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TRUMAN

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INDEX

NOVEMBER / 2017 – FEBRUARY / 2018



In this issue of the TRUMAN Index, we launch a new regular topic, Ukraine and NATO. The original idea came last fall and it's clear it was a good one: prior to this issue going to press, Ukraine was granted Aspirant Country status. For a country at war, this is a major step. When Ukraine joins the Alliance, our allies will help us not only through good will, but also because they will be legally bound.

NATO being a military bloc, obviously Ukraine's armed forces need to be properly equipped and organized in line the Alliance's standards in order to become a member. This includes weaponry, logistics, military training, the organization of special forces, and so on. Yet, this alone is not enough. In order to join the most powerful military alliance in the world, Ukraine has to prove its value as an ally.

A candidate country needs to also meet very high political and economic standards. There may not be any mandatory requirements, but evidence of public oversight over the army and special forces, a properly functioning court system and a healthy economy will be deciding factors.

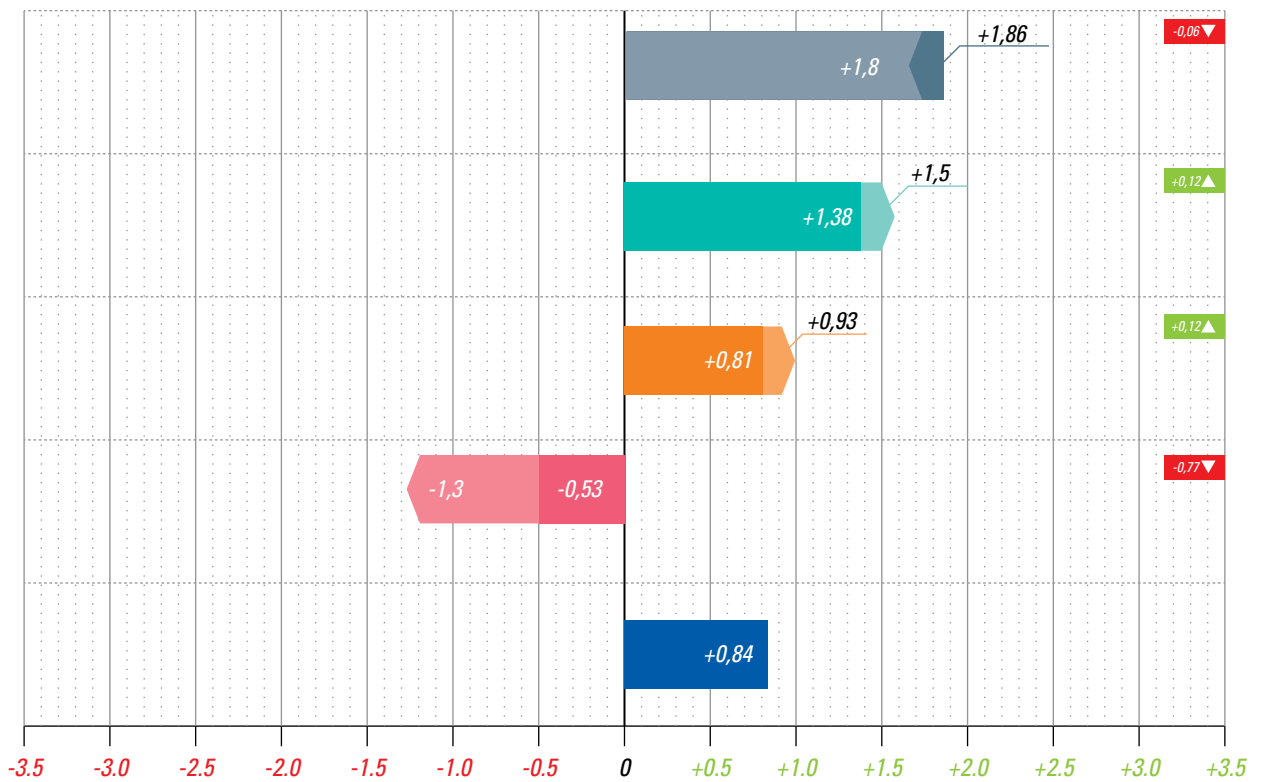
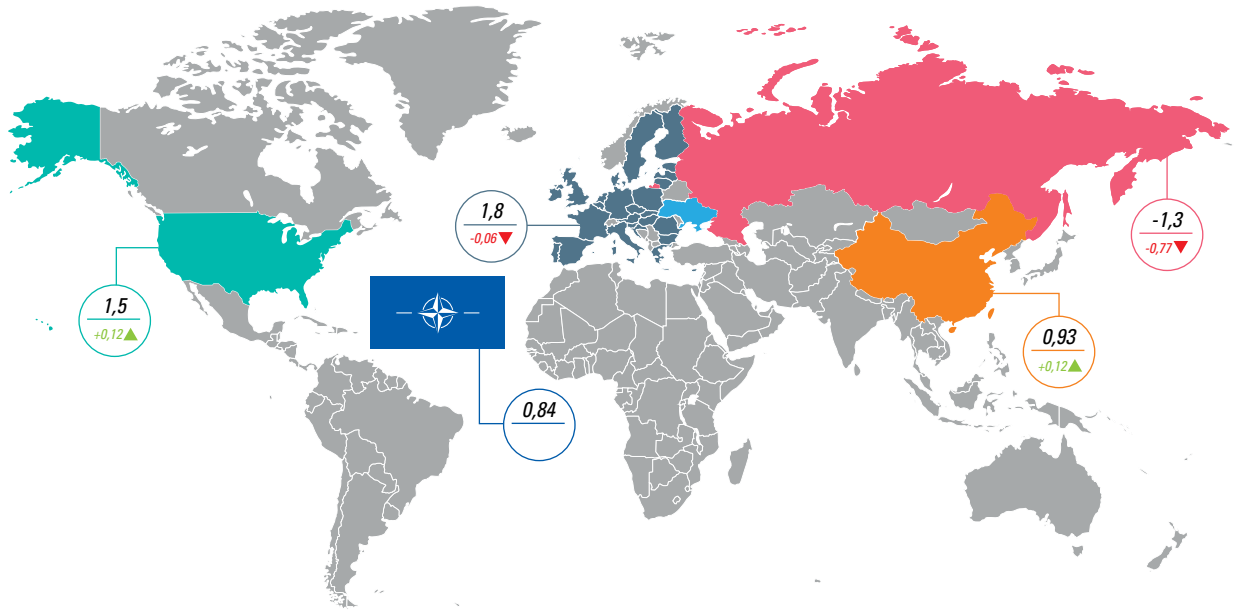
What do these requirements mean for ordinary Ukrainians? It means the Defense Minister will be a civilian and women can fill command positions in the military. Military specializations and service in the army are prestigious. Special forces are involved in national security, not economic matters and control over Ukrainian business. The defense budget is at least 2% of GDP and it is efficiently spent not only by state companies, but also by private ones.

Accession to NATO won't happen any time soon, but Ukraine will feel the benefits long before then: reform will be a great boon in and of itself. Moreover, this process will pick up pace if Ukraine's leadership sees public demand. Right now, those who favor and those who oppose NATO in Ukraine are almost even in numbers. My colleagues and I are among those who favor it. From now on, the TRUMAN Index will provide analysis of how relations between Ukraine and NATO are evolving, twice a year.

A stylized, handwritten signature in blue ink, consisting of several large, overlapping loops and a long, sweeping tail.

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TRUMAN Index



RESEARCH METHODOLOGY

TRUMAN Index is a quantitative and qualitative assessment of Ukraine's progress in bilateral relations with key foreign policy directions: the EU, the US, China and Russia. This quarterly journal tracks the changing dynamics of these four relationships. Starting from this issue, we will also monitor the progress of Ukraine-NATO relations. Our analytical articles are written by specialists based on their own observations and on many discussions with domestic and foreign diplomats, opinion leaders and officials.

TRUMAN Index monitors events in Ukraine's foreign relations with each of these countries and offers an analysis of the way that each of these partners has been interacting with Ukraine during the reported period.

In addition to analyzing the quality of relations, every bilateral event is evaluated on a scale from -10 to +10. The total points for foreign policy in the given area is the sum of the values assigned to these bilaterally significant events during that quarter. The expert group takes BISS¹ methodology as its basis, which offers a clear scale for evaluating foreign policy events.

Event evaluation scale:

- Economic and political integration, the coming into force of agreements on deeper cooperation: **7-10 points**.
- The signing or ratification of an agreement – on cooperation, on trade, on tariffs, on integration, and so on – , the opening of credit lines and economic assistance: **4-6 points**.
- An official visit at the ministerial level or higher, especially related to key ministries: foreign affairs, internal affairs, defense, economy, and trade; negotiations over potential agreements, official visits at the highest level – president, PM – from both sides; high-level official telephone calls (primarily presidential): **1-3 points**.
- Positive statements from key politicians in these countries, from the MFA regarding foreign policy, in legislative resolutions: **1-2 points**.
- Official visits at the deputy minister level from non-key ministries, parliamentary delegations, exhibitions, business forums, national culture days, important diplomatic contacts and negotiations: **1 point**.
- Negative announcements from key politicians, from MFAs regarding foreign policy, in legislative resolutions: **minus 1-2 points**.
- Delays in ratifying agreements, not being invited to events, failure of support to come from the international community: **minus 2-4 points**.
- Violations of agreements or mutual commitments: **minus 3 points**.
- Trade wars, anti-dumping investigations, boycotts of goods, embargoes, expulsions of diplomat, recalls of ambassadors: **minus 4-6 points**.
- Provocations, severed diplomatic relations, military action: **minus 7-10 points**.

