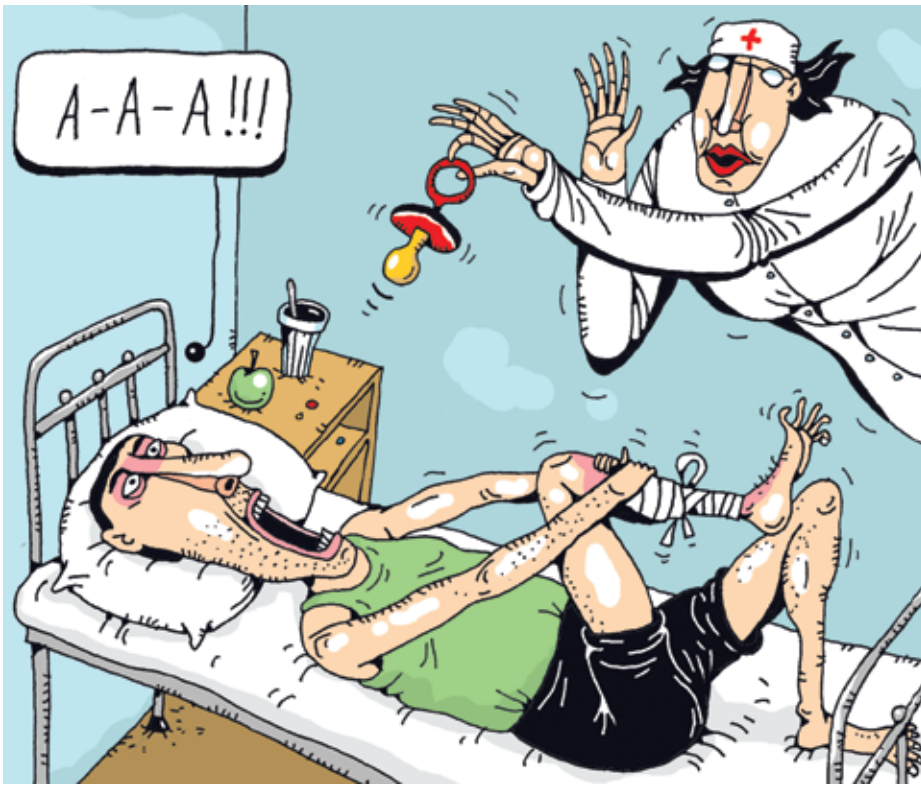
Mr. Yemets immediately froze all tenders of the Health Care Ministry until the government settled all its issues with the big players on the pill market. In winter rumours circulated of the huge sums suppliers had to deposit at slate clubs to meet the needs of some of the Minister's assistants. This lasted until mid summer when journalists sounded the alarm because hospitals had no, or a next-to-zero supply, of vital medicines.

The Public Procurement Newsletter's investigations confirmed that the Ministry had been trying to do something. At least, it announced the tender eventually. Yet, nobody turned out willing to take part in it. The whole market that had looked so fragmented before suddenly completely ignored the Ministry's invitation, as if following a wave of a magic wand, despite the huge annual budget for public procurements which exceeded UAH 1bn. Obviously, no one said aloud who exactly was holding the magic wand.

## NEW KINGS BRING NEW PLAYERS

This was when the president personally interfered, as medicine, along with utilities and commodity prices, is a direct electoral shot in the government's head. Mr. Yemets was sent back to his hos-





pital and replaced by Oleksandr Anishchenko, a Donetsk-born medical bureaucrat. The new minister launched the first public procurements of medicines, which apparently affected the then key players on the market.

Mr. Bahriy's Hanza company still had its contracts but they were incomparable to those of the previous year in terms of procurement amounts. Back in 2010, the entity had won tenders to supply medicines and medical equipment worth UAH 564mn, confidently beating other public suppliers. Meanwhile, Mr. Anishchenko brought companies that had been dragging behind when Mr. Mytnyk had been Minister, to the forefront using some illegal ways. For instance, the Health Care Ministry's tender to buy vaccines had only two price bids: UAH 101mn from NVTs Bionika and UAH 108mn from Farmex Group, two companies with common owners. A big player on the pharmaceutical market said in an interview for *The Ukrainian Week* that this signaled re-distribution of the Ministry's tender flows from Mr. Bahriy's entities to a group owned by Borys Lytovsky, another gray cardinal in the market. Whether these developments will turn into a stable

trend will only become clear after the government arranges tenders worth at least UAH 1bn.

Obviously, this case looks very much like corruption, with violations right on the surface. In fact, however, the tender has a justification of sorts: at least it has occurred, encouraging Ukrainians to hope that the medicines will eventually arrive in hospitals.

Clearly, the ex-favorites could not sit idle and watch outsiders steal "their money." At the end of July, Mr. Bahriy's Hanza filed several complaints with the Anti-

## MEDICINE, ALONG WITH UTILITIES AND COMMODITY PRICES, IS A DIRECT ELECTORAL SHOT IN THE GOVERNMENT'S HEAD

monopoly Committee about what they described as discriminating terms of the tenders by the Health Care Ministry. The latter terminated the tenders. Hanza withdrew the complaints a few days later but accomplished its task, i.e. postpone the tenders. This aggravated the problem which was also fuelled by some influential media frequently producing

programs and articles on the catastrophic shortage of medicines in hospitals, yet they never mentioned the role of the ex-favorites in this sad outcome.

Mykola Azarov did not take long to respond to all this. The very next morning after a report about the lack of medicines for hemophilia patients appeared on TV, the premier called this an emergency and instructed the Emergency Ministry to contact foreign producers and urgently purchase the medicines with no tender. Viktor Baloha, the omnipresent Emergency Minister, hurried to carry out the order. With a list of a dozen foreign producers of the necessary pills from the Health Care Ministry in hand, he ran to buy something somewhere. No one knew what and where though, because two weeks after Mr. Azarov's instruction there was still no news of any contracts for medicine supply.

According to sources at the Health Care Ministry, handing the procurement budget to Mr. Baloha was still better than nothing. It makes the arrival of medicines in hospitals more likely as no tender and no direct contacts with producers will prevent anyone from interfering with the procurement process. Yet, the ex-favorites have another bargaining chip which they are apparently trying to play. They can turn the situation upside down, i.e. remove Minister Anishchenko, the one who stirred the medicine procurement revolution.

Premier Azarov talked of the great likelihood of the Health Minister's resignation as he took away a share of his Ministry's medicine procurement quota. For sick people, though, the shift of ministers is like a poultice on a wooden leg, or worse than that. Everybody knows that it was Mr. Azarov who last year supported Mr. Mytnyk, the minister who monopolized public procurement for medicines. And it was Mr. Azarov, also known as a friend of Mr. Bahriy, who openly protected Mr. Mytnyk from his PR colleagues when they blamed all possible tender flaws on the "outsider" from the Communist Party. Could it be that if Mr. Anishchenko is fired, the premier could once again step up for the group? ■

# Tour de Ukraine

Ukrainians are switching to bicycles, pushing local authorities to develop the country's infrastructure

**Author:**  
Inna  
Zavhorodnia

**Photo:**  
Viktor Kruk

Accidents in Ukraine  
this year:

**1,494**

car accidents  
involving cyclists.  
153 people died and  
1,071 were injured.

*Source:*  
Traffic and Auto-  
mated Systems  
Safety Center at the  
Ministry of Internal  
Affairs

## SUSTAINABLE MOBILITY PRINCIPLES

- Restricted traffic of private cars (higher parking rates and gasoline prices, cars banned from entering the city centre, paid city entrance for cars, high fines for violations of parking rules and so on).

- More intense use of alternative transport means, i.e. encouraging people to use public transport, ride bicycles or walk.

## F.Y.I.

Sustainable mobility is a way of moving around the town using any form of public transport, riding a bicycle or walking. The term comes from the sustainable growth notion that means meeting the needs of modern people without exhausting resources for fulfilling the needs of future generations.

The Shevchenko part in downtown Kyiv has colourful iron stands that kids just love. In fact, the place is one of the very few bicycle parking lots in town. Surprisingly, this one hosts not a single bicycle most of the time. Rough estimates are that people in Kyiv own nearly 300,000 bicycles. However, they have a hard time riding a bicycle from where they live to the city centre. As a result, the 20-piece parking lot is almost always empty.

Cyclists in Ukrainian cities have two main options: risk their lives as they ride on the roads or break traffic rules and take the pavements. The third option is to ride their iron horse solely in parks or the suburbs. Most mayors prefer to think of bicycles as just part of a healthy life or hobby, rather than as a fully-fledged means of transport. Some cities though have already planned, or embarked on, developing bicycle infrastructure.

