

Gorshenin *Weekly*

ISSUE #20 11/26/2010

The participants in the EU-Ukraine summit have approved an action plan towards visa liberalization for Ukraine

November 22nd, in Brussels 14-th Summit European Union (EU) -Ukraine got underway.

The President of the European Commission **José Manuel Barroso**, the President of the European Council **Herman Van Rompuy** and the President of Ukraine **Viktor Yanukovych** took part in the summit. During the meeting delegates discussed the process of reforms in Ukraine, relations between Ukraine and the EU, as well as the issues of regional cooperation. Also the parties signed the protocol to the Cooperation and Partnership agreement, that outlines main principles of Ukraine's participation in EU's programs.

The key moment of the Summit was EU's proposition of the Action Plan to grant Ukraine visa-free travel for short stays in EU countries.

V.Yanukovych called the signing of this Action Plan the most important outcome of this Summit. According to him, Ukraine will be able to fulfill all obligations taken within the framework of the Action Plan, as early, as in the first half of 2011. He added also that Ukraine had managed to reach an agreement with the EU to speed up the negotiations regarding the Association Treaty. H.V.Rompuy expressed his content about granting Ukraine this plan. Along with this J.M.Barroso stressed out that the level of relations between the EU and Ukraine would depend on how Ukraine progressed with its reforms and the state of democracy in the country.

Foreign and Ukrainian politicians and experts had various opinions as to the results of the summit.

«Batkivschyna» Party Leader and former Prime-Minister **Yulia Tymoschenko** praised giving Ukraine the action plan to achieve the visa-free regime. Head of the Parliamentary Committee on European Integration **Borys Tarasiuk** also calls it Ukraine's big achievement. However, he noted that the term of actually getting the free-visa regime would depend on Ukraine's following European principles since the EU would not ignore undermining of democracy, rule of law and violation of human rights in Ukraine. According the Ukrainian Parliament Chairman **Vladymir Lytvyn**, signing of the action plan is a tangible result which requires more work. Former Foreign Minister **Petro Poroshenko** doesn't see any concrete points in this plan as it does not create any obligations for the EU. Chairman of the European Parliament's Committee on Parliamentary Cooperation between the European Union and Ukraine **Pawel Kowal** notes that the Summit showed more progress than expected. « EU seems to be happy that Ukraine has now a political stability which enables the government to conduct necessary political and economical reforms», - he said. EU High Commissioner on Foreign Affairs and Security Policy **Catherine Ashton** noted that, Ukraine was a very important partner of the EU. According to her, the summit is a starting point on the road to a long and serious cooperation. Former Foreign Minister of Ukraine **Vladymyr Ogryzko** thinks, that further development regarding the visa-free regime for Ukraine will depend on whether Ukrainian Government proves to be capable to fulfill its obligations spelt out in the Action Plan. The European Commission spokesman **Michael Karnitschnig** agrees with him. «But there is no deadline that is imposed, and is now a matter of setting the right political priorities in Ukraine itself. The ball is now, if you want, in the court of Kiev», - he said. The leading expert of the Center for European Political Studies Michael Emerson added that certain remarks of President Yanukovych are

of misleading nature as to the the fact the the immediate results will be achieved in the near future. Along with that Director of the Institute for Euro-Atlantic cooperation **Alexander Sushko** stressed out that the EU recognized the fact that the current Government had a way of convincing the Ukrainian Parliament to pass certain laws and push for their enforcement, as well. The expert of the Center for Public Political processes in the post-soviet countries **Alexander Karavayev** reminded that the visa-free regime negotiations between the EU and Ukraine are complicated by the fact that this regime already exists between Ukraine and Russian Federation (RF). According to him negotiations should be conducted in a three party format, or the visa-free regime between the two countries should be eliminated. Warsaw University Institute of International Relations expert **Andrzej Sheptytsky** thinks that the EU decided to grant Ukraine the action plan in order to soften the tensions between the EU and Ukraine after President V.Yanukovych took office. According to the Center for Applied political research «Penta» expert **Nataliya Novakova**, Ukrainian Government will use these achievements to maintain its popularity rating in the eyes of the Ukrainian people.

The European Parliament adopted a resolution on Ukraine. Ukrainian Ministry of Foreign Affaires calls it a victory

On November 25th, 2010 the European Parliament (EP) adopted a resolution on Ukraine.