The total points in a given foreign policy direction are divided by the number of events recorded during the quarter: this constitutes the TRUMAN Index. This approach minimizes the methodological risk that one partner will accumulate more points simply thanks to a large number of less significant events during a given quarter. A different quarter might result in lower points because of fewer, but more significant than average, events. TRUMAN Index serves to establish a balance between the quantity of events and the quality of the cooperation.

UKRAINE-US RELATIONS

NOVEMBER 2017 – FEBRUARY 2018

Positive: +32,5
Negative: -1
Overall: +31,5
TRUMAN Index: +1,5



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Director of the New Europe Center

UPDATE

The latest quarter in Ukrainian-American relations was mostly a time for coming through on commitments agreed upon in previous periods. The main event was news that the United States had approved a decision to provide Ukraine with lethal defensive weaponry. But the real headline maker was the State Department's new Special Representative on regulating the conflict in eastern Ukraine, Kurt Volker. So far he has met twice with the Russian President's aide Vladislav Surkov.

Of all US government agencies, the State Department was the most engaged on Ukrainian matters at the level of visits and meetings. At various times in this last quarter, Deputy SecStates Wess Mitchell and John Sullivan visited Ukraine in person, while SecState Rex Tillerson met one-on-one with President Poroshenko at Davos. Ukraine's Defense Minister Stepan Poltorak visited Washington.

The business sphere has also seen some results, such as the much-awaited contract between GE Transportation and UkrZaliznytsia, the state railway to upgrade and manufacture new models of locomotives. The signing of this contract right after an agreement to buy US coal seems to suggest that in its relations with the Trump Administration, Ukraine not only wants to get free American assistance or to merit it through reforms, but to actually pay for it.

Overall, Ukrainian-American relations are now moving on a relatively stable path. Although there haven't been any meetings at the highest level, the rating has been higher than average because of key political decisions and agreements that have been in the making for a long time—primarily Washington's decision to provide lethal defensive weapons.

TIMELINE

POLITICAL DIALOG

In contrast to the previous quarter, Ukraine-US relations did not see any meetings at the highest level and there were neither messages nor telephone conversations between the two presidents. Rumors in the Ukrainian press about a planned meeting between Poroshenko and Trump at the World Economic Forum in Davos proved unfounded. The Ukrainian side did indeed send a request, but the chances were marginal based on Trump's other priorities and tight agenda: he held only three planned bilateral meetings. In the fuss over an anticipated meeting between the two presidents, the Ukrainian president's meeting with SecState Rex Tillerson at Davos went almost unnoticed.

In its political interactions with Washington, Kyiv doggedly continues to promote the idea of institutionalizing dialog, including the revival of the bilateral commission on Ukraine-US strategic partnership. After his visit to Davos, Poroshenko even announced that the Commission would resume its work in March. Davos gave Ukraine's leadership

the opportunity to familiarize the US Secretary of State with its views of such an entity and to persuade him of the logic of relaunching it. According to sources, it turned out that Tillerson wasn't very aware of its existence.

This bilateral commission was originally called Kuchma-Gore and operated at the level of the US VP and Ukrainian President. However, it last met in 2009 at the FM level, Ukraine's foreign minister being Petro Poroshenko at that time and SecState Hillary Clinton his US counterpart. Under President Obama, the Americans did not see much need for such a commission and relations between the two were "managed" personally by Vice-President Joe Biden without any institutional superstructure. Despite his personal engagement, Ukraine's leadership thinks that this was not the best approach. "Biden worked in a stop-gap fashion," noted one Ukrainian decision maker. When there was a fire, he showed up and tried to put it out.

Interviews with Ukrainian officials on this topic show that Kyiv is convinced that reviving the work of the strategic partnership commission would raise dialog with the US to the systemic level. According to the Ukrainian side, this commission made it possible to discuss issues related not just to trade and economic cooperation but also to reform, including rule of law. Incidentally, the last session of the rule of law group took place in Washington in 2013 and was chaired by Viktor Yanukovich's Deputy Chief-of-Staff, Andriy Portnov. Although the commission previously worked at the president-vice-president level, Kyiv is happy enough to see it start working again at the FM level, especially given VP Mike Pence's focus on domestic policy in the US.

Kyiv sees the revival of the strategic partnership commission as a logical step in the run-up to the 10th anniversary of the Charter on Strategic Partnership between Ukraine and the United States. In December 2008, then-Foreign Minister Volodymyr Ohryzko and Secretary of State Condoleezza Rice signed this agreement. Ukraine thinks signing a bilateral security agreement with the US would be an even more logical step.

Few know that the Charter on Strategic Partnership was actually in response to a request from the Ukrainian capital back then to sign a bilateral security agreement. It provided Ukraine with guarantees of security as a kind of political compensation for not being admitted to the NATO MAP at the Bucharest Summit in April 2008. The lame-duck Bush Administration had actively lobbied for the MAP, but was unprepared to sign bilateral treaties with security guarantees for Ukraine. The Obama Administration was not prepared to even discuss such a treaty, although the issue was raised repeatedly at talks, especially with VP Biden. To this day, a bilateral security agreement remains the #1 objective for official Kyiv. However, there are plenty of indicators that the Trump Administration is not prepared to discuss any documents related to security guarantees, either. Whenever the Ukrainian side inquires about this, American diplomats typically respond that the issue is "under consideration."

What's more, even the two defense agreements that Ukraine planned to sign last year with the Trump Administration remain in limbo on the American side—at least according to Ukrainian officials. These are a Pentagon initiative from the Obama years about exchanging defense technologies and an agreement about bilateral defense procurements.

REGULATING OCCUPIED DONBAS

Over this past quarter, the US has made an effort to move the deadlocked Donbas conflict forward. This effort was particularly noticeable as Germany's leadership took a back seat while Chancellor Merkel was engaged in very difficult coalition talks after a parliamentary election. The Americans expect that a shift from stalemate and the emergence of political will in Russia's Vladimir Putin to regulate the conflict will be helped along by a number of factors:

- Ambassador Volker's talks with Vladislav Surkov in Belgrade and Dubai regarding a peacekeeping force with the US signaling its willingness to go along with the image of Putin as peacemaker and saving his face in this conflict;
- the US's continued and increased sanctions policy against Russia, the publication of the so-called Kremlin report with the option of introducing sanctions against those fingered in it;
- the announcement that the decision to provide Ukraine with lethal defensive weaponry had been approved.

At the time of press, there had not been much progress in this direction and it looks like Russia prefers a tactic of "one step forward, two steps back." Still, the main expectations of some kind of compromise

in Washington are focused on the post-election period in Russia, that is, after March 18.

Ambassador Volker reported that talks in Dubai were much more constructive than the November talks in Belgrade. In one interview he also mentioned that he anticipated a proposal regarding the peacekeeping mission from his Russian counterpart as early as March. Obviously, if Russia still fails to demonstrate any flexibility regarding the mandate of a UN peacekeeping mission after the election, there will be no point in Volker continuing his mission in the second half of the year.

In this past quarter, Kurt Volker became the main newsmaker in relation to the conflict in Donbas. It's been a long time since any western negotiator received so much unambiguous praise from Ukraine and its European and American partners. Thanks to his openness to the press, Volker has personified not only the American voice in regulating the situation in Donbas, but also the US position towards Ukraine as a whole. Indeed, he has truly become who he is according to his title—US Special Representative in negotiations regarding Ukraine—and how the press refers to him—US Special Representative on Ukraine. Volker has not only commented on the Minsk accords and the peacekeeping mission but also on the progress of reforms in Ukraine. Meanwhile, Deputy SecState Wess Mitchell, whose remit covers Ukraine among other countries in Europe and Eurasia, remains almost unnoticed in Kyiv. The main contact for him, according to available information, is Foreign Minister Pavlo Klimkin.

What's important is that Ambassador Volker has picked up on a practice started under the Obama Administration: tightly coordinating his negotiating positions with his Ukrainian colleagues. This includes both regular dropping in on Kyiv before meetings with Putin aide Surkov and constant telephone contact. There have been times when Ambassador Volker contacted his Ukrainian counterparts several times a day.

The real game changer in the Donbas negotiating process was Washington's decision to provide Kyiv with lethal defensive weapons. For a long time, the US side has postponed approval, despite active lobbying on the part of representatives of the previous administration, the US Congress, and influential think-tanks. The important point is that the decision was not being approved, not that Ukraine was being given a negative answer, as has often been the case in interpreting ex-President Obama's position on this issue. Concerns on the US side regarding such an approval included:

- the risk of greater escalation on Russia's part, which was likely to see a decision to provide arms as an American provocation;
- increased tensions in relations with European allies, who have been skeptical of such moves from the very start;
- distrust in the Ukrainian Armed Forces because of the high level of corruption that could result in weapons falling into the wrong hands.

Clearly, some of these concerns remain in certain circles in Washington to this day, but this time their position is a minority one. What has played in Ukraine's favor is the investigation into Russian ties in the presidential campaign—plus the presence of key people in the Trump Administration who favor arming Ukraine: Generals Kelly, Mattis and McMaster.

As we wrote in previous issues of the Index, providing lethal defensive weaponry was the most symbolic act of support that the US could offer Ukraine. And this issue became a kind of litmus test: tell me whether you support providing lethal defensive weapons and I'll tell you whether you support Ukraine.

In addition to being a symbolic act of support, the decision to supply weapons also implies a higher level of trust in Ukraine's Armed Forces, especially their capacity to handle this kind of assistance.