## THE VERY FIRST STEPS

Lviv has been the leader in terms of bicycle infrastructure so far. "Bicycle lanes are constantly emerging all over the town," says Oleh Shmid, Advisor to the Mayor on the issue of Bicycle Infrastructure and a keen cyclist himself. "Lviv can park at least two hundred bicycles now."

Developing bicycle infrastructure in Lviv is a promising trend and the city is perfectly suited to it. "We're doing everything methodically," Mr. Shmid says. "We have a program to set up 268km of lanes within the next nine years and a separate bicycle network scheme has already been approved. The project will cost us UAH 59mn."

Currently, the Lviv administration is planning to design a large circle around historical heart of the city that will be built next year.

Mr. Shmid quotes a survey that found that 28% of Lviv's citizens own bikes, while 83% support the development of bicycle lanes around the town. Moreover, the sale of bicycles nearly doubles every year in the city.

Zaporizhzhia, Vinnytsia and Kyiv also have new separate lanes, while Yevpatoria (Crimea), Cherkasy and Dolyna (Ivano-Frankivsk Oblast) are planning to build ones.

## CLUMSY KYIV

Kyiv is, however, putting lanes in quite slowly. The first two are at Zdolbunivska street and on Bazhana Prospect. "Dniprovsk Naberezhna has only a white line but no low curbs. It's impossible to ride a bicycle there," laments Iryna Bondarenko, President of the Kyiv Association of Cyclists, about other projects of the city administration. "The cycle lane at Rusanivska Naberezhna crosses the exit paths from the park in many places."

The program to improve cycle lanes was approved in 2009. It entails the construction of 17 routes, each 160 km long. Sadly, though, the construction is taking quite a while.

At this point, lanes are being laid on the streets which are under reconstruction. The city administration has instructed shopping malls to build parking lots for bicycles next to the buildings too. Biltek Ltd. has recently won a tender from Kyiv Road Service worth UAH 1mn to design five lanes.

In Iryna's opinion the brand new cycle on Prospect Bazhana is next to perfect, though it does have a few flaws: *The Ukrainian Week* found a dozen high curbs there that do not make for what we could call easy riding. The lane twists badly at one point and has only a few white marks along its length. Therefore, pedestrians keep



walking on the lane as they do not understand what it is for. Therefore a cyclist can hardly ride the lane at high speed. He will have to slow down at the very first curb or will rush round the twist straight into a passer-by. But the biggest question is where to go after the lane ends.

## INTERESTED PARTIES

Other than average cyclists, some privately-owned companies are also interested in infrastructure development. They encourage their employees to pedal to work, and not always to sell their own bikes. "We not only produce medicines, but care about people's health," Iryna Sytnykova, an employee at a Kyiv-based pharmaceutical company, explains. "We want people to be healthy and take to sports. We exercise every week and are now riding between 50-70 kilometers training for the Kyiv-Lviv tour in September."

A Kyiv-based transnational IT company has an 80-piece bicycle parking lot next to its office. It is always filled with bicycles and every





floor of the office has a shower cabin for those who arrive in need. “We do our best to make it comfortable for our staff to take an alternative transport to work,” Eleonora Fedoriy, an employee, says. Kyiv IT specialists were encouraged to use bicycles after talking to their colleagues abroad and the company’s management supported the idea. “The initiative has come from us, not the US headquarters,” Eleonora claims. “We work with leading international companies and often talk to their staff about these issues. A healthy life style and environment protection are now global trends.”

However, cyclists can hardly feel safe riding into town in Ukraine. “A security guy did not allow me to leave my bicycle in front of the Mayor’s Hall,” Iryna Bondarenko said. “You can park a car there, but not a bike. Another guard at the WWII Museum said he would cut our tires if we didn’t take our bikes away. We talked to the museum director and he agreed to arrange a bicycle parking lot but asked us to find a sponsor for it, so that is what we’re doing now.”

### EUROPEAN EXPERTISE

Some Ukrainian cities are getting advice on bicycle infrastructure development from the German Association of International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit – GIZ). “Ukrainian standards of lane construction are obsolete today,” says Svitlana Nazar, coordinator of Sustainable Mobility in the Cities of Ukraine. “Under the current requirements they would take huge street and road space and modern compact cities cannot afford that. Hence the initiative to set up a working group at the Ministry of Regional Construction in order to update and adjust Ukrainian standards to Western European criteria.”

In reality, though, bicycle infrastructure development is hampered by people’s mindset, not just legal requirements. “Ukraine is not implementing the sustainable mobility principle that has been the basis for transport development in Europe for nearly ten years now,” Ms. Bondarenko claims. “Nobody here



**A TRICKY ROAD.** Activists mark the road at Volodymyrsky Uzviz in downtown Kyiv to remind the authorities of their promise to arrange a lane there

realizes a rule which was implemented in the West a long time ago: the more roads, the more cars.” Under the Strategy of Kyiv Development by 2025 submitted for discussion, roads are supposed to cover space three times larger than they cover now. This, in turn, will lead to a growing number of cars that will once again fill the roads at some point. This is not the way out of this sort of transport collapse.

“The Mayor of London gave Kate Middleton and Prince William a tandem bicycle as their wedding gift,” Svitlana Nazar notes. “London is one city which is really implementing the sustainable mobility policy.” ■

# WHO IS SCARED OF UKRAINIAN HACKERS?

So far Ukrainian cybercriminals have done damage to Western Europeans, but they may target Ukrainians at any moment

Author:  
**Bohdan Tsiupin**

**K**yivite Vasyi did not lose much – a little more than USD 200. But it remains a mystery who stole his money and exactly how. Never again will he have trust in the shiny bank card with the proud inscription “Visa.” All he knows is that in the far-away Egypt, a country he has never been to, someone withdrew 500 Egyptian pounds from an ATM located in Cairo. This amount was charged to Vasyi’s account which he opened a while ago when he, a student at the time, was working in Europe. A respectable Western bank did not credit the sum withdrawn back to his account. Moreover, it charged him commission for a foreign currency transaction. And now his balance is ridiculously low.

## THIS PARTY DOES EXIST

Misha Glenny, British researcher of organized crime, can explain to Vasyi how his money could end up in a thief’s pocket and who most likely helped the culprits. It took Glenny several years to collect materials for his new book on how criminals use the Internet. *DarkMarket: CyberThieves, CyberCops and You* has just been published in Great Britain, USA and Canada. His conclusion is that Ukraine is one of the centers of international cybercrime and that Ukrainian hackers laid the foundation of the criminal industry which has milked international financial and commercial institutions for billions of dollars. In 2010, British banks lost £46.7 million due to internet fraud alone. In the US, the total losses in various industries for the same year stand at nearly \$1 billion.

Glenny agrees that ordinary Ukrainians are not too concerned about cybercrime. Hackers are not put in prison in Ukraine itself. There seems to be nothing to prosecute

In 2009, Ukraine's Interior Ministry set up a unit to fight cybercrime. However, the official Kyiv thought the unit would have too little work and added human trafficking to their job description

**431mn**

people have lost nearly

**\$114mn**

to cybercriminals this year, writes the Norton Cybercrime Report 2011 from Symantec



IN PURSUIT OF TRUTH: Misha Glenny is not afraid to write about organized crime

them for in Ukraine, because they have stolen, at least until recently, largely from foreign banks. “Another aspect which makes Ukraine relatively safe is that majority of cybercrimes target credit card owners,” Glenny says. “Credit card data is stolen online and sold all the time. Most of their owners live in the US, Western Europe, Japan and regions like the Middle East.” The number of internet users in Ukraine is growing and has reached over 50% of the entire population. Ukraine’s commercial and financial sectors are under pressure to offer a growing number of online services.

DarkMarket mentions several Ukrainians, including Dmytro Holubov. The smart former Odessa resident stunned the author and his research assistant during meetings in Ukraine with his methodicalness, commitment to his goals and charisma, as well as his ability to evade, always with a nice smile, numerous awkward questions. One of them is this: How were investigative bodies, including the FBI and the U.S. Department of the Treasury, able to collect and transfer to Ukraine such convincing evidence about his duties that he was arrested? He was moved from Odesa to the Lukianivka pre-trial detention unit in Kyiv where he spent about six months. Why did two Party of Regions MPs decide to get him released on bail?

Glenny gives Holubkov the benefit of the doubt. He says that Holubkov may indeed not owe anything to anyone, as he claims. This case, like many others in Ukraine, never reached court. After his release Holubkov went into politics: he founded, headed and officially registered the Internet Party of Ukraine in 2010. In one of his interviews he jokingly said that he did not know a single hacker and asked to be shown at least one. His party is actively lobbying for Maksym Yastremsky, former Kharkiv resident accused of online crimes and imprisoned in Turkey, to

be transferred to Ukraine. The Turkish court rejected the request of the U.S. Department of Justice to extradite him to the USA and instead sentenced him to 30 years in prison in the spring of 2009.