This document confirms Ukraine's right to apply for the EU membership. Along with that, the resolution states that the most recent local elections conducted on October 31st, 2010, did not establish new positive standards. The document also calls for the improvement of the election laws in Ukraine. Besides, the resolution calls on the Ukrainian authorities to carry out a thorough investigation into all accounts of violations of human rights and restrictions of freedoms to stop all abuses and look into the participation of the Ukrainian Security Service in cases concerning the interference with democratic processes. European Parliamentarians are also concerned with the freedom of speech and independence of media in Ukraine.

Director of the Department of the information policies of the Ministry of Foreign Affaires of Ukraine **Oleg Voloshyn** thinks that the EP Resolution on Ukraine is a big victory for the country. Deputy Head of the VRU Committee on European Integration **Vladymyr Vecherko** holds the same opinion. Head of the Ukrainian Permanent Mission in the EU **Konstantin Yeliseyev** thinks that this resolution sends a Ukraine positive message.

Entrepreneurs are asking President V.Yanukovych to veto the new Tax Code

Entrepreneurs are holding protests in Ukraine.

Protesters are demanding that the President doesn't sign the new Tax Code (TC) into law which, in their opinion, will eradicate small and medium businesses. Should **V.Yanukovych** sign the document, protesters threaten to initiate the national referendum to impeach the President and dismiss the Ukrainian Parliament. According to «Batkivschyna» Party Leader and former Prime-Minister **Y.Tymoshenko**, Ukrainian entrepreneurs will not have any trouble gathering three million signatures in order to be able to carry out the referendum. Along with that, protesters claim to be free from affiliation with any political party.

Entrepreneurs are demanding to meet with the President to discuss certain controversial provisions of the EC, however V.Yanukovych despite his promises to meet with the protesters has not been able to find a window in his schedule for

such meeting. Meanwhile in one of his interviews V.Yanukovych said, that there was a whole generation of bureaucrats in Ukraine that have built their business based on corruption. Earlier he said that these protest had been provoked by unwillingness on the part of businesses to pay taxes. First Deputy Head of the Presidential Administration **Irina Akimova** says, that she is not sure that the newly adopted TC defends the rights and liberties of all Ukrainian citizens. Prime-Minister of Ukraine **Nikolay Azarov** expressed his readiness to negotiate with the protesters. Along with that he stressed out that Ukraine was undergoing the process of reforms and the Government would not allow anybody to undermine the stability in the country. First Vice Prime-Minister of Ukraine **Andrey Klyuev** has been appointed the Head of a special working group to resolve this conflict. He does not exclude the possibility of making amendments to the TC after it has been signed by the President. According to the Member of the Strike Organizing Committee **Olexander Danyliuk**, the fact that the Government is ready to look for compromise shows that the TC has not been finalized and was not ready to be signed into law and that protesters' demands are just and reasonable. In the meantime, Head of the Council of Entrepreneurs of the opposition government **Oksana Prodan** said that entrepreneurs had managed to have found compromise in the course of the meeting with A.Klyuyev only on certain provisions of the TC. «Other propositions were not supported by Mr. Klyuyev and therefore we continue to ask the President to veto the Tax Code», - O.Prodan said.

Federation of Employers of Ukraine (FEU) supported protesters' position. According to FEU this TC does not create any motivation for businesses to come out of the shadow and does not provide therefore for the economic development of the country. Ukrainian Union of Industrialists and Entrepreneurs (UUIE) also expressed its support of the protesters. «These protests are conditioned by the aspiration to find justice and indignation over numerous accounts of corruption, abuses on the part of enforcement authorities», - President of UUIE, the People's Deputy, member of the Party of Regions **Anatoliy Kinakh** said. Ukrainian farmers have also expressed their readiness to join the business community in their protests. This intent was announced by the Association of Farmers and Private Landowners of Ukraine (AFLU). «Should this Code come into effect it will destroy Ukrainian agricultural complex, which depends heavily on small business. This document will lead to increase in prices for agricultural goods», it says in AFLU statement. AFLU together with other agrarian organizations is planning on starting preparations for a national strike if their demands are ignored.