Importantly, thanks to the US's approval of this decision, Ukraine's Defense Ministry has become better at reporting on the receipt of military technical aid. At the start of the war in 2014, the attitude was that accountability was a voluntary matter, so there was no monitoring or reporting. Thanks to US assistance and conditionalities, the ministry began to report properly.

It's important to understand that US weapons will be provided on condition that they are only used against a Russian offensive. The main caveat the US has given its Ukrainian partners is not to publicly comment on this topic. Obviously, in the matter of receiving these weapons, Ukraine has to follow a very important rule in war and in business: Keep your cards close to your chest. In this case, keep your weapons close to your chest. To the credit of official Kyiv, this request has largely been honored, although the President, Defense Minister and Chief of General Staff have all commented on the subject from time to time, given its enormous popularity among ordinary Ukrainians.

These comments tend to provoke constant questions in the press about when exactly this lethal defensive weaponry will arrive, although it's generally known that it will involve a specific procedure: after the White House approves, the Congress has up to 30 days to review it and only after that do instructions go out to the State Department to carry it out. At the moment, all there is is a December 23, 2017 announcement from State about providing Ukraine with "stronger defensive capabilities." Neither the US President nor the White House has made any public statements about approving such a decision. US media, specifically ABC, have talked about the possibility that Javelin anti-tank weapons might be sold. The overall value of the defensive package was pegged at US \$47 million, which could include 210 anti-tank missiles and 35 launchers.

However, Chief of General Staff Muzhenko and DM Poltorak have already mentioned different timeframes for delivery, from an optimistic "by summer" to a more realistic "over the course of the year." Our sources say that the issue of timeframes also came up at talks between Ukraine's DM and Gen. Mattis. Still, Gen. Poltorak did not manage to get a clear answer from the Pentagon—most likely just a note that the commission that was studying possible sites for placing the weaponry and the conditions for maintaining the equipment had visited Ukraine and drawn its own conclusions.

At the same time, not all US military specialists see the famed Javelin as a panacea for Ukraine's army. For instance, Ukraine-friendly Gen. Ben Hodges, who was the commanding general of United States Army Europe until the end of 2017 and currently works at the CEPA think-tank, thinks that Ukraine's Armed Forces need the defense sector to be coordinated and transparent, and this, in his opinion, is lacking. "These things are just as important as providing Javelins," said the general in a speech to the Helsinki Commission of the US Congress.

In this context, the US considers it extremely important that the Verkhovna Rada pass the bill "On the national security of Ukraine," which American experts helped formulate. The urgency of this legislation's passage was emphasized at the Pentagon during DM Poltorak's recent visit. According to our sources, the passage of this bill in the version that has been maximally agreed with US and NATO partners will be one of the informal conditions for Ukraine-NATO Commission to convene at the July NATO Summit in Brussels.

The main mechanism for Ukraine-US cooperation remains the Multinational Joint Committee on Military Cooperation and Defense Reform, which includes 13 subcommittees and two working groups. Within the framework of this Committee, seven battalions of the Ukrainian Armed Forces were trained by American instructors to NATO standards. Since 2015, 3,802 service personnel have been trained and 104 instructors. A further nearly 250 service personnel were instructed in mobile training groups. The Doctrine and Education

Advisory Group (DEAG) also helped draft some 648 documents, including the UAF Instructions for Planning Infantry Battle-Readiness.

REFORMS

In the last quarter, Ukraine's leadership has gradually accepted the notion of two Americas when it comes to engaging the US in the reform process. On one side is the America that issues statements and explains its positions at the level of US embassies and, sometimes, the State Department. On the other is the America of the White House. For some Ukrainian officials, it has become standard to clarify with their US counterparts "Is this the US embassy's position or Washington's?" There has been a kind of western split: Kyiv's West at the ambassadorial level, and the western West at the level of western capitals. What's more, say individual representatives of the Ukrainian government and legislature, sometimes there's the impression that some foreign ambassadors have not been accredited by the Ukrainian Government but by Ukrainian NGOs. Obviously, this kind of split does little to foster smooth bilateral relations or the engagement of partners in the reform process in Ukraine.

On the recent anniversary of the Euromaidan, the State Department issued a special statement in which it called on Ukraine to double down on reforms. But one of the most talked-about statements came, not from representatives of the current Administration but from ex-VP Joe Biden. At one of the public fora in Washington, he criticized the Poroshenko Administration for slowing down the battle with corruption and explained in great detail how he gave the Ukrainian president six hours to fire Prosecutor General Viktor Shokin in return for US financial assistance.

There are reasons to believe that these two comments were a real cold shower for Ukraine's leadership. Firstly, Biden somewhat inappropriately conveyed the content of his warnings to Poroshenko—some angry officials even urged the president to make the transcript of the conversation Biden referred to public. Secondly, Poroshenko obviously felt that he did not deserve such a public talking-down from Biden, with whom he had done his best to maintain a good relationship: in addition to awarding Biden a state honor, he personally phoned the American in December to greet him on his 75th birthday. But most of all, such patronizing statements are inappropriate in relation to Ukraine as an independent nation and fuel the arguments of those who are going out of their way to present Ukraine as a Washington puppet.

What's more, Biden, who likes to position himself as the savior of Ukraine's justice system, for some reason told only one side of the story about his influence in the firing of Shokin. He left out the other part, which is that there was a time when he, according to some sources, praised the appointment of current Prosecutor General Yuriy Lutsenko. Yet already then, there were plenty of doubts that this highly politicized figure with no legal background but with close ties to the president would be capable of radically reforming the Prosecutor General's Office.

BUSINESS DEVELOPMENTS

As anticipated in the last Index, General Electric signed a cooperation agreement with Ukraine worth \$1 billion, which was a Ukraine record for the corporation. Talks had gone on for quite some time, but they picked up pace last year when Kyiv realized that the path to Trump's heart was through business, and not through things like reforms. Ukraine is the latest country in the region that is trying to buy the support of the US Administration. With GE, Ukraine basically followed in the footsteps of Hungary. Using Russian credits—which was already quite telling—, Hungary ordered turbines from General Electric, or, more properly, its subsidiary, GE Hungary Kft, for its Paks

nuclear power plant, at a cost of €793mn, similar to what Ukraine will pay.

As to the contract itself, it involves possibly the largest-scale modernization of UkrZaliznytsia's rolling stock in the history of independent Ukraine. Ukraine will be buying locomotives and upgrading its existing stock through the manufacture of new locomotives. The manufacturing facility is expected to be at the Kriukiv Railcar Manufacturing Plant (KVBZ) in Kremenchuk.

The GE deal is only one element of the plan to "buy" US support. Others include buying Pennsylvania coal, which was written up in detail in the previous Index, and a contract with Westinghouse Electric through 2025 to supply nuclear fuel for 7 of Ukraine's 15 nuclear power units, which means expanding by another 6 units and extending the current contract, which originally ended in 2020. Notably, in all the years of independence, Ukraine's level of cooperation with Westinghouse has been a kind of litmus paper for Kyiv's foreign policy vector: when

the orientation was European, meaning pro-western, Westinghouse supplied nuclear fuel; when the orientation was pro-Russian, the contract went to its Russian competitor.

There was also some bad news in this latest quarter. For instance, at the end of December, notice came from the US Trade Representative's Office that President Trump had decided to terminate duty-free status on a slew of goods from Ukraine, which operates under the General System of Preferences (GSP). As it was explained, the decision was because Ukraine, as a beneficiary country, was not protecting intellectual property rights effectively enough. Indeed if the government does not improve its track record on IPR, Ukraine will be excluded from the program list and will no longer be able to export close to 3,500 items duty-free to the US. A few years ago, this very opportunity was one that Ukrainian diplomats had declared a major achievement in Ukraine-US relations

Events in Ukraine-US relations (November 2017 – February 2018). Point-based evaluation

Date	Event	Score
2017		
November 8	A resolution is presented in the US Congress to recognize the Holodomor as genocide. The resolution is the initiative of Congressmen Sander Levin (R), Marcy Kaptur (D), Brian Fitzpatrick (D) and Andy Harris (R). Ukraine hopes to see the resolution passed in spring 2018 on the 85th anniversary of the artificial famine orchestrated by Stalin. The state legislatures of Washington, Oregon and New Jersey have already passed resolutions recognizing the Holodomor as genocide.	+1
November 13	State Department Special Representative Kurt Volker meets with RF Presidential Aide Vladislav Surkov in Belgrade to discuss how to regulate the conflict in Donbas with a focus on a UN peacekeeping mission. Later, in an interview with Global Politico, he admits that the talks were a step backward.	+1
November 14-16	Deputy SecState Wess Mitchell visits Kyiv, Brussels, Paris, London, Berlin, and Warsaw as part of his first international tour after being appointed. His purpose in Kyiv is to "confirm the US's support of Ukraine's sovereignty and territorial integrity." After meeting with President Poroshenko, Mitchell announces that Ukraine needs to continue setting up the Anti-Corruption Court.	+2
November 16	The US Senate approves and sends on to President Trump for signature the defense budget bill, which includes \$350 million in security aid to Ukraine.	+3
December 3	National Security Advisor Herbert McMaster announces that the US will continue to work on strengthening Ukraine's defensive capacities because of Russia's invasion of its territory. "We will not stop shoring up Ukraine's defense capabilities," he says. "Everyone knows that this is based on providing non-lethal assistance." Significantly, by the end of the month, the announcement about providing lethal weapons is made.	+1
December 7	SecState Tillerson tells a meeting of the OSCE Council of Ministers in Vienna that US sanctions against Russia will be in effect as long as Crimea remains an annexed territory and Russian forces continue to operate in Donbas.	+1
December 21	Quoting a State Department source, the Washington Post reports that State approved a commercial license in December that allowed the export of M107A1 sniper kits and ammunition together with fittings and accessories to Ukraine, worth a total of \$41.5mn.	+2
December 23	The State Department announces that the US will give Ukraine "increased defense capabilities." The weapons to be given are designated as intended to fight Russia's proxies in eastern Ukraine. "US assistance has a strictly defensive nature and, as we have always stated, Ukraine is a sovereign country and has the right to defend itself," the statement declares. The Department does not specify what kinds of weapons are meant. Earlier, the ABC News channel quoted a source in the State Department as saying that President Trump would announce his approval of the plan to sell anti-tank missiles to Ukraine.	+4
December 23	The Office of the US Trade Representative informs Ukraine that Trump has decided to terminate the duty-free import of a slew of Ukrainian goods under the GSP. If Ukraine does not improve its IPR track record by April 2018, it risks being excluded from the program list and losing the right to export nearly 3,500 items duty-free to the US.	-1