## DARK MARKET

The person who acted online used the nick “Maksik,” not the name of Maksym Yastremsky. Showing the link between a real person and a nick is one of the greatest challenges for both investigators and researchers like Glenny. “If Dmytro Holubov is Script, then he is one of the best known hackers of the past decade. Script is also linked to another Ukrainian hacker with the pseudo Boa – Roman Veba,” Glenny says. He met him in Metropolitan Detention Center in Brooklyn, New York City. Veba’s case is shrouded in mystery, and his situation is somewhat like that of prisoners suspected of terrorism and kept in the Guantanamo Bay by the Americans.

The author even betrays a note of sympathy as he writes about Veba, who was arrested in Cyprus back in 2004: “It is important to remember that the court has yet to prove that this Ukrainian is guilty, and the fact that he has spent many years behind bars is a serious concern.” What do American investigators charge Ukrainian hackers with? How did it happen that Vasyi’s bank card suddenly had a clone which traveled to Egypt and was used to withdraw a neat sum for someone else’s benefit?

Glenny writes that initially, it all looks like a boring computer game with no-one reaching into anyone else’s pockets. Hackers’ work is purely intellectual. For example, they create computer viruses which clandestinely plant themselves in hundreds and thousands of computers to one day launch a coordinated attack on the online databases of companies that store their clients’ financial information. Some hackers are commissioned by true criminals to do so, while other simply offer the stolen info for sale, again online.

Glenny drew the idea for his book’s title, DarkMarket, from a court case about an internet forum with this name. Hackers used it to trade stolen information. DarkMarket was closed in 2008 after an FBI agent had infiltrated it under a well-chosen alias. As a result, nearly 60 people were arrested in different countries.

From hackers, information often goes into dirtier hands: bank cards



# DARK MARKET



## CYBERTHIEVES CYBERCOPS AND YOU MISHA GLENNY AUTHOR OF *McMAFIA*

are cloned and given to trusted people who are told to use them to withdraw money. This is best done in exotic countries like Egypt where the police are less vigilant and more corrupt than in America or Europe. There are, of course, many other ways hackers can cooperate with criminals but Glennly says this method is one of the most common.

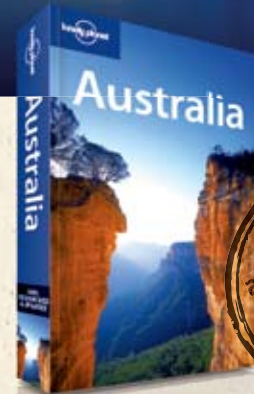
### LINKED BY THE NET

In the words of the British researcher, Ukraine has turned into one of international cybercrime centers due to the combination of such factors as a high unemployment rate

among young educated people who have no prospects for applying their talents and the inefficient law enforcement and judiciary systems. Another reason is that influential officials or MPs offer protection. Glennly believes that China, Turkey and Russia are the biggest centers of cybercrime, even though this type of criminal activity is less tied to state borders and national boundaries than other types of connections. The Pentagon announced this year that cyberspace is the fifth space, in addition to land, sea, air and outer space, in which enemy attacks and warfare can occur. ■

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# The Quantum of Wisdom

Interviewer:  
Ihor Petrenko

**V**ladyslav Olkhovsky, Doctor of Physics and Mathematics and Master of Theology, talks about attitudes towards religion today.

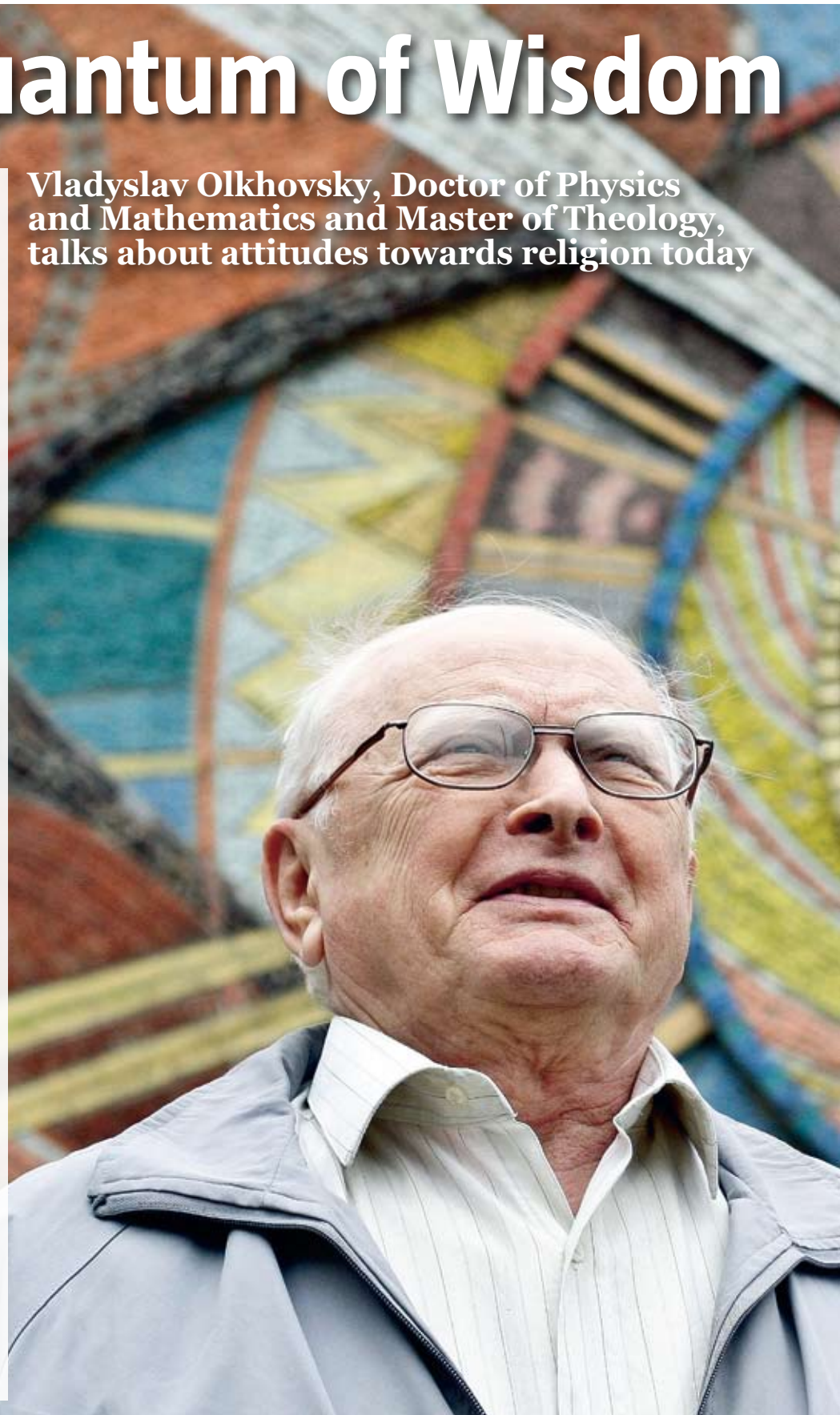
Mr. Olkhovsky's research focuses on theoretical nuclear physics, quantum mechanics, quantum electrodynamics and Christianity. He works at the Nuclear Physics Institute, the National Academy of Sciences, and holds a master's degree in theology. The scientist sees no conflict between fundamental science and a religious outlook.

**One of the pastors in Rome, when introducing me to the audience, said:** "Professor Olkhovsky will speak to you today as a Christian, not only as a scientist. Why would someone involved in physics and mathematics talk on liberal issues, such as "The Problem of Evil"? Here's why: he lived in a totalitarian atheistic country for many years and saw a lot of evil."

**I'm from a family of a Navy serviceman. My father laid bombs in the Volga river near Stalingrad.** My family was atheist. But I began to think about the meaning of life and read books on world-outlook back in school. In my fifth year at university, I asked someone at the Central Research Library, "Do you have a Bible?" They said, "Yes, but you need special authorization from your dean to read it." Then I went to the seminary in the basement of the Andriyivska Church (on Andriyivskiy Uzviz, Kyiv – Ed.) and saw two students playing chess. "Do you have a Bible?" I asked. "Of course," they replied in Ukrainian but my request to borrow one upset them. "Don't you know Soviet rules? Religious propaganda is prohibited."