According to the National deputy, member of «NU-NS» faction **Arseniy Yatseniuk**, adoption of the TC and its signing into law will put more than half a million of Ukrainians out of work. Deputy Chairman of the Ukrainian Parliament **Mykola Tomenko** thinks that after the TC lands on the President's table he will return it to the Parliament with a number of remarks and propositions. N.Tomenko thinks that the Government was not prepared to face such wide public protest and discontent. Head of the State Committee on Regulatory Policies and Entrepreneurship **Mikhail Brodskiy** does not agree. He's sure that V.Yanukovych will sign this document into law, fearing that the International Monetary Fund will cease all crediting to Ukraine. Vice Prime-Minister on Economic Policies **Sergey Tigipko** notes that entrepreneurs expressing their position do not take into consideration economic realities in the country. National deputy, member of the Party of Regions **Aleksey Plotnikov**

recognizes that a number of errors have been made in the process of drafting the Tax Code all due to the precipitous manner in which the legislators were working on this document.

Protests have also drawn interest of the international community. On November 24th, 2010 the Strike Organizing Committee had a meeting with the representatives of diplomatic missions in Ukraine. Officials from the Embassy of the United States, France, Germany and other EU countries took part in this meeting. During the talks members of the Strike Committee said the unwillingness on the part of the President and the Government to look for a compromise might lead to uncontrollable processes in the country which might turn into an open civic unrest. Participants of this meeting agreed that this situation is the most unstable in all years of Ukraine's independence. As a reminder on November 18th, 2010 the VRU adopted the TC. It is expected to be passed onto the President for signature by November 26th, 2010.

The Constitutional Court of Ukraine allowed to carry out Parliamentary elections in 2012

On November 19th, 2010 the Constitutional Court of Ukraine (CCU) ruled in favor of making amendments to the Constitution of Ukraine that provides for the extension of the Presidential, Parliament's terms, as well as the terms of deputies of local councils and mayors from 4 to 5 years.

On the same day, in the preliminary reading Parliament adopted the draft amendments to the Constitution setting the date for the next parliamentary election for the end of October, 2012. On November 22nd the Central Election Commission (CEC) refused to announce the beginning of the election campaign.

As a reminder according to the current Constitution, Parliamentary election should be carried out in March 2011.

Opposition parties think that the next Parliamentary Elections should be conducted on March 27th, 2011. Deputy Head of «BYuT-Batkivschyna» faction **Sergey Sobolev** says, that the CEC refusal to announce march 27th, 2011 as the date for the Parliamentary elections will be appealed against in court. Deputy Head of the CEC **Andrey Magera** thinks, that there will be more discussions as to the date of the elections, as the final amendments to the Constitution that extend the terms of the national deputies have not been made. Head of the Political Council of «Nasha Ukraina» Party **Valentyn Nalyvaychenko** thinks, that state officials that are supposed to defend law and order are turning into an instrument to ignore the law and grant unlimited powers to current pro-government forces. Deputy Head of the Party of Regions faction **Mikhail Chechetov** predicts, that the Parliamentary elections will take place in October 2012. According to the polish analyst **Grzegorz Gromadzki**, having Parliamentary elections in 2012 is beneficial to the Party of Regions as well as to the opposition.

Ukraine will return gas to «RosUkrEnergo»

The Supreme Court of Ukraine (SCU) obligated «Naftogaz Ukrainy» to give back to «RosUkrEnergo» (RUE) 12.1 billion cubic meters of natural gas.

In its turn, the Ukrainian Government has settled the issue of customs formalities for the gas stored in the underground depositories of the country, in favour of RUE

Earlier, Ukrainian Parliament rejected the Draft Law «On energy security of Ukraine» that would ban using state budget money and funds received from the

international financial institutions to settle with RUE. Also the People's Deputies refused to obligate the KMU to prohibit the National Company «Neftegaz Ukrainy» to use natural gas initially produced to satisfy Ukraine's domestic needs to eliminate its debt to RUE.

As a reminder according to the decisions of the Arbitrage Institute of the Stockholm Chamber of Commerce from March 30th and June 8th of 2010 Ukraine has to give RUE back 11.1 billion cubic meters of natal gas, pay 197 million dollars and give 1.1 billion cubic meters of natural gas in compensatory damages.

Viktor Yanukovych says, that Ukraine will not allow anyone control its GTS

President V.Yanukovych announced that Ukraine would not allow anybody control its Gas Transportation System (GTS).

He stressed out that any joint venture with either European or Russian partners would not lead to the possibility of Ukraine's loosing its GTS. Moreover he insists that the modernization of Ukrainian GTS is a much cheaper and effective alternative to the South Stream Project, which RF is going to build to transport its gas to Europe bypassing Ukraine.