Date	Event	Score
2018		
January 6	SecState Tillerson says in an interview on CNN that the Ukraine question is the cornerstone of any improvement in relations between the US and Russia.	+1
January 16	US Ambassador to Ukraine Marie Yovanovitch tells the RBK Ukraine channel that the US is working on the details of supplying lethal weapons to Ukraine and the opportunities for using them in the war zone.	+0,5
January 17	Chief of General Staff Viktor Muzhenko announces that the UAF are prepared to receive American anti-tank Javelin missile launchers.	+0,5
January 23	Special Representative Volker arrives in Ukraine for a series of meetings and discussions prior to meeting Putin aide Surkov for talks in Dubai.	+1
January 26	President Poroshenko meets with SecState Tillerson in Davos. No meeting is planned with his US counterpart, Donald Trump.	+3
January 26	Special Representative Volker holds talks in Dubai with Putin aide Surkov. Later he tells Yevropeiska Pravda, a Ukrainian publication, that this time the discussions were productive and that he expects a proposal regarding the peacekeeping mission in March.	+1
January 28	Westinghouse Electric signs a contract with EnergoAtom to supply nuclear fuel for 7 of Ukraine's power units over 2012-2025. This means expanding by another 6 units and extending the current contract beyond 2020.	+2
February 2	DM Stepan Poltorak goes to Washington on an official visit, where he meets, among others, Defense Secretary James Mattis. At the conclusion of the talks, the Pentagon notes the urgency of passing the bill "On the national security of Ukraine."	+2
February 20	On the anniversary of the Euromaidan, the State Department calls on Ukraine to double down its efforts to carry out "deep, all-encompassing and timely" reforms.	+1
February 20	Congressman Francis Rooney (R) and deputy chair of the Foreign Affairs Committee writes an article for The Hill in which he states that US assistance to Ukraine should come as a reward for reforms in fighting corruption and rule of law.	+0,5
February 21	Deputy SecState John Sullivan arrives in Ukraine for meetings with the president, PM and FM. During his visit, he announces that the US will not agree to any treaty involving Ukraine without Ukraine's consent and will foster the restoration of its territorial integrity and guarantee the security of its citizens.	+2
February 23	UkrZaliznytsia and General Electric sign a seven-year contract worth \$1 billion for the purchase of new locomotives and the upgrading of existing ones. This is the biggest contract the US corporation has ever had in Ukraine.	+3

UKRAINE-EU RELATIONS

NOVEMBER 2017 – FEBRUARY 2018

Positive: +79,5
Negative: -18
Overall: +61,5
TRUMAN Index: +1,8



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UPDATE

Ukraine-EU relations remained stable between November 2017 and February 2018. The main signal from Brussels was that reforms were going in the right direction but not at the right pace. As closer Ukraine's elections loom, however, the EU will likely become softer and more measured so as not to give additional impetus to EU-skeptic and populist parties.

The Eastern Partnership summit took place in November. It was a summit of results, not a summit of new projects, so no new resolutions were not adopted. Still, Ukraine did propose an ambitious plan to join the EU's Customs Union, Energy Market and Single Digital Market and to be in association with the Schengen area. These ideas are still under review and by the time this process ends, the dynamics of relations with the EU will be determined by processes in which Ukraine is already engaged.

Political dialog has been diverse and the results mixed. The good news is trade numbers—a 30% increase in exports from Ukraine to the EU. The structure of trade also shifted, becoming more diverse and including more processed products rather than raw materials.

Nevertheless, the positive trade dynamic was overshadowed by Ukraine's failure to get a third macro-financial tranche from the EU worth €600 million, by attempts to reduce the independence of anti-corruption agencies, and by delays in adopting anti-corruption legislation and launching automated verification of e-declarations. A separate issue was a bill that passed first reading called "Buy Ukrainian – Pay Ukrainians," which goes against commitments under the Association Agreement and is damaging public procurement reforms in the form of the ProZorro system.

The Index for this period shows that relations with the EU remain largely stable and positive. Funding provided by the EU over November 2017–February 2018 has boosted positive points, but attempts to roll back anti-corruption efforts and the failure to get the macro-financial assistance from the EU countervailed in the Index.

TIMELINE

EU FUNDING FOR UKRAINE

The end of 2017 was marked by mixed results in Ukraine's relations with the EU. The Union's decision not to disburse a third tranche of its macro-financial assistance worth €600mn came as a cold shower for Kyiv. The installment was not merely postponed, but actually terminated, because the earmarked EU funds had to be spent by the end of the year.

The EU decision was triggered by Ukraine's failure to deliver on commitments in several areas. This included establishing conditions that would prevent breaching the rules of the EU free trade area, such as the moratorium on the export of unprocessed timber and additional taxes on exports of goods. The National Agency for the Prevention of Corruption was also supposed to set up an automated system to

verify e-declarations, with access to all registers, including fiscal ones. The third issue was setting up an open register of unreturned credits. The final one was setting up a registry of beneficiaries of companies.

The entire macro-financial program was worth €1.8 billion and Ukraine managed to get the first two installments, worth €1.2bn. In fact, Ukraine received the €1.2bn because it implemented a considerable part of its commitments, including the launches of judicial and administrative reforms, reforms in the energy sector, greater transparency in the use of public funds, improved social protections, and a better business climate.

EU diplomats note that the EU decided not to disburse the third tranche in order to make Ukraine understand that the Union's support

should not be taken for granted and that Kyiv had to deliver on its commitments and work on its absorption capacity if it wanted EU support to continue.

When the EU announced that the third installment would not be disbursed, President Poroshenko mitigated the impact of the negative decision by discussing the issue with the EU leadership and broadly agreeing on a new macro-financial program that would be worth the same amount, €1.8 billion, and would be made available in 2018.

This new macro-financial facility is likely to be available for one year and conditionalities could vary, although the likelihood that the old conditions will apply to the new program is very high. At this time, it is unclear how tough or soft the EU plans to be. Interlocutors in Brussels suggest that there are varying positions, from Dombrovskis' softer stance to tougher ones taken by Malmstrom and Hahn. The good news is that all three are friends of Ukraine and wish to deliver on the new macro-financial assistance. On top of the conditions in the new program, Kyiv has to have an ongoing agreement with the International Monetary Fund (IMF), otherwise the EU program cannot happen. IMF conditions include setting up the anti-corruption court, so the EU will disburse its funds only after the bill on the anti-corruption court is actually adopted. The EU already confirmed that the new macro-financial facility will be €1.0bn (instead of €1.8bn announced by President Poroshenko) and will likely be available for 12 months, from mid-2018 to mid-2019.

The loss of the third tranche is not the only problem when it comes to funding offered by the EU that ended up unused. In recent months, the EU has partly or completely withdrawn funding from several projects. The most talked-about case was a €29.2mn project to modernize six border checkpoints. The project started in 2014 and was broadly part of the visa-free process, as it aimed to integrate Ukraine's economy with those of EU neighbors and modernize checkpoints at the borders with Romania, Poland, Hungary and Slovakia. Although there has been some progress in implementing this, none of the checkpoints has been properly modernized. The EU closed the project on February, 20 and the unspent funds will have to be returned.

A similar situation faced the EU budget support program for the implementation of Ukraine's Energy Strategy. Worth €45mn, this project to produce cleaner energy, help reform the electricity market, improve the quality of oil, and so on, has also stalled. Of €5mn to be disbursed in the second installment, only €2mn was actually transferred.

Some funding has fallen victim of political circumstances, as in the case of Hungary's \$100mn funding for infrastructure and agriculture, 50% credit and 50% grant. After Ukraine passed its new Law on education, funding was cut off.

Funding absorption capacity will continue to be an issue for Ukraine because most funds are donor-driven. Many reforms have started due to the EU pushing and funding. For instance, decentralization started as a one-sided EU project and only then it became part of the Ukrainian government's agenda. Diplomats say that as long as there is no co-ownership and coordination, there will be no effective funding. On the other hand, the EU cannot leave the process entirely in Kyiv's hands because its leadership does not seem keen to push critical reforms. That leaves the EU to shape the agenda.

LEGISLATIVE PROCESS AND THE VERKHOVNA RADA

The EU and other political stakeholders in Ukraine frequently criticize the lawmaking process here. Last year, Deputy PM Ivana Klymush-Tsintsadze mentioned that out of 126 directives that were supposed to be translated into legislation in 2016, only 36 were implemented—and only 23 fully so. Since then, the situation has not changed significantly and the Verkhovna Rada continues to be the

weakest actor. For instance, in a recently-published monitoring report on the implementation of the Association Agreement, the Rada had the lowest implementation rate among all Ukraine's institutions, completing only 33% of planned actions.