**Yuriy Tsekhmistrenko, my scientific adviser, was a dissident.** When the trial began against Viacheslav Chornovil<sup>1</sup> in Lviv in 1967,

**Vladyslav Olkhovsky, Doctor of Physics and Mathematics and Master of Theology, talks about attitudes towards religion today**





**THE KYIV LETTER OF PROTEST**

After the start of the trial against Viacheslav Chornovil in 1967, a group of Ukrainian intelligentsia compiled a protest against political persecution and sent it to the leaders of the USSR. Film director Serhiy Paradzhanov was the first to signed it. Physicists Yuriy Tsekhmistrov and Iryna Zaslavska, cyberneticist Viktor Bodnarchuk, mathematician Anatoliy Skorokhod, authors and literary experts Ivan Svitlychnyi, Vasyl Stus, Hryhorii Kochur, Lina Kostenko and Ivan Dziuba, and artists Ivan Marchuk, Alla Horskva and Viktor Zaretskyi followed suit – in all, 139 signatures. Virtually all signatories suffered from repression at the hands of the Communist government

Mr. Tsekhmistrenko was one of the signatories in the letter of protest.

**I often visited him at home. I asked him one day, “Why didn’t you let me sign the letter too?”** “I didn’t want you to feel pressured by my reputation as a scientist,” he said. Later the KGB did not permit Mr. Tsekhmistrenko to defend his doctoral thesis on physics, he and his wife Iryna lost their jobs and his fate became quite dramatic. One of my latest articles was a tribute to him.

**When Chernobyl exploded** Mikhail Gorbachev asked us, through the President of the Academy of Sciences, to find the cause of the accident. Apparently, it was nothing but negligence. We remembered the Wigner effect in nuclear technologies when graphite changes its features. Essentially, we criticized graphite reactors in general and Professor Aleksandrov, a founder of the soviet nuclear power industry, implicitly. At that point, such reactors qualified as the most reliable in the USSR. As a result of this criticism we almost lost our academic status.

**Later, I spoke about the disaster at the nuclear power plant with Yakov Smorodinski,**

<sup>1</sup> MP, long-time advocate of Ukraine’s independence and a key member of the People’s Movement of Ukraine political party

<sup>2</sup> Then the third angel sounded his trumpet, and a great star, blazing like a torch, fell from the sky on a third of the rivers and on the springs of water— 11 (The name of the star is “Wormwood” (Bitterness)). A third of the waters turned bitter, and many people died from the drinking the waters that had become bitter (The Revelation to St. John)

**a brilliant expert from the Nuclear Research Institute in Dubna near Moscow.** “You did a great job, because if the slightest doubt emerges in science, it should not be covered up, the truth has to be found”, this was how he supported our hypothesis. Some say that Chernobyl was the Wormwood star<sup>2</sup> from the Book of Revelations to John, and that could be true, too.

**My colleagues from the Nuclear Physics Institute and I are currently working** in a lab that I head on the time analysis of nuclear reactions, radioactive decay and quantum processes in general.

**My Italian friend Erasmo Recami, who is Catholic, and I have created a new chapter in quantum mechanics,** focusing on time as a quantum observable. It goes beyond nuclear physics.

**All scientists were theologians earlier,** including Isaac Newton, Johannes Kepler, Francis Bacon and Galileo. Only later, after a certain point in time, did some turn to atheism.

**Our post-soviet world has many atheists and sceptics.** The environment shaped by 70 years of Marxist-Leninist ideology is full of arguments against Christianity. Many believe that science is absolutely flawless.

**“It’s inappropriate for an expert in physics to conduct religious propaganda,”** Anton Naumovets, Vice President of the Academy of Sciences, once said about me. He suggested that the Director of Nuclear Physics Institute deals with me. Surprisingly, though, even my atheist colleagues never judged me. I responded to this with an article on the moral choice of a scientist and sent it to the Newsletter of the National Academy of Sciences.

**People always believe in something.** Children believe their parents, students believe their teachers and scientists believe their predecessors who discovered something earlier. Thinking is based on axioms, postulates and dogmas. Doubting everything and trying to

reach everything alone would make any learning impossible. Later, using this belief as a foundation, everyone develops his or her own reasonable arguments and theories.

**The attitude towards religion as a reservation is only possible from an atheistic angle.** Artists, writers and composers realize that their work does not cover everything. Religion is something different. Anyone can be a believer - a physic, an artist, someone who is unemployed - anyone. This is because religion embraces everything. I think that’s the sense of theology, i.e. to show the unity of truth.

**There is only one truth.** According to one theory, which was shared by Galileo, that there are two paths which lead to the truth – one is through nature and other is through religion. To this we can add: not two, but many. But it is worth talking not about different truths, but about different perspectives of the only truth, that is higher than the human mind.

**If the truth exceeds the mind, this doesn’t mean that the truth contradicts the mind.**

**No-one has managed to develop an effective model of the naturalistic origin of the tiniest living cell yet,** let alone the entire biosphere. Therefore, the arguments of atheists take a much blinder faith to believe than contemplation about the wise Creator.

**Science is changeable and its truths are relative, unlike theological ones.** For instance, the Bible, just like quantum physics, does not define clearly how old the universe and the Earth really are. The Bible is not a textbook, nor a lab guideline, but it answers the key question – how to save yourself.

**Whoever studies the laws of nature, realizes that God is behind it, creating this harmony.** God is a brilliant physicist and mathematician, while natural and scientific apologetics only removes the artificial controversies of Christian revelation and natural and scientific exploration. ■

**BIO**

**Vladyslav Olkhovskiy**

Date of birth: **5 February 1938**

**1960** – graduated with merit from the Physics Department of the Taras Shevchenko State University of Kyiv, specializing in nuclear physics

**1964** – Candidate thesis in nuclear physics

**1978** – member of American Mathematical Society

**1982** – Senior Researcher, Nuclear Research Institute

**1989** – Doctor of Physics and Mathematics (physics of atomic nuclei and elementary particles)

**1992** – Professor at the Taras Shevchenko National University of Kyiv

**1992** – Correspondence Member of the Italian Peloro Academy of Science Hunters (Accademia Peloritana dei Pericolanti) in Messina and the Academy of Natural Sciences in Catania

**1994** – head of the laboratory at the Nuclear Research Institute of the National Academy of Sciences of Ukraine

**1997** – member of the New York Academy of Sciences

**2003** – Master of Theology

PHOTO: ANDRIY LOMAKIN



# No Unity, No Sta

The failure of Ukrainian elites to agree among themselves for the sake of independence in the 14th and 15th centuries led to the breakup of the Rus' principality and incorporation of its parts into Poland, Lithuania and Hungary

**Author:**  
**Oleh**  
**Odnorozhenko**

**W**hen one speaks about turning points in Ukrainian history, the first dates that come to mind are 988 when Volodymyr the Great baptized Kyivan Rus; 1569 when the Kingdom of Poland and the Grand Duchy of Lithuania signed the Union of Lublin merging into the Polish-Lithuanian Commonwealth; 1648 when Bohdan Khmelnytsky fought in the Battle of Korsun, the second significant battle of the Khmelnytsky Uprising; 1917, the year of October Revolution, and 1991 when Ukraine gained independence. The year 1340 is also often added to the list. Ukrainian historians usually take 1340 as the starting point of a period in which “Ukraine did not have its own state and foreigners ruled over its territory.” The cause is perceived to be “the dying away of the Ro-

manovych dynasty and the Lithuanian and Polish fight over Galicia-Volhynia.” This period is one of the so-called dark ages in Ukrainian history – we have virtually no surviving written sources from this time. At the same time, the data we do have is sufficient to challenge these conclusions. Did the Romanovych dynasty indeed cease to exist in 1340, and were Ukraine’s lands really divided between its neighbors?

## THE LAST RUTHENIAN RULER

Formally, Yuri II Boleslav, son of Trojden II of Mazovia and Maria, daughter of Yuri Lvovych, who ruled the Principality

of Galicia-Volhynia in 1323-40, was not a direct descendant of Roman Mstyslavych via parental lineage. The last representatives of this dynasty on the Ruthenian throne were the sons of Yuri Lvovych – Prince of Galicia and Volhynia Andrii Yuriiovych and Prince of Lutsk Lev Yuriiovych – who likely died while fighting the Mongols in 1323. Their relative, King of Poland Wladyslaw the Short, wrote to Pope John XXII referring to the Ruthenian princes as his nephews: “We are grieved to say that the last two Ruthenian princes of Orthodox origin who were an



# tehood

invincible shield against the Tatars departed this life; this is the reason we and our lands now face a clear danger from the Tatars.”

Yurii II Boleslav was merely one of many who aspired to the Ruthenian crown. Having dynastic ties to the Romanovychs, he was not, however, their direct descendant. By 1323, there was an abundance of contenders for the throne. For example, the Pope recognized that Heinrich II and Jan, princes of Głogow (Silesia) and brothers-in-law to Lev Yuriiyovych, had a rightful claim to the Ruthenian throne. The latter's son-in-law, Liubartas (baptized as Dymytrii), son of Grand Duke Gediminas, obtained the land of Lutsk after his father's death and maintained control over its eastern part throughout the rule of Yurii II Boleslav.

As a contender for the throne, Yurii II was a sort of compromise to bring balance to political forces in Central and Eastern Europe, primarily between the restored Polish Kingdom and the emerging Grand Duchy of Lithuania.