According to the former Deputy of the Head of Presidential Secretariat **Alexander Chaliy**, Ukraine should not be intimidated by the South Stream Project. «Even if they launch it, which even «Gazprom» is not sure about, Europe will have a choice - practically the same gas from two different pipes. However it is two times cheaper to transport gas using Ukrainian pipeline in comparison with the South Stream. Therefore, it is not difficult to guess which pipeline Europeans will prefer», Mr. Chaliy says.

Ukraine is calling for resumption of direct negotiations to settle the Transdnestria conflict

The EU President H.V.Rompuy announced that the EU and Ukraine had confirmed their support of territorial integrity of Moldova and were calling for renewing the negotiation in «5+2» format to resolve the conflict.

According to a number of Ukrainian media President **V.Yanukovych** is planning to discuss with the Federal Chancellor of Germany **Angela Merkel** during the upcoming OSCE Summit in Astana scheduled for December 1st-2nd possible ways of settling the conflict.

As a reminder the negotiations in «5+2» format (parties to the conflict - Moldova and Transdnestria, sponsor states - Ukraine and RF mediator - the OSCE and observers - the US and the EU) came to no avail in 2006 and then later were frozen. Meanwhile a number of informal consultations have taken place in that format, the last one was conducted in Kiev on November 16th, 2010.

On November 15-18, the Gorshenin Institute ran a telephone poll: Ukraine-EU relations. Overall 1000 respondents were questioned based on a random sample, above 18 y.o., in all regional capitals of Ukraine, in Kyiv and Sevastopol. Quotas were fixed for regions of living, gender and age of the respondents. The representation error of the study does not exceed +/-3,2%.

According to the results of the **all-Ukrainian study**, the experts of the Gorshenin Institute have concluded the following:

About one-third of Ukrainians (33,7%) consider the relations between the European Union and Ukraine as friendly. Out of these, every fifth (21.0%) called them «rather friendly», and 12.7% – «certainly friendly». Those who think that these relations may be described as unfriendly are only 12.8% Ukrainians. Among them, 9.0% chose the answer «rather unfriendly», and 3.8% - «certainly unfriendly». At the same time, almost half of the respondents (45.3%) consider the Ukraine-EU relations to be neutral, and 8.2% found it difficult to answer the question.

42.3% respondents think that the Ukraine-EU relations will be improving in the future. About one-third of the people questioned (33.9%) think that the relations will remain the same and 14.3% respondents expressed their fear that the EU-Ukraine relations will be degrading. Every tenth Ukrainian (9.5%) found it difficult to answer the question.

Most Ukrainians (76.3%) find the visa-free travels of citizens to be an expedient level of rapprochement between Ukraine and the EU. Next are cultural exchanges (69.0%) and a common customs space (51.6%). At the same time, more than one-third respondents (35.1%) approve the idea of a mutual foreign policy and almost one-fourth (23.7%) support the idea of a shared currency. Those who think that the expedient level of rapprochement between Ukraine and the EU is the common legislation are 14.0%, common army – 10.4%, and common public authorities – 8.8% respondents. The answer «Other» to this question was given by 0.4% Ukrainians, and 5.0% found it difficult to answer.

Vast majority of the Ukrainians (88.5%) positively accept the simplification of the visa regime between Ukraine and the EU. Out of them, 76.7% gave the answer «certainly positive», and 11.8% - «rather positive». Only 4.5% respondents negatively evaluate the simplification of the visa regime between Ukraine and the EU. Among them, 3.2% Ukrainians chose the answer «certainly negative», and 1.3% answered «rather negative». For 7.0% respondents it was difficult to answer the question.

Most Ukrainians (61.4%) think that the economic situation in Ukraine has degraded over the last eight months. The answer «certainly degraded» was chosen by 35.8% and 25.6% respondents answered «it has rather degraded». At the same time, every fifth Ukrainian (20.4%) expressed an opinion that over the past eight months the situation in the country has improved. Out of these, 15.6% chose the answer «it has rather improved», and 4.8% answered «it has certainly improved». 18.2% found it difficult to answer the question.