The EU Ambassador to Ukraine has mentioned many times that there needs to be better prioritization in the legislative agenda. In fact, it is unclear why laws that are much needed are stuck in committee for half a year and more. The only answer is that MPs are being pressured by vested interests. The areas where the legislature is lagging most are customs, taxation and transport. In other areas like the environment and energy, the Rada has shown substantial progress.

Unfortunately, during this same period, the Verkhovna Rada managed to negatively affect the EU integration agenda several times, but the most scandalous cases were the protectionist "Buy Ukrainian – Pay Ukrainians" bill and a bill reducing the independence of the National Anti-Corruption Bureau of Ukraine (NABU).

"Buy Ukrainian – Pay Ukrainians" was developed by Radical Party MPs and became the #1 issue for the EU, worse even than the ban on exporting unprocessed timber and the biggest threat to the EU's relations with Kyiv. These days, when EU high officials come to Ukraine, the first thing they ask is about this bill. If the bill is passed "as is" in second reading, it will be a major blow. Diplomatic sources say the law breaches both WTO and AA provisions, and the EU will certainly react strongly. Not only that, this bill also compromises a key reform: public procurements and the ProZorro tendering system by establishing privileges and incentives for companies whose products include a domestic component worth at least 20% of production cost. Meanwhile, sources on the Ukrainian side note that the bill is not popular, even in the Rada, but there is a chance that it will be adopted if it's part of a trade-off between the ruling coalition and Liashko's Radical Party. Apparently it would be compensation for RP support in passing the budget.

ANTI-CORRUPTION REFORMS

Serious tensions in Kyiv's relations with Brussels became apparent in early December. The leaders of the Petro Poroshenko Bloc (BPP) and the National Front (NF) factions registered Bill #7362 that would make it possible to fire a NABU director and other anti-corruption officials, including the Specialized Anti-Corruption Prosecutor, without an audit. Their argument was that legislative oversight of anti-corruption institutions needed to be improved. The EU reaction was prompt and US partners supported it. In the end, the ruling faction withdrew the bill, but not before EU used its most "nuclear" weapon, the visa-free regime. EU diplomats say that Brussels threatened to consider removing the visa-free regime and its financial support for Ukraine if this bill was adopted. The EU stated categorically that the bill was against all of Ukraine's commitments to fight corruption and was clearly in violation of the Visa Liberalization Action Plan. Some sources say that the Ukraine's leadership was called during the night before the legislative session and told in no uncertain terms why the bill was a big mistake. Its adoption would have meant a serious rollback in reforms and the notion of the irreversibility of reform would become meaningless. Although formally the president did not support the bill, his faction in the Rada was a leading force behind it, while Poroshenko protégé and Prosecutor General Yuriy Lutsenko called for an audit of NABU, saying that his office had information to pass to an auditor.

Ever since NABU was set up, there has been an ongoing clash between the young anti-corruption institution and the old guard at the Prosecutor General's Office (PGO) and the Security Bureau of Ukraine (SBU). The EU tried not to take sides for a long time, but in view of the unrelenting pressure on NABU, it openly supported the agency. The crisis that led to its open support for NABU was a NABU investigation into a corrupt scheme at the Migration Service of Ukraine. A high

official in the Service was suspected of making it possible for third-country citizens to get Ukrainian passports. NABU was coordinating a sting operation but while the SBU was wiretapping the Service on behalf of NABU, its people recruited the migration official to pressure NABU. The French Ambassador to Ukraine stated firmly that if the corruption scheme at the Migration Service were confirmed, it would have repercussions for the EU visa-free regime. A source in Brussels also stated that the visa-free regime would likely be abolished if the investigation proved that third-country citizens were getting Ukrainian passports illegally: “Among them could be terrorists and that is a very sensitive security issue.”

Another problem that is often highlighted regarding funds provided by the EU and the visa-free regime is the automatic verification of e-declarations. So far, some 1.5 million e-declarations have been submitted, but only 100 or so have been verified. From the EU’s perspective, the system of e-declarations is clearly not achieving its purpose. EU officials are already saying publicly that these results are extremely modest. From a Ukrainian perspective, things look a bit more complicated. The NAPC is lacking both sufficient staff and technology, not to mention the legal instruments that would allow the agency to have access to state registries at other institutions. One EU source worried that NAPC leadership might not be interested in the automated verification of e-declarations, given that it was not taking on its powers and not making the decisions that would facilitate automatic verification. The diplomat added that President Poroshenko was sending the wrong signals in the case of NAPC, and if he were more assertive on the issue, the verification system would already be in place. Still, the EU does not want to impose decisions: it wants Ukraine to be aware of what’s needed and interested in avoiding such stories as were recalled by VP Joe Biden in late January regarding the appointment of the Prosecutor General. Indeed, the EU is being innovative in helping officials with the submission of e-declarations. It has set up a chat-bot called “Taras the Civil Servant” that provides step-by-step instructions on filling out an e-declaration, sends reminders about deadlines for filing and how to submit them, and clarifies what information is required to complete the document.

Probably the reform most talked-about between the EU and Ukraine is the anti-corruption court. The EU mentions this issue nearly every day and its Ukrainian counterparts seem supportive in public statements, but that’s it. After five months of debate since the Venice Commission issued its opinion, the Rada passed the first draft of a bill that is supposed to establish this court. Issue #1 is that the first reading was delayed for a long time. But once it passes, some fear that thousands of amendments will be proposed during second reading, just like it was with the election law: the committees will revise the bill forever and will likely pass it right before the elections.

There are several elements that the actual law must contain in order to be considered in compliance with Ukraine’s commitments. First of all, the jurisdiction of the anticorruption court must overlap with NABU and SAP, something that was not provided for in the initial presidential bill. Secondly, the law must preserve the unity of the judiciary and call for a specialized anti-corruption court, not a special or extraordinary court, which would avoid having the law ruled unconstitutional. Thirdly, and most importantly, the selection process must be transparent and involve international partners and donors. The last point also underscores the EU’s lack of trust in Kyiv’s ability to organize a transparent, fair and competitive selection of judges. If the bill is adopted in second reading, preliminary estimations are that the Court should be functional within 9-10 months of the legislation being in place.

Meanwhile, changes to the Criminal Code are reducing the powers of both NABU and SAP. Known as the Lozoviy amendment, these changes provided for the court rather than SAP to decide whether to continue or suspend investigations of high-ranking officials for a

specified period of time. If these changes pass, NABU and SAP will have even less power.

Ukraine’s leadership is not happy with what it sees as “overreaction” in the EU to the process of setting up an anti-corruption court. As noted by one Ukrainian official, the EU has created a situation in which “the entire reform process is now hostage to the establishment of the anti-corruption court.” The situation is not black-and-white, says this official, and we need to consider also the process, the fragile balance in the Rada, and the fact that no serious actor in Ukraine is actually against the anti-corruption court. This official says the EU should be held accountable for this situation, while too much criticism helps populist and pro-Kremlin forces to thrive.

All these anti-corruption activities are part of the visa-free dialog and it is likely that Ukraine will move forward with implementation, although the pace will be quite different from the one envisaged in Brussels. As it looks now, any politician who is guilty of doing something that leads to the suspension of the visa-free regime will be doomed to lose voter support—after all, more than half a million Ukrainians travelled visa-free to the EU between June 2017 and February 2018.

POLITICAL DIALOG WITH THE EU

Political dialog between Ukraine and the EU has been largely positive and productive, with the exception of incidents related to anti-corruption reforms. The Ministry of Foreign Affairs and other stakeholders in Ukraine did a good job managing expectations before the EaP summit, sending a clear message not to expect any significant progress at the summit or a breakthrough on membership. They also noted how difficult it was to make progress within a framework that includes countries with such a different ambitions. On a different note, the EU has extended economic sanctions against Russia for another 6 months, until September 15. The list includes 40 companies and 153 individuals connected with violation of Ukraine’s territorial integrity.

On the other hand, Ukraine was quite ambitious and proactive, proposing a four-step plan to the EU that would consist of joining three institutions—the EU Customs Union, the EU Energy Union and the Single Digital Market—and becoming an Associated Schengen country. Early reactions in the EU were quite skeptical, especially regarding the Customs Union and Schengen Area.

Some experts say that the Customs Union is a bad deal for Ukraine, because the country will have to allow the import of goods from countries that have an FTA with the EU. While this would not be an issue for Canadian goods since Ukraine has an FTA with Canada, it could become an issue with goods from countries with which Ukraine does not have an FTA but EU does. The EU officials are also quite negative regarding the Customs Union and see little sense in going in this direction. Besides, most of the advantages of a hypothetical EU Customs Union with Ukraine can be achieved within the DCFTA of the Association Agreement. Feasibility studies on Ukraine’s membership in the Customs Union so far suggest that it would not be beneficial.

Association with the Schengen Area is a very theoretical step, since there is no such format and it would be a sui generis process. But given the experience of EU members, the idea is quite exotic. For instance, Romania and Bulgaria have been ready to join Schengen since 2011, but are still being sidelined. Formally, it’s because of their poor track record against corruption, something that the Netherlands is adamant about. This makes it difficult to envisage Ukraine being associated with Schengen at this stage.