These two entities did not dare attack the Ruthenian principality, because it protected them against the Golden Horde. This parity lasted for a while after the death of Yurii II in 1340 when he was replaced on the throne by Liubartas.

## THE ARRIVAL OF LITHUANIA

As far as Prince Liubartas and the nature of his rule is concerned, there is one incorrect view which completely blocks an adequate understanding of the political processes that were taking place in Ukrainian (Ruthenian) lands during this period of transition. Liubartas is most often described in historical works as a representative of an arrogant Lithuanian state in Ruthenian lands, while the territory he controlled is referred to as a province of the “Lithuanian” state of the Gediminas dynasty.

At the same time, it is easy to see that he was an independent ruler – he did not depend on his older brothers in any way, consistently employed the title of a sovereign ruler and used Ruthenian, rather than Lithuanian, heraldic figures (a lion and a cross) which are also featured on his signet and coins. Finally, his Orthodox bap-

tism connected him closely to the Ruthenian state and its elite.

In foreign policy, Liubartas naturally counted on his relatives, above all his brothers Algirdas and Kęstutis. Liubartas gave Kęstutis the land of Brest as a reward for military aid, though this is erroneously interpreted by some as its annexation to the Lithuanian state. In turn, Yuriy, the son of Narimantas and Liubartas' nephew, received from the latter first Kremenets and later Belz. Liubartas also possibly helped his other relatives, the sons of Karijotas, to take control of Podilia to which his ruling power evidently also extended.

When Casimir III of Poland contested Liubartas's rule and set his eyes on Ruthenian lands, the help of brothers and relatives proved crucial. Casimir III was related to the last of the Romanovychs and thus considered his aspirations for the crown quite legitimate. He made his first raid into Ruthenian lands in 1340, immediately after the death of Yurii II, but succeeded only in capturing Lviv for a short while and sacking the king's treasury. More coordinated action came from Poland in the second half of the 1340s.

## POLISH AND HUNGARIAN EXPANSION

Casimir III seems to have sought a certain compromise with the elite ▶

THE CASTLE OF LIUBARTAS IN LUTSK FROM A 19TH CENT. Drawing by Napoleon Orda, Polish and Belorussian composer and artist





in the Galician portion of the Ruthenian principality. And as later events showed, he had some success. The Sanok land was likely the first to recognize the supremacy of this Krakow king. In 1349, Casimir III seized Lviv, the seat of the Romanovychs. Remarkably, this came amidst a plague epidemic among the Golden Horde. The demographic catastrophe caused by the plague in the northern part of the Black Sea region pulled the Mongols out of the big geopolitical game of the era and greatly disrupted the balance of forces in Eastern Europe.

Consequently, Casimir III was able to disregard the Mongolian factor and instead focus on his struggle against Liubartas and his Lithuanian relatives and allies. Prior to this, he signed an agreement with the Hungarian king entitling the House of Anjou to the Polish and Ruthenian thrones if Casimir III happened to have no male heirs.

The pivotal events in early warfare took place near Belz, a key fortified city in the defense system of Western Volhynia. A prolonged siege during which King Louis of Anjou was wounded ended in a peace treaty signed in 1352. The sides agreed that Liubartas would “keep the Volodymyr, Lutsk, Belz, Chelm and Brest lands in their entirety,” while “the kings would keep the entire Lviv land.” This treaty was clearly a tactical move, because one year later warfare resumed and continued with varying success until 1366. The second stage of the confrontation over Ruthenian lands ended, again, near Belz, but this time Liubartas was clearly on the losing side. He retained Lutsk but was forced to give up Western Volhynia in which his relatives and former vassals ruled.

It was only after 1370, the year Casimir III died, that Liubartas succeeded in regaining control over Western Volhynia, but the ensuing war against Louis, Casimir’s heir and king of Hungary, Croatia, Poland and Ruthenia, did not give either side a clear edge. The ancient Ruthenian principality was split into two entities, both called “the lands of Ruthenia” but politically associated with different external forces – the Hungarian-Polish and Lithuanian-Ruthenian coalitions.



CASIMIR III (1310-1370). Was the Polish king who annexed Galicia to Poland

The House of Anjou viewed the Ruthenian principality as a separate polity in a union with the Kingdom of Hungary. This explains why, in 1372, Louis gave the part of Ruthenia he controlled to his relative, Wladyslaw II of Opole who used the title of a sovereign ruler. The close political connection with Hungary was severed in 1387 when the Ruthenian lands were invaded by Polish troops loyal to Queen Jadwiga and King Consort Wladyslaw II Jagiello who established the rule of the Polish royal house. However, the Ruthenian principality had a measure of political distinctness until 1434 when its lands were incorporated in the Polish kingdom.

**INTERNAL DISCORD**

The grand Ruthenian principality retained its independence throughout Liubartas’s rule until 1384. But the protracted and exhausting struggle for keeping it united and reliance on Lithuanian military aid inevitably put this polity out into the political orbit of the Lithuanian-Ruthenian state. Liubartas’s son Fedor lost Lutsk in 1386 and Volodymyr in 1393 after which only smaller principalities in the region survived. The dramatic transformations that took place here in 1349-87 are usually taken to be a result of neighbors’ expan-

sion, but the true cause behind the disintegration of the Ruthenian principality was internal discord rather than external invasion. This entity had already faced external threats much more dangerous than those that emerged in the mid-14th century.

The main cause behind the political catastrophe which befell the medieval Ruthenian state was the deep internal conflict among the Ruthenian elites, namely between the political leaders of Galicia and Volhynia. This conflict started in the 13th century when the Volhynian nobility was the bulwark of the Romanovych dynasty in its bid to unite Rus’, while various Galician groups took steps to limit this dynasty’s power in Galicia or remove it completely from the Galician throne. It was only the planned and coordinated action by King Danylo and his descendants that significantly curbed separatist trends among the Galician boyars. But with the death of the last Romanovychs, the old problems resurfaced. Unlike his predecessors, Yurii II Boleslav did not have the reliable support of the local elite. Rumors of his poisoning may be false, but they are a good indicator of the atmosphere of distrust and confrontation that reigned in the Ruthenian court.

Liubartas found himself in an even more complicated situation: his rule was strongest in Volhynia, which is why he chose Lutsk as his seat. In Galicia, however, he had limited power and ruled through his authorized representative Dmytro Detko (Diadko) who expressed the political interests of the Galician elite. The latter evidently liked the idea of breaking away from the rest of the principality into a distinct polity which seemed to offer the best possible access to power for the local aristocracy.

**SERVING FOREIGNERS**

Just as in the 13th century, the way to accomplish these political plans was to throw support behind foreigners aspiring to the Galician throne – this time Casimir III, Hungarian King Louis of Anjou and their successors. In the political inner circle of the above rulers there were numerous representatives of Ruthenian nobility.

These people actively supported the Hungarian and Polish



PODILLIA COIN of Kostiantyn Koriatovych



LIUBARTAS  
(1300-1383).  
A Lithuanian  
who turned  
into a "political  
Ruthenian"



PAST GLORY.  
The stamps  
of Ruthenian  
nobility

kings in their fight for the Ruthenian crown. Now, in the territory of a formerly united kingdom, Ruthenian knights from various lands shed their blood as they fought for warring parties. There were even divisions within families.

The situation that arose in the Ruthenian principality was not unique. The withering of dynasties and the resulting crises were a hallmark of medieval political relations. Virtually no European country was spared such pivotal periods of uncertainty and tribulations. It was at times like this that the elites' political maturity, responsibility and their ability to keep internal unity and maintain stability in the country were tested.

After completing a stage of fighting fraught with contradictions among the elites and military and diplomatic confrontations with their neighbors, European states either reached political unity and restored their standing in foreign policy or formed dynastic unions, thus becoming parts of supranational empire-like entities. In the worst case, they fell apart, later usually losing political independence and turning into satellite states of their more powerful neighbors. In each of these scenarios, military-political elites played the key roles – the very existence of any polity revolved around their political will.