Those who think that the situation with the freedom of speech and democracy

in Ukraine has degraded over the past eight months are 42.2% Ukrainians. Among them, 21.9% chose the answer «it has rather degraded», and 20.3% people questioned answered «it has certainly degraded». At the same time, every fifth responded (19.0%) thinks that the situation in this field has improved over the past eight months. 12.7% answered «it has rather improved», and 6.3% respondents chose «it has certainly improved». Most part of the Ukrainians (38.8%) found it difficult to answer the question.

Almost half of the Ukrainians (44.8%) think that the level of corruption in Ukraine has not changed over the past eight months. Almost one-third of the citizens (31.2%) expressed an opinion that the level of corruption in our country has increased over this period, and every tenth respondent (10.8%) thinks that, on the contrary, it has decreased. 13.2% found it difficult to answer the question.

43.2% respondents said that in their opinion, the local elections in Ukraine were not democratic. Among them, 28.0% chose the answer «certainly not democratic» and 15.2% answered «rather not democratic». Those who think that the elections in Ukraine were democratic are 40.3% Ukrainians. Among them, 21.3% chose the answer «certainly democratic» and 19.0% answered «rather democratic». 16.5% respondents found it difficult to answer.

More than half of the Ukrainians (58.4%) think that there had been infractions and frauds during the last local elections. Among them, 36.2% answered «certainly yes», and 22.2% respondents chose «rather yes». These are almost one-fourth of the respondents who think that there had been no infractions and frauds during the local elections (23.3%). Among them, 12.5% gave the answer «rather no» and 10.8% answered «certainly not». 18.3% Ukrainians found it difficult to answer the question.

Appendix

1. **How would you generally evaluate the current relations between the European Union and Ukraine?**
 - Certainly friendly – 12,7%
 - Rather friendly – 21,0%
 - Neutral – 45,3%
 - Rather not friendly – 9,0%
 - Certainly not friendly – 3,8%
 - Difficult to answer – 8,2%
2. **How do you generally see the future of the Ukraine-EU relations shortly?**
 - They will improve – 42,3%
 - They will remain the same – 33,9%
 - They will degrade – 14,3%
 - Difficult to answer – 9,5%
3. **What extent of the rapprochement between Ukraine and the EU do you consider practical? (several answers may be chosen at the same time)**
 - Visa-free travels of citizens – 76,3%
 - Cultural exchanges – 69,0%
 - Common customs area – 51,6%

- Common foreign policy – 35,1%
 - Common currency – 23,7%
 - Common legislation – 14,0%
 - Common army – 10,4%
 - Common authorities – 8,8%
 - Rapprochement is not expedient – 3,6%
 - Other – 0,4%
 - Difficult to answer – 5,0%
4. **What is your personal attitude towards the simplification of the visa regime between Ukraine and the EU?**
- Certainly positive – 76,7%
 - Rather positive – 11,8%
 - Rather negative – 1,3%
 - Certainly negative – 3,2%
 - Difficult to answer – 7,0%
5. **What do you think, has the economical situation in Ukraine improved or degraded over the past 8 months?**
- It has certainly improved – 4,8%
 - It has rather improved – 15,6%
 - It has rather degraded – 25,6%
 - It has certainly degraded – 35,8%
 - Difficult to answer – 18,2%
6. **How do you think has the situation with the freedom of speech and democracy changed in Ukraine over the past 8 months?**
- It has certainly improved – 6,3%
 - It has rather improved – 12,7%
 - It has rather degraded – 21,9%
 - It has certainly degraded – 20,3%
 - Difficult to answer – 38,8%
7. **How do you think has the level of corruption changed in Ukraine over the past 8 months?**
- It has increased – 31,2%
 - It has not changed – 44,8%
 - It has decreased – 10,8%
 - Difficult to answer – 13,2%
8. **Please tell whether the course of the local elections in Ukraine was democratic or not democratic?**
- Certainly democratic – 21,3%
 - Rather democratic – 19,0%
 - Rather not democratic – 15,2%
 - Certainly not democratic – 28,0%
 - Difficult to answer – 16,5%

9. Do you think there have been infractions or frauds during the last local elections?

- Certainly yes – 36,2%
- Rather yes – 22,2%
- Rather no – 12,5%
- Certainly not – 10,8%
- Difficult to answer – 18,3%

Our contact information:

4, Chapayeva street, office 14
Kiev 01030, Ukraine
+38 044 230 4962
+38 044 230 4966 f
kipu@kipu.com.ua



For more information please visit our website
www.kipu.com.ua