Ukrainian officials are unhappy that the EU is focused on its own priorities and does not want to hear them. The EU did promise to deliver feasibility studies on the proposed areas, but so far, nothing has been presented. In its defense, the EU says the feasibility studies

are being prepared but this is not the most important issue on the agenda. One EU diplomat pointed out that it was Ukraine that was not managing the expectations of the EU. Its leadership promises things that it then does not deliver. They say, "Lifting of timber ban and dropping e-declarations for anti-corruption activists are symbols of empty promises given many times by Ukrainian officials." In addition, the documents laying out Ukraine's proposal were apparently very poorly prepared.

THE ASSOCIATION AGREEMENT AND TRADE

The implementation of the Association Agreement continues to be the cornerstone of Ukraine-EU relations and progress is positive, albeit slower than expected. External and domestic pressure on the government has been making a difference. The issue that still remains on the agenda is the institutionalization of procedures related to AA implementation and the threat coming from actions in conflict with the AA, such as the "Buy Ukrainian – Pay Ukrainians" bill and the moratorium on exports of unprocessed timber.

The Office for European and EuroAtlantic Integration (OEEAI) has received high marks from the EU and its coordination has made the European integration process better organized. Still, there is room for improvement in this coordination as well. A monitoring report prepared by the OEEAI shows that the Association Agreement has been implemented 41% so far, with central institutions implementing 42%, the Rada implementing 33% and other state institutions already

at 50%. The government revised these numbers, saying that in fact the implementation was at 63%. To add to the confusion, President Poroshenko mentioned in late November 2017 that the AA had been implemented only 15%. The conflicting numbers clearly show disagreements in assessing the AA implementation rate.

The monitoring report also states that the most successful implementation is in Education, Study and Youth (100%) and in the Financial Sector (100%). The areas that are seriously lagging behind are Public Health (4%), Transport and Postal Services (11%), State Procurement (22%) and Environment (27%).

In the political arena, relations between Ukraine and the EU still abound in mixed feelings and confusion, but when it comes to the economy things are pretty clear. Ukraine-EU trade relations are on the rise. Exports of Ukrainian goods to the EU rose by 29.9% and added up to US \$17.5bn or 40.5% of total exports. The highest export growth has been in Belgium (81.4%), the Netherlands (68.5%) and Latvia (54.7%). The biggest EU trading partners are Poland (\$2.7bn), Italy (\$2.5bn) and Germany (\$1.7bn). An important part of this export growth is related to the increase of agricultural and food products: they went up 30.8% in 2017 and totaled US \$8.1bn overall.

The good news is that the profile of this trade is also changing: more processed goods are being sold and intra-sector chains are slowly being integrated. More companies are gaining access to the European market and the kinds of goods they export are increasingly diverse.

Events in Ukraine-EU relations (November 2017 – February 2018). Point-based evaluation

Date	Event	Score
2017		
November 3	Euronest calls on the EU to recognize that the Ukraine-EU Association Agreement is not Ukraine's ultimate goal.	+1
November 8	The European Commission officially approves a proposal to extend the requirements of the Third Package to gas pipelines from third countries, which would partly allow offer over the Russian pipeline North Stream 2.	+2
November 8	Ukraine ratifies the Pan-Euro-Med Convention.	+4
November 8	The Verkhovna Rada ratifies a financial agreement between Ukraine and the EIB to lend Ukraine €120mn for a project called "Higher Education in Ukraine."	+4
November 15	The European Parliament adopts a resolution on the development of the Eastern Partnership	+1
November 20	The EU extends the mandate of the EU Advisory Mission to Ukraine until May 31, 2019.	+1
November 24	The Eastern Partnership Summit takes place.	+3
November 24	Ukraine and the EU sign a "High-level Understanding on the Distribution of Indicative Maps of the Core Trans-European Transport Network TEN-T to Ukraine."	+2
November 27	A new macro-financial assistance program is tentatively agreed with the EU.	+1
November 30	The EU allocates €3.3mn to implement the Ukraine-Belarus border cooperation program.	+2
November 30	The EU ambassador calls for the appointment of members of the CEC without delay.	-1
December 1	Ukraine fails to get the third tranche of €600mn.	-4
December 5	The EU officially accuses the Prosecutor General of undermining NABU.	-3
December 7	The VR passes first reading of the "Buy Ukrainian – Pay Ukrainians" bill.	-1
December 7	Heavy criticism comes from the EU and US over Bill #7362, which is aimed at reducing NABU's independence.	-3
December 8	The Government of Ukraine and the European Commission sign an agreement worth €50mn to support initiatives aimed at eastern Ukraine.	+4
December 8	The EU-Ukraine Association Council meets.	+3
December 11	The EBRD lends Kharkiv €160mn to build a subway.	+4
December 12	Germany will allocate €14.3mn for water supply in Donbas	+4
December 14	The EBRD will provide a loan of €150mn to modernize the railway in southern Ukraine.	+4
December 14	The EU Advisory Mission transfers 30 SUVs to the National Police.	+1.5
December 15	The EBRD will allocate €10mn for tram-buses to Dnipro.	+4
December 18	The EU Council approves the opening of an EUAM representation in Odesa.	+1
December 21	The EU Council decides to extend economic sanctions against Russia until July 31, 2018.	+4
December 28	The EBRD will provide Kremenchuk with €9mn for energy efficiency.	+3
December 30	The EBRD will lend UkrZaliznytsia €150mn to build a new track.	+4
2018		
January 1	Additional tariff-rate quotas (TRQ) for grain enter into force for three years.	+4
January 18	The EU issues a statement linking the anti-corruption court with suspension of the visa-free regime.	-2
February 1	Ukraine joins the Pan-Euro-Med Convention.	+2
February 6	The EU provides €17mn to support science and innovation in Ukraine under the Horizon 2020 program.	+4
February 21	The EU extends sanctions on 153 individuals and 40 companies for violating Ukraine's territorial integrity.	+4
February 21	The Council of Europe adopts an action plan for Ukraine with a budget of €29.5mn.	+4
February 22	The EU confirms the closure of border projects: Ukraine could lose up to €27mn.	-4
February 28	The EU allocates €24mn in aid to victims of conflict in Donbas.	+4

UKRAINE-CHINA RELATIONS

NOVEMBER 2017 – FEBRUARY 2018

Positive: +39
Negative: -2
Overall: +37
TRUMAN Index: +0,93



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UPDATE

The main development in Ukraine-China relations over November 2017-February 2018 was deepening trade and economic cooperation as political dialog picked up. On December 5, 2017, Ukraine's First Deputy Premier and Minister for Economic Development and Trade Stepan Kubiv and China's Vice Premier Ma Kai presided over the third session of the Ukraine-China Intergovernmental Cooperation Commission, an important milestone in Ukraine-China relations. This meeting was to have taken place back in 2015, and so it marked an end to the period of uncertainty in bilateral relations and visibly demonstrated effective dialog at the highest levels. The decision to meet by the end of 2017 was made during a meeting at Davos between Presidents Petro Poroshenko and Xi Jinping back in January 2017.

Vice-Premier Ma's visit to Ukraine was also important in terms of deeper constructive dialog between the two countries. At a meeting with VPM Ma, President Poroshenko assessed the results of the Commission's third session as positive, confirming Ukraine's interest in continuing involvement in China's "One Belt, One Road" initiative, in relation to which Ukraine's priority is to include Chinese technological possibilities and capital in the development of the country's economy. During the meeting, Poroshenko handed over an invitation to President Xi to visit Ukraine. He noted the importance of China's consistent position with regard to respecting the territorial integrity and sovereignty of Ukraine, and called on the Chinese government to continue to uphold the policy of not recognizing Russia's temporary occupation of Ukrainian territory in Crimea.

During the reporting period, Ukraine-China international dialog continued, including on aerospace, the legal system, and fiscal policy. Various sub-commissions of the Intergovernmental Commission also met twice, and a series of informational events related to the implementation of bilateral agreements was held.

There has been a steady rise in announcements of successful signings and implementations of agreements in various branches of the economy.

One negative event was the ending of a 2012 general line of credit agreement between the China Development Bank and NAK Naftogaz Ukrainy worth US \$3.656 billion. It was not used because of delays in getting approvals from Ukraine's bureaucracy, which did not look especially good for Kyiv.

Cooperation in the humanitarian sphere was noted for a number of interesting happenings, including a series of events in honor of the Chinese Spring Festival and the opening of a symbolic sculptural composition in Kyiv called "Door to the Soul. Dialog between Taras Shevchenko and Du Fu," from renowned Chinese sculptor Wu Weishan.

POLITICAL DIALOG

On December 5, 2017, President Petro Poroshenko and Vice-Premier Ma Kai met. Ma noted that a quarter-century of bilateral diplomatic relations has resulted in successful cooperation between China and Ukraine in different areas.

In January 2018, Presidents Poroshenko and Xi met at Davos, where they identified key areas for further developing bilateral relations. The main purpose of the third session of the Ukraine-China Intergovernmental Cooperation Commission was to implement various agreements between the two countries' leaders. According to Ma, China expects to work with Ukraine to support the Commission in successfully fulfilling its role as a centralized planning and coordinating entity and in raising China-Ukraine relations to a new level of business cooperation in the economy, trade, agriculture, aerospace, science, and technology. The Chinese Vice-Premier expressed confidence that the 19th Congress of the Communist Party of China, that took place in October 2017, will not only give a big push to China's development but will open new opportunities for cooperation for all countries, including Ukraine. Poroshenko noted: "Ukraine has been actively supporting China's 'One Belt, One Road' initiative and hopes to strengthen business cooperation in all branches.