The Ruthenian nobility suffered from internal rifts and was unable to maintain political unity; this was the main cause behind the disintegration of the Ruthenian state and its piecemeal incorporation into other polities. Ruthenian (Ukrainian) statehood evidently did not cease to exist in the mid-14th century, but it was at this juncture that political unity was lost and the great state dissolved. The one great Ruthenian state which played a key part in Eastern and Central Europe from the 9th through the 14th century no longer existed. In the second half of the 14th century and the first half of the 15th century, Ukrainian lands turned into a complex conglomerate of bigger (large principalities and estates) and smaller (appanage principalities) polities which could only occasionally claim a significant role in Eastern and Central European politics. Even though Rus' preserved the fabric of its government structures in most of its territory (Volhynia, the Kyiv region, Polisia and Sivershchyna), from then on these local polities had to coordinate their political development with the rulers of large multiethnic empire-like states like the Grand Duchy of Lithuania and Rus' and later the Polish-Lithuanian Commonwealth which included the greater part of Ukrainian lands in subsequent centuries. ■

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# The Poems of Passion

## Donbas writers promote sociality

**Author:**  
**Bohdan Butkevych**

The writers from STAN association have presented an anthology of social poetry in Luhansk, provocatively entitled *The Lessons of Troublemaking, Sabotage and Spying*. The book is the first Ukrainian conceptual publication of this sort, bringing together versatile writers under one book-cover. **The Ukrainian Week** was at the presentation and talked to Luhansk-based writer Kostiantyn Skorkin, the mastermind behind the book and its editor.

**We borrowed this scary title from a propaganda brochure of the Stalin terror epoch.** We, the compliers and the authors of the selected works, want to caution the public of the looming danger of dictatorship the disturbing signals of which are first and foremost experienced by people from the art world. Today, the government and conservative classes see poets, who do not shun social ulcers, as a potential threat to the ruling order. In their eyes, these poets are spies, who don't recognize borders and bureaucratic patriotism; troublemakers as they teach the youth bad things; and saboteurs, since they do not bend to the government's power.

**The creation of this book took a long time, almost a year.** Everything looked more like a dead end when we began to work on it, but some events shortly before the publication were quite inspiring. These were Lina Kostenko's *Diary of a Madman* and the explosion of debate around Vasyl Shklyar's *The Black Raven*. In other words, literature began to tackle issues of real concern to the public.

**Here is a quote from Osip Mandelstam: "We live, but feel no country beneath us."** I've always wondered why first of all young writers who, I would think, should have the strongest

**PASSIONATE.** Kostiantyn Skorkin goes on his knees to show the role of social poetry

sense of the epoch's pulse and take interest in it, shunned it. If you read most of what the generation of the 2000s is writing, there is the impression that Ukraine is sort of a second Poland, a typical Eastern European country without any specific problems; a tranquil country that has no collective mind crippled by wars, repressions and famines or by the soviet burden. But this idyllic picture has nothing to do with the real situation. In the

first place, Ukraine is a very poor country, giving rise to a mass of social flaws. Our elite is totally immoral and as distant from its nation as it probably was in feudal times. It has no notion of honor or dignity, which is subsequently spread throughout the whole nation. We are turning into a banana republic with the speed of light, eating out the last soviet resources we have left and saving nothing for the future.





**The list of authors in our anthology includes Viktor Yanukovich.** That's our small trick for a wide audience. According to Oleksandr Syhyda, one of our poets, the past of the president's poems is a mystery. We got them from a Donbas-based poet with a pile of other manuscripts. Despite his assurances, we didn't initially believe that Mr. Yanukovich himself could have written this. But we had to, after Ivan Drach (MP and poet) informed the country that our president writes poetry. Actually, we're still not completely sure that these poems were the product of Mr. Yanukovich's pen.

**Modern Ukrainian literature has contributed so little to the nation that it verges on the**

This town of mine  
Where emo angels  
Wander about stoned  
And the night club  
Is called Armageddon

This town of mine  
Where Golgotha is re-  
placed by  
Waste heaps of bar-  
ren rock,  
Big ugly mugs in-  
stead of icons  
pouring vodka.

This town of mine  
Where  
Porn barons are hunt-  
ing humans  
And dollars open ev-  
ery door,  
Where stars on epau-  
lets  
Are all that matters.

*A fragment of  
This Town of Mine  
by Olena Zaslavska*

**criminal.** Real Ukraine, possibly with the exception of Kyiv and Halychyna (Western Ukraine) is truly a terra incognita in art. It is neither illustrated nor represented in the literary process. Never mind the aesthetic whining about literature and art being too sublime for "everyday life". Of course, the USSR overfed us with sociality in Nekrasov, Mayakovski, Gorki and many others. But this does not mean that there should be no social lyrics whatsoever. Social poetry is the artist's consciousness; his paycheck of the debt to his nation. Aesthetes will say an artist is only in debt to his muse but I'm not sure they're right. History remembers the writers who illustrate their epoch in their artwork and become its symbols. After all, most people picture certain historical periods through a prism of the artwork that reflect them.

**If prose cannot keep up with life, it is worthwhile turning to poetry.** However stereotypical this may sound, poets do have bleeding hearts and this raw emotion cannot but evolve into a rhymed piece. I can proudly claim that all the writers included in our book fit 100% with the social criterion of their creativity. There's been enough talk about Serhiy Zhadan who has always responded sharply to everything in our country. Poet Olena Zaslavska has undergone a huge creative evolution in recent years from her erotic and intimate lyrics to real civil poetry. Yaroslav Minkin, a public activist, has always stood out with the social direction of his creativity. Liubov Yakymchuk, a recognized writer, also shares her

vision of the current situation in her rhymes. Oleksandr Syhyda, a unique, true Donbas poet whose stanzas, which appear to be poured from steel, but are yet sophisticated, are a classical example of the artwork of an artist who lives among people and with people. We've included Russian poet, Andrei Rodionov, in the book because this person, who grew up in Mytishchi, a town near Moscow, knows the other side of living in a big city known as a symbol of welfare and wealth better than anyone else. Rodionov's poetry fits into the concept of this social anthology so well, that we couldn't but invite him to take part in the project. Moreover, a wider artistic geography always brings in more benefits.

**We're not doing this project for money.** We did it at our own expense and on pure enthusiasm. That's why we uploaded the whole PDF book on STAN's website right after the presentation. However, we are planning to present it in all the largest literary centers including Kyiv, Kharkiv and Lviv. We would really like to bring it to Russia as well, especially Perm where Andrei Rodionov lives. We chose Luhansk as a starting point because we wanted to create a symbol of a cultural wave moving against stereotypes from the East westward, i.e. from Luhansk to the western border of our country, and not because most STAN members live in Luhansk. It is as if we are laying down an artistic challenge from Donbas to the whole of Ukraine to join this movement of non-indifference. ■

#### INTERNATIONAL EXPERIENCE



**Thomas Wohlfahrt, the founder and director of Literaturwerkstatt Berlin (Literature Institute) and curator of Literature Express Europe 2000 and Berlin poetry festival,**

comments on the role of poetry in life today:

— Poetry can affect collective consciousness enough to inspire a protest. I once watched Serhiy Zhadan (one of the most popular modern Ukrainian poets) read his social poems to music and young people dance enthusiastically. It was a celebration, these rhythmical moves to the cheerful "Hey, hey, hey!" was a chance to open the mind and the eyes wide! Poetry can do it all! Although this effect often lasts much longer than that. Another example of this influence is Hamada Ben Amor known as El General Tunissa, a reader of political poetry to rap music. He is believed to have inspired the Jasmine Revolution in Tunisia. He was put in jail while his poetry records spread online moving crowds of young people. People used his lyrics as slogans at protests. But this is a rare case.

Chilean and German poets arranged an exciting campaign at the Berlin poetry festival last year – they threw several thousands of poems from a helicopter. That was extremely efficient; like a rain of poetry. Some older people had tears in their eyes. This reminded them of the time when airplanes shed bombs that ruined their cities.

# Success Against All Odds

The only Ukrainian on the British rating list of Top 100 Living Geniuses, artist Ivan Marchuk, could not stay abroad and opened an exhibit in his home village of Moskalivka

**Author:**  
**Marina Gnatenko**

**H**is paintings cost tens of thousands euros and represent Ukraine in the best exhibition halls all over the world, but he keeps working in a small studio in the attic.

Ivan Marchuk ignores his status of a living classic and leads a Spartan lifestyle.

He looks young for his age, and he has got more pep than many young people. He gets phone calls from all over the world, yet he is always alone. He says he has neither a wife nor a muse. But he always remembers his home village of Moskalivka near Ternopil. And he keeps painting it.

This year, the main street of the village leading straight to his museum was named in his honor. The artist was invited to be present at the inauguration. The street was so crowded that he could hardly drive through in his gold-colored Opel Astra.

"There are still real men in the village, kind, sincere, and warm," says the artist. "It is next to impossible to rally them for a formal meeting – but this time they all came. They decorated 'my' street and filled all of the potholes in the road."

Marchuk brought a few more canvases to Moskalivka, but there is nearly no room to exhibit them. The village club building, which dates back to the soviet era, houses a school now and is not meant for storing paintings. But the artist has hundreds of pictures, and he is anxious to show people all of them. Marchuk brought them all to Ukraine and was happy when Viktor Yushchenko wanted to open a museum of his paintings on Andriivsky Uzviz in Kyiv. However, his joy was premature – now an office building and entertainment center will be built in that place.