On December 5, Premier Volodymyr Groisman met with VPM Ma as well. Groisman noted that China was and remains a strategic partner and strategic priority for Ukraine, adding that today there were new opportunities to deepen cooperation and carry out joint ventures and initiatives. Groisman also announced that 2019 would be the Year of China in Ukraine. Ma noted that China has been paying considerable attention to cooperation with Ukraine, both politically and in trade and commerce. "We see that the two countries have a consolidated position on this," said the Chinese VPM. "And that is why we are prepared to stimulate and deepen cooperation."

Kyiv is counting on Chinese investors being active in the large-scale privatization of state assets. "We will be offering new opportunities for investing by, among others, passing a new law on privatization and concessions," said Groisman. "This could become a new instrument for attracting capital to Ukraine. Our country also has considerable human resources and opportunities for technology to develop, meaning that we can talk about joining forces to strengthen our common positions on world markets. Ukraine is and will continue to be a reliable partner in cross-border projects, especially those of a logistical nature. We are open to cooperation and the development of initiatives that fit the overall development strategy of such projects."

The Chinese vice-premier supported Ukraine's wish to be actively engaged in international projects and to establish the most supportive business climate for entrepreneurship to develop. "For my part, we're prepared to stimulate investment and to thus help restore Ukraine's economy," said Ma Kai. "We propose bringing on line cooperation within the framework of the One Belt, One Road Initiative. We consider Ukraine one of the logistical and industrial centers on the way to the European Union. We anticipate that joint infrastructure projects will be revived. The range of our joint efforts is not limited to the farm sector or the construction of infrastructure. We are interested in working together in technology, in setting up industrial parks, in aviation, exploring space, and power generation."

TRADE AND COMMERCE

On December 5, 2017, Ukraine's First Deputy Premier and Minister for Economic Development and Trade Stepan Kubiv and China's Vice Premier Ma Kai presided over the third session of the Ukraine-China

Intergovernmental Cooperation Commission. Discussion focused on expanding bilateral relations in trade and commerce, industry, power generation, and infrastructure, and the two sides discussed implementation of a number of joint projects. Among promising areas of economic cooperation in the infrastructure sector were projects to develop port infrastructure and roadways, to electrify trains, and to build airport infrastructure. Joint projects are expanding in the farm sector and in manufacturing, as well as science and technology, high technology, education, and technology transfer. The two countries are also organizing joint expositions, holding joint forums and conferences, and increasing cultural exchanges.

China's Vice-Premier Ma Kai noted that the Intergovernmental Commission meeting would make it possible to strengthen Ukraine-China cooperation in all key sectors. "Now is the time to expand the forms and branches where we can work together," said Ma. "China has set aside US \$7 billion for projects with Ukraine and more, if these projects are successful. But it's important to pay attention to the needs of the market, to properly assess them and to direct common efforts towards those areas that will offer the best impact and results." He stated that undertaking Ukraine-China projects should depend on how ready and necessary they are, and market opportunities.

During the meeting, Minister Kubiv noted, "There is a deep spiritual connection between our peoples and our cultures. This should go along way to fostering closer relations between the two countries. Moreover, we all know that Ukrainian and Chinese businesses are actively working together, taking advantage of the best opportunities for joint projects and trade, especially in power generation, high tech manufacturing, industry and the farm sector."

At the conclusion of the Commission's session, Ukraine and China signed a joint Protocol that identified key achievements and plans to develop further cooperation that have been enshrined in a series of documents:

- Ukraine-China Action Plan for implementing an initiative to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road;
- Memorandum of Understanding for the energy efficiency, renewable energy and alternative fuels sector between the State Energy Efficiency and Conservation Agency of Ukraine and the National Electricity Administration of China;
- Cultural Exchange Program between the Ministries of Culture of Ukraine and China for 2018-2022, an Agreement on Cooperation in Education between the Ministry of Education and Science of Ukraine and the Ministry of Education of China;
- Memorandum on Cooperation in healthcare and medical sciences between the Ministry of Healthcare of Ukraine and the National Commission for Healthcare and Family Planning of China;
- Ukraine-China Investment Cooperation Program for the Agro-Industrial Complex between the Ministries of Agricultural Policy and Food and of Economic Development and Trade of Ukraine, and the Ministries of Agriculture and of Commerce of China.

Prior to the third session of the Intergovernmental Commission, various sub-commissions held meetings in November 2017 in Beijing. Among them were the sub-commission for trade and economic cooperation and a working group for investment that is part of it. A delegation from PAT State Food and Grain Corporation of Ukraine participated in the work of the sub-commission.

On February 9, an informational event took place to present the results of the Intergovernmental Commissions work and the progress of the agreements reached. First Deputy Premier Stepan Kubiv commented that Ukraine and China had ambitious common plans and that China was prepared to invest US \$7bn in Ukrainian projects, especially infrastructure ones: ports, a bridge in Kremenchuk, a major ring road around Kyiv on a concessionary basis, and a new line of the Kyiv metro. Projects are also being developed in the farm sector, innovation, electricity and energy efficiency. China's Ambassador to Ukraine Du Wei attended the event.

On January 23, the China Trade Association organized a reception to celebrate the Chinese New Year. Ambassador Du mentioned in his New Year greeting that in the two years the association has been active, 50 companies had become members, which testified to its value. The ambassador also noted that the past year had been fruitful for China-Ukraine cooperation and expressed the hope that plans for further cooperation would be realized on a practical level. Ambassador Du also emphasized that his presence at the event was evidence of greater attention on the part of China's diplomatic community to trade and economic cooperation with Ukraine, which was now the center of bilateral relations.

Over November-February, a lively Ukraine-China interagency dialog took place. November 20-23 a delegation from the State Aerospace Agency of Ukraine (SAA) led by Director Pavlo Dehtiarenko and officials from a slew of domestic aerospace companies visited Beijing. As part of the event, the China National Aerospace Administration and leading Chinese companies held a working group meeting and the fourth session of the Ukraine-China Aerospace Sub-commission. The interim progress of the Ukraine-China Aerospace Cooperation Program for 2016-2020 was reviewed, a protocol signed, and an updated version of the program approved.

On December 6, as part of the third session of the Ukraine-China Intergovernmental Cooperation Commission, a working meeting took place between a delegation from the State Aerospace Agency of Ukraine led by Director Dehtiarenko and the China National Aerospace Administration led by Tang Dengze. The Chinese side was presented with the potential for land-based infrastructure of the SAA's National Space Asset Control and Testing Center.

On November 16, the Second Ukrainian New Silk Road Forum took place in Kyiv where mechanisms for doing business and attracting Chinese capital to Ukraine were the main topics discussed. As part of the forum, meetings were organized between Chinese and Ukrainian companies on a B2B basis in such areas as the farm sector, trade and finance, IT and innovation, transportation and logistics, and culture and tourism. First Deputy Speaker of the Verkhovna Rada Iryna Herashchenko, Chinese Ambassador Du Wei, Executive Director of the Georgia's Partnership Fund David Saganelidze, the chair of the Rada's interparliamentary deputy group for China, VR Budget Committee Chair Andriy Pavelko, and Minister of Infrastructure Volodymyr Omelian all participated in the forum.

On November 23, at a meeting with China's Justice Minister Zhang Jun, Ukraine's Justice Minister Pavlo Petrenko told his colleague about innovations being instituted in Ukraine. Among others, the ministers discussed judiciary reform and the rebooting of the entire chain of command in justice bodies, reforms to the enforcement service, and the institution of private enforcement. Minister Petrenko also mentioned the free legal aid system in Ukraine, which was recommended to UN member countries as a model that can ensure the protection of the rights of the broadest possible circle of individuals. The two ministers agreed to begin preparing an agreement on deeper cooperation in all the key areas of activity between their countries' ministries. They also had a meeting with All-China Association of Lawyers President Wang Zhongfeng where the two sides discussed further changes to the notarial system, systemic reform of the Bar, innovations to radically improve the quality of legal education, and

possible cooperation on global projects, including the One Belt, One Road Initiative.

On December 6, MEDT officials and a Chinese delegation led by Vice-Premier Ma Kai visited the Antonov Aviation Concern. The distinguished guest was able to examine AN-132, AN-178, and AN-70 transport planes, plus the AN-124-100 Ruslan and AN-225 Mriya, two of the largest planes in the world, and to familiarize himself with their basic specifications. The guests stated that China was prepared to work closely with Ukraine in the manufacture of aircraft.

On January 25, the Government of Ukraine approved a draft Memorandum between the Governments of Ukraine and China for the receipt of free assistance. This will allow the two sides to formally sign off on a project in which the State Council of China provided MEDT with telecommunication equipment worth a total of Yuan 10mn, or over UA \$1.5mn.

On January 30, the Ministry of Infrastructure signed a protocol of transfer and acceptance of works under a project to reconstruct the marine approaches, shunting zone and operational waters near the berths with a view to future cargo traffic at the Yuzhnyi Seaport in the town of Yuzhnyi, Odesa Oblast. Ukraine's Minister of Infrastructure Volodymyr Omelian, Chinese Ambassador to Ukraine Du Wei, and a representative of the US Embassy to Ukraine participated. Minister Omelian congratulated the China Harbour Engineering Company Ltd. for completing the works nearly three months ahead of schedule. Ambassador Du stated:

"In April 2017, the China Harbor Engineering Company won a transparent tender to carry out the dredging of Yuzhnyi Port. It was the first time that a Chinese company experienced this kind of success in Ukraine. China Harbor took the assignment very seriously and completed it nearly three months earlier than scheduled. The successful completion of this project will make it possible not only to expand the capacities of Yuzhnyi's port facilities, but also to improve the growth of Ukraine's agricultural sector. I hope that more Chinese companies will follow the example of the China Harbor Engineering Company and enter the Ukrainian market to carry out large-scale projects. This testifies that Chinese companies and the China brand can provide quick and high-quality work."