Marchuk did not stay in Moskalivka long before moving on to Ternopil, to award a newly es-



The world has only  
**99**  
more people  
like Mr. Marchuk

tablished prize to a young artist. He recalled how he was awarded the Lepky brothers prize.

Marchuk knows what it means to be a self-made artist. He was born into a family of a hard-working, but poor weavers. He learned the art of weaving the world into his mind from his father. Then followed seven years at the Ivan Trush School of Applied Art in Lviv, then service in the army followed by college.... As a student, he always ran away from home, as far as possible. He fell in love with Lviv at first sight.

Later, he worked at the Kyiv Institute for Superhard Materials for three years and Kyiv factory of decorative and applied arts. It would take him two hours to cope with his responsibilities, and he would use the rest of the time to look for his own individual style in art. He felt that he had to be different. And when he did find it, he said the biblical "I am!"

"And then all the locks burst open, and my hand could hardly catch up," the artist recalls. "For some time, I didn't even give names to my paintings. I was so terribly happy."

Marchuk's works are executed in an elaborate technique of hundreds of intertwinning fine lines. He dubbed his manner of painting *pliontanism* (from dialectal Ukrainian pliontaty – to knit, intertwine. – **Ed.**), and it is virtually impossible to imitate it. His country landscapes from the early cycles are even more unique, since the paints are unavailable. "They stopped manufacturing the tempera I painted with back in the 1970s. The world does not know it, but it worked like a charm for me," he smiles, "I invented this technique in 1972."

His works were a tremendous success, first due to the grapevine and exhibitions held at home. But if you are engaged in something unauthorized, you fall under suspicion. Moreover, if you arrived from Lviv, and have only a modest command of Russian, then you must be a nationalist. The master fell among dissenters de-

spite his non-involvement in politics, having only signed a few appeals in support of the Moscow dissidents. But this nipped his career in the Union of Artists in the bud, which meant no studio and no exhibits.

Marchuk reacted with an outburst of desperation over new repression, censorship, and the stifling atmosphere of the 1970s in Kyiv. He began to paint mazes with no way out, and the characters of his contemporary paintings were strikingly tragic. That was when he got noticed. He was summoned to the KGB office, intimidated, admonished, but to no avail. He persistently refused to notice the "optimistic soviet reality."

"If you have a backbone, nothing can break you down," he says, "but 10 out of 20 years I lived in Kyiv are completely lost. There is nothing worse for an artist than painting without exhibiting."

His first unofficial exhibit in the Ukrainian capital took place only in 1981, at the headquarters of the Union of Artists. "The line was as long as one at a store when everything was in short supply," recalls Marchuk. "And two days later orders came to remove the exhibit. I said, remove it yourselves if you will, I'm not doing anything."

Then followed exhibits at the Union of Composers, at the Library of Medical Literature, and at Dr. Amosov's Clinic. Those were places devoid of any ideological officialism. However, soon Marchuk's work was criticized in the soviet press with denouncing articles like Making Circles or Making Progress? which appeared in Prapor Komunizmu (The Banner of Communism) in 1982.

"Kyiv was still afraid to exhibit me at its galleries when Ternopil did it in 1986. Then there were exhibits in Ivano-Frankivsk, Kolomyia, and at Shevchenkivsky Hai, a skansen in Lviv. However, the big bosses from the Union never showed up at the shows."



**BIO**

Ivan Marchuk was born on **May 12, 1936**, in Moskalivka near Ternopil. After finishing seven classes of secondary school he applied for the department of decorative painting at Ivan Trush School of Applied Art in Lviv **(1951-56)**

**1965** – graduated from the Lviv Institute of Decorative and Applied Art

**1965-68** – worked at the Kyiv Institute for Superhard Materials

**1968-80** – worked at the Kyiv factory of monumental and decorative art

**1989** – emigrated to Australia, later moved to Canada and the US

**1996** – awarded the Merited Artist of Ukraine

**1997** – awarded Taras Shevchenko National Prize of Ukraine

**September 11, 2001** – decided to return to Ukraine

**2006** – the International Academy of Modern Art in Rome admitted Marchuk to the Golden Guild, now including only 51 artists from various countries

In 1989 the painter moved to Australia, and later, to Canada and the US. He recalls that at that time he could have bought three or four apartments in Kyiv with his fees, they were so cheap.

Marchuk spent over 10 years in the US. Over this time “nine Marchuks” were born: the artist kept experimenting with his palette, technique, style, and forms. He painted landscapes, surrealistic pieces, naïve, portraits, and so on.

In 2001, after witnessing the fall of the Twin Towers in New York, he took a new look at his life and returned to Ukraine. Since then, he has been working in an old studio and jokingly calls himself an easel guy.

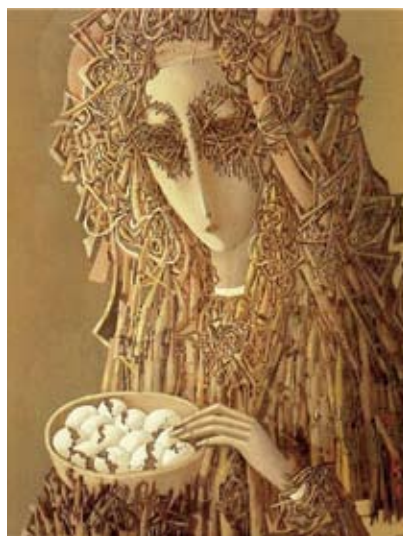
Marchuk believes that obsession is the first and foremost quality for an artist. “Art is not a mill. It requires absolute concentration. If you are a run-of-the-mill artist, you have fun, sell your pictures, drink and indulge in your pastimes... But if you are a Van Gogh, forget about it.

“I am not bound to a non-existing state. The so-called state so far called Ukraine is a Titanic. I am the kind of man who can break loose at any moment and take everything with me, just like Shevchenko put it. When it is all sold out, when artists can't look at it anymore because they will either be eaten by dogs or shot, then I can run all the way where the road takes me. I don't care if I die on the road,” says Marchuk.

He is convinced that it will take a hundred years and a complete change of generations to uproot the soviet mentality.

“Ukraine has been in the state of civil war for 20 years now. Under the soviets everything was so oppressed that no one dared say a word. Meanwhile now everyone is at war with everyone else, in the government, in art, education, everywhere. This territory is suffocating in an atmosphere charged with malice, hate, and envy. People breathe it and become ill.”

He says he could just as well live in Europe, in Prague or Krakow, where there is no big language barrier. “But then I think to myself, okay, I run away from here – and what then? People know that I live an honest life, in truth and justice. My way of life pleases both ordinary people and big bosses who don't even know my work. But after all, it doesn't really matter if they like my paintings or not.” ■





# The Whisper of t

The Shypit waterfall and surrounding villages lure thousands of tourists from Europe and Asia

Author and photographer:  
Dmytro Stakhovsky



**S**hypit or Shepit, the name of the waterfall, means whisper in Ukrainian. This remote place in the mountains has turned into a massive pilgrimage spot. People following an “alternative lifestyle” from all over Europe have been travelling here for over 10 years. Hotels, restaurants and tourist buses are mushrooming, as Carpathian tourism evolves.

## CHILDREN OF NATURE

“Shypit is a waterfall in the village of Podobovets, Volovets County, Zakarpattia Oblast. It is located by the Gemba hill 744 meters above sea level. The waterfall is nearly 10km away from Volovets railway station,” is the meager description in guidebooks.

Yet some people spend all summer here, returning every year. These children of nature, all kinds of punks, hippies and others, spotted the plateau back in the early 1990s. They have been travelling to hang out here ever since, coming from other parts of Ukraine and neighboring European countries. Some hitchhike to the waterfall from as far away as Siberia, even with young children in tow.

In the middle of summer, the huge plateau hidden deep in the Carpathians looks like the wild American West. Wigwams stand next to tents and young men and women frolic naked in pairs. This is a typical view here in summer. And if you decide to bring your kids here, don't be alarmed when naked boys and girls, lathered in soap and completely naked, appear on the upper level of the most



# the Carpathians

aqueous cascade of the waterfall. They are not embarrassed. For them, it is just an opportunity to take a shower.

The residents of the camp treat newcomers as if they were state reserves, especially a month after their arrival, when they have run out of cereals, cigarettes and tea.

The least lazy hippies boost the welfare of the nearby villages. They are several kilometers away, so those who don't mind taking a walk get all the fresh supplies – homemade cottage cheese, eggs, milk and wine, and at bargain prices.

## THE BORZHAVA PLATEAU

The local population is no longer as poor as it used to be. Podobivka, one of the villages, now has newly-built restaurants and hotels, and a repaired skiing resort.

The flow of tourists to the waterfall keeps growing, even in winter. Groups from hotels and resorts in Zakarpattya are transported in to see the place almost every day.

The entrance to the reserve, or rather the path leading to the waterfall, has a turnpike and a hut with a guard who collects two hryvnias, the equivalent of about 25 cents) as an entrance fee. You can get a coffee; eat *banosh*, a traditional Hutsul meal of corn flour boiled in cream, sprinkled with cheese made from sheep's milk or mushrooms; or pick up some souvenirs. Tables with benches and huge trash cans are found closer to the waterfall. Paradoxically, before the 'furniture' and the trash cans arrived, there was never any garbage lying around. Now, cultural tourism has reached even this remote spot, bringing cash to the locals. ▶



### ATTENTION! ONE NAME – DIFFERENT PLACES!

The waterfall, the river and the village, all called Shypit, are in fact different spots located far from each other. Make sure you know which one you are going to or you'll end up in the wrong place! River Shypit is in Zakarpattya, but a totally different county, while the village is in Kosiv County, Ivano-Frankivsk Oblast. The well-known summer rock festival takes place annually at the Shypit waterfall. Lyubko Deresh, a young Ukrainian writer, made the place more popular after he mentioned it in his book *A Little Darkness*.

TOP 10 BEAUTIFUL WATERFALLS ON THE PLANET



Angel Falls, Venezuela, 979 m



Victoria, the border between Zambia and Zimbabwe, 128 m



Niagara Falls, the border between Canada and USA, 53 m



Kjosfossen, Norway, 669 m



Southernland Falls, New Zealand, 580 m



Yosemite Falls, USA, 739 m



Reichenbach Falls, Switzerland, 250 m



Waihilau Falls, Hawaii, 792 m



Mutarazi Falls, Zimbabwe, 762 m



Iguazu Falls, the border between Brazil and Argentina, 82 m

In Pylypets and Podobivets, in addition to the appearance of new hotels, many private homes have been built or renovated. This shows the pretty good income that the locals earn from tourists as they come to see the waterfall and ski in winter. Green tourism is becoming more popular and growing more civilized: decent indoor rather than outdoor bathrooms are no longer a wonder here, hot running water, bicycle rental and many other services have become a common thing.

More hotels sit along the Volovets - Mizhhiria road, namely in Volovets, as well as in Huklyve and Skotartsky. They are all within a radius of 15-20 km of the waterfall so to get there by car is not a problem. New hotels charge UAH 100-200 for a double room.

The village of Izky, which is about 2 km from Pylypets on the way to Mizhhiria, has become yet another tourist destination for skiing. It is a small resort with cozy wooden cottages, restaurants and a fantastic sauna – and all this can be found right above a highland stream. The classical selection of entertainment also made its appearance in Izky: with shashlyk at a *Kolyba* (a Hutsul-style tavern), coffee and a great Hutsul sauna that for some reason, the owners called “SPA House”. The locals offer their own products, including fresh meat, milk, bread, vegetables grown in the Carpathian gardens and honey from their own beehives.

### WILD DANCES

Turn left just before the waterfall and you will find a huge clearing in the woods. This is a perfect place for a tent. We stayed right over Shypit. The end of summer is tranquil and quiet here. We are short of wood to burn though, as the hippies have burned everything. But mushrooms are plenty

and close – sites where mushroom grow can be found in spruce thickets, which break up the ancient beech forest.

Swimming in the waterfall, especially naked, is a challenge even for the well-trained Shypit contingent. Some Carpathian rivers warm up a little by mid-summer but here, the water is not just cold, it's freezing, all year round. The entrance to the “shower cabin” is the most dangerous. To get to the most convenient torrent, falling off the cliff you have to balance on the edge of a huge slippery rock with soap and towel in hand. After that, you do your wild dances under the ice-cold stream of water.

Those who prefer to refresh themselves, but in a less extreme form, can ascend a little higher above the waterfall to beautiful and convenient “bathing spots”, filled with the same crystal clear and freezing water. It is no warmer than in the waterfall but much safer.

From there you can walk to Velykiy Verkh (The Great Peak) and Stohy (The Heaps), the two local peaks. The latter is the highest peak of the Borzhavsky Range at 1,681 m. A strategic radio communication station crowned by three locators – huge white globes – used to be located there. Even at such a height, standing next to the globes that look like tyrannosaurus eggs, a person appears small and helpless. You do not need any equipment or training to get there but the walk is fantastic, with breathtaking views and huge mouthwatering blueberries.

In our case, the walk back was more rapid descent, an escape from the huge black cloud that can trap you in the mountains in a thick fog. At the same time, it was an opportunity to enjoy the fog, picturesquely flowing down from the hilltops like thick cream. ☒

### SIGHTSEEING

**St. Michael's Church** (1785) in Bodobovets is a wooden church with an old cross adorned with painted Bible scenes (1903)

**A spring of naturally sparkling mineral water**, 7 km from Pylypets in the village of Kelychyn on the Volovets-Mizhhiria road

**Synevir** is the biggest lake and one of the seven wonders of Ukraine, located about 40 km away from Podobovets on the way to Mizhhiria, then on to the Synevyr meadow

**Stohy Mount** is perfect for the warm season. A gentle slope onto the Borzhava Range, about 8 km from the waterfall.



# Sublime and Earthly Things

Author:  
Daria Trusova

Cai Guo-Qiang, the Chinese artist known worldwide for his visual effects at the opening and closing ceremonies of the Olympic Games in Beijing, descended 1,040 meters into a Donetsk mine this spring. His 'coverage' is presented in an art project displayed in the workshops of a one-time Donetsk plant, producing insulation materials, now known as the Isolation. Art Initiative Platform opened on 27 August through 13 November.

Liubov Mykhailova, the founder of this center, invited Cai Guo-Qiang to create a project in Donetsk, based on the unique features of the industrial valley of waste tips. Along with 18 local artists and a group of volunteers, Mr. Guo-Qiang visited Artemsil salt mine in Soledar and Oktiabrsky Rudnyk (October ore mine) in Donetsk, to create gunpowder portraits of 27 miners using his signature special event explosion technique. He framed them in a similar manner to that used by workers to frame the portraits of Communist leaders for soviet propaganda rallies and titled the series "Monuments on Shoulders". The installation is located in the plant's one-time workshop with the floor sprinkled with ground minerals, salt on the right and anthracite on the left. Visitors have to walk on the fruit of the workers' labor to see all the portraits. They can use boot covers are available at the entrance to avoid dirtying their shoes.

Some people could find such angle of looking at the Donetsk-born site specific (a currently popular concept, when an object of art is created to fit a specific place) offensive. Others have objected to these workshops, where "people could be earning salaries", be used for the presentation of some kind of "art". However, Liubov Mykhailova says there is no turning back as the white'n'blue owners of the region have privatized the railway depot that used to service all 26 local companies, thus making their further operation impossible. The percentage of expenses for inviting the popular Chinese artist, compared to the costs required



PHOTO FROM ORGANIZERS

Portraits on the shoulders: gunpowder images of miners

for the re-building of the railway – "... can be compared to building a state and doing something good for one's own home," she explains.

The introduction of modern art performed by Mr. Guo-Qiang to Donetsk can truly be seen as a blessing for Donbas. The Chinese-born and currently New York-based artist does not have the same kind of aggression as that with which the PinchukArtCenter, broke onto the Kyiv scene, to say the least. The show, located in the partially burned down workshop No. 2 comprises an exhibition of old railcars placed in a line, each individually decorated, swaying slowly with the help of small engines, to the quiet sound of a *bandura*<sup>1</sup> player, as if the cradles containing our past are travelling through an imaginary mine tunnel. On the curtain of each railcar, a video of soviet films from the relevant era is shown, ranging from the enthusiastic destruction of church domes in the 1920s, right up to the Chernobyl newsreel from 1986.

The employees and numerous volunteers working on the project firmly believe that it is the Isolation's site specific projects, not football matches at the luxurious Donetsk

stadium or the newly-opened Pushkin restaurant at the business center owned by Borys Kolesnikov, Ukraine's Vice Prime Minister and Minister for Infrastructure, where waiters greet their customers with the words "Would you fancy a drink?", that will open the door for the people of Donetsk to the world community. It is as if they are saying that they have to see who they are for themselves, and only then will the world notice them. Still, there is a certain artfulness in the fact that Guo-Qiang created the site specific resorting to time specific. If he had combined them, we would not have felt any delight and nostalgia, but fear and repugnance – the emotions people experience when, for example, staying out of the way of a young drunk guy (during the celebration of Donetsk Day in combination with Miner's Day), shouting "I'm so angry that I could beat up anyone I want... and I will be right!"

One wants to believe that Cai Guo-Qiang's gunpowder will meet its original intent, to manifest those properties that were used in medieval China, i.e. banish evil spirits out of the region. After all, when a person is shaped by site specific to too great an extent, he/she is unable to do anything, nor can he/she reach for the sublime. ■

<sup>1</sup> Ukrainian folk String instrument.

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