On February 8, the acting director of the State Fiscal Service (SFS), Myroslav Prodan, met with the director of the State Tax Administration of China, Wang Jun to discuss a Chinese proposal to start revising the 1996 Ukraine-China Intergovernmental Agreement in regard to avoiding double taxation while preventing tax evasion. Today, Ukraine has an opportunity to become the second country to offer China tax breaks when Chinese capital works in its economy. Ukraine could receive the same breaks in return.

Various sectors have signed and successfully completed agreements. For instance, as of November 1, freight trains started travelling along one of the New Silk Road routes, starting in Zhengzhou, China, crossing Ukraine, and going on to Slovakia, Poland and Hungary via Chop and Mostyska. These trains pull 57 universal container platforms.

On November 6, the China National Nuclear Corporation (CNNC) and the Industrial & Commercial Bank of China (ICBC) proposed that Ukraine build a fourth power block at the Khmelnytskyi AES using Chinese technology: the Hualong One or HPR-1000. The Chinese side indicated that there could be a high level of localization for Ukraine during the construction of the block and that they were willing to provide 85% of the financing for the overall project under state guarantees. That same day, PAT DPZKU, the state food and grain corporation of Ukraine, announced that it had reached an agreement about increasing the volume of grain delivered to China after talks with the China National Complete Engineering Corporation (CCEC).

On November 15, talks took place in Beijing between Silk Road Fund President Jin Qi and a Ukrainian delegation led by Deputy Minister for Economic Development and Trade Natalia Mykolska with the participation of State Energy Efficiency Agency Director Serhiy Savchuk, and representatives of the Agricultural Ministry, the State Innovative Financial and Crediting Agency, and the Ukrainian Embassy to China. Among others, they looked at the possibilities of financing “green projects and setting up a Green Fund in Ukraine.

On November 17, CCEC was declared the winner in an open tender run by the State Mortgage Institution to attract foreign credit to finance an investment project called “Providing housing through mortgages or finance leasing.” The anticipated size of the loan is US \$500mn, the payback period 15 years, and the interest rate 4.5% p.a.

On November 22, Kyiv Mayor Vitaliy Klitschko and the Deputy CEO of the China Pacific Construction Group Consortium, Guo Wuying signed an agreement to cooperate on a project to build the fourth line of the Kyiv Metropolitan. The agreement provides for a working group of Ukrainian and Chinese specialists to be set up to determine the best technical specs and financial approaches to carry out the project. The cost of construction has been estimated at US \$2bn, and 85% of the anticipated cost will be covered by loans from Chinese financial institutions.

On November 28, the director of AvtoDor, the state roadways agency, Slawomir Nowak, and an official from the SinoHydro Corporation Ltd, Xu Fei, signed a contract to reconstruct the northern bypass around Zhytomyr on the M-06 Kyiv-Chop highway. The contract is part of the project called “Improving the transportation and operational state of roadways on the approach to Kyiv (Pan-European Corridors),” which is being financed by loans from the EBRD and EIB. Work is expected to begin in 2018 with the start of the construction season and last 2 years.

On December 12, Ukraine International Airlines announced the launch of charter flights to Sanya on Hainan Island as of December 29.

On December 28, Berezan County Administrator Serhiy Tanasov met with officials from TBEA International Ltd. and staff from TOV DniproVNIPEnergoprom Institute. The two sides discussed the start of a new project to build the 500 MW Tylihul Wind Energy Station (WES). When built, the Tylihul WES will be the most powerful wind power plant in Eastern Europe and will run more than 100 wind turbines.

On February 8, China Machinery Engineering Corporation met with the Pervomaisk City Council, the Institute for Sustainable Development, and the Green Investment Development Center (GIDC) to sign an investment memorandum for the building of a solar power plant in the town of Pervomaisk, Kharkiv Oblast. The Chinese state company will be the investor.

On February 10, a slew of Chinese companies switched from buying corn in the US to buying from Ukrainian suppliers after Beijing tightened oversight over the processing of genetically modified crops.

Negative news came over the reporting period on November 8 when the China Development Bank announces the closure of a 2012 general line of credit with NAK Naftogaz Ukrainy worth US \$3.656bn. Naftogaz reported that, in accordance with the state-guaranteed conditions of the agreement, projects to be carried out under these loans had to be submitted to the CDB by June 25, 2017. But delays with gaining approvals from Ukrainian state agencies, Naftogaz agreed with the Chinese side to extend the deadline until August 1. Naftogaz last submitted documents for approval to interested ministries in February 2017 and since then had sent more than 40 letters both to ministries and to the Cabinet of Ministers requesting that the review of materials be speeded up. Unfortunately, approvals started coming through only in October and the materials came to the CDB after the last deadline had been passed. As a result, the

Bank notified Naftogaz that it would be impossible to go over the submitted documents and so the 2012 credit agreement was being terminated. However, the China Development Bank announced that it was prepared to continue working with Naftogaz Ukrainy on new projects.

The balance of trade between Ukraine and China remains a negative for Ukraine. Indeed, this is the main hindrance to establishing a free trade zone between the two countries.

On February 1, China International Import Expo held a large-scale presentation of their exposition project in Kyiv. The project is planned for November 5-11 in Shanghai at the National Exhibition and Convention Center, a cutting-edge exhibition center and one of the largest in China. Several hundred business people visited the show in Kyiv, along with members of the Government and the executive of the Ukrainian Chamber of Trade and Industry. China was represented by its Ambassador to Ukraine Du Wei, specialists from the Ministry of Commerce of China and the Bureau that organizes the China International Import Expo. The upcoming show will be the biggest one in China dedicated to international trade this year. Chinese officials noted that this would be the first such event, intended to attract imports to China.

“Ukraine’s economy needs investment and markets to sell its goods,” said Ambassador Du. “That’s why I invite Ukrainian manufacturers to visit Shanghai and participate in this expo.”

For international companies, the Shanghai show could be a unique launching pad to enter the Chinese consumer and services markets. This is very important for Ukraine, which has a chronic negative balance of trade with China and has made increasing the delivery of domestic goods to China one of its strategic goals.

HUMANITARIAN COOPERATION

On November 9, the protocol of the fourth session of the Ukraine-China Sub-commission on cultural cooperation was signed in Beijing. During this session, agreement was reached to support and stimulate direct contacts between cultural and artistic organizations, to foster the exchange of business information, professional development and the implementation of joint cultural and artistic projects. The discussion also turned to the question of establishing a One Belt, One Road brand that would foster greater understanding of cultural heritage and the advantages of cultural resources in both countries.

November 9 also saw the signing of an agreement between Wang Xi University in Anhui Province and Fedkovych National University in Chernivtsi on cooperation in the humanities, foreign languages and other branches of knowledge, on faculty exchanges, and on academic and cultural liaison. That same day, Shevchenko National University in Kyiv held a student job fair organized by the Labor Resources and Social Security Administration of the city of Qingdao, Shandong Province. The official portion of the fair ended with the ceremonial signing of a framework agreement between the Office of the HR Management Team of Qingdao and the Institute for Safety Problems of Nuclear Power Plants under Ukraine’s National Academy of Science on engaging highly qualified professionals.

On November 22-24, the largest Ukraine-China scientific exposition of technology and innovation took place in Kyiv as part of the celebration of 25 years of diplomatic relations between the two countries. All told, 60 scientific institutions and manufacturing companies from China took part, presenting some 150 different projects.

On December 8, Shevchenko National University in Kyiv hosted the launching of the second class of the Huawei Authorized Network and Information Academy in its main building.

On December 1, the National Technological University in Vinnytsia and the Technological Institute in Lanzhou signed an agreement on

cooperation that includes bilateral exchanges and joint research work.

On December 12, Admiral Makarov National Shipbuilding University in Mykolayiv signed an agreement to grant 100 scholarships to Ukrainian students to study at the Yanchen Polytechnic Institute and specializing in tourism management, design, machine-building and electrical engineering.

On December 15, a sculptural composition called “Doors to the Soul: Dialog between Taras Shevchenko and Du Fu” was officially unveiled in Kyiv’s Botanical Gardens. The sculptor, Wu Weishan, is also the director of the Chinese Museum of Art.

On January 15, three Ukrainian visa centers began operations in the cities of Beijing, Shanghai and Guangzhou. On the website of the Ukrainian Embassy to China, their opening was explained by the large number of people who are currently travelling from China to Ukraine. These new centers have quality infrastructure and extended hours for receiving documents, a website of their own, and a call-center.

On February 1, Makarov National Shipbuilding University in Mykolayiv signed a contract to train aspiring PhDs for China worth US \$560,000. The program is the first phase of an approved \$5mn development investment plan to support research at Makarov University. National Academy of Science Vice President Anatoliy Zahorodnyy also announced that the NAS plans to open two Chinese-Ukrainian centers for liaising with China. These centers would coordinate the Academy’s joint projects with the provinces of Shandong and Guangdong to actively promote the inventions of Ukrainian scientists on China’s markets.

On February 6, a gala concert took place at the Solomiya Krushelnytska National Academy of Theater, Opera and Ballet in Lviv to honor the Chinese Festival of Spring. A second gala concert for this occasion took place in Kyiv at the Shevchenko National Opera and Ballet Theater on February 8. Kyiv theatergoers were presented with a performance of the “Charm of the West” song and dance ensemble from Hunan Province.

Events in Ukraine-China relations (November 2017 – February 2018). Point-based evaluation

Date	Event	Score
2017		
November 1	A freight train travelling along one of the New Silk Road routes begins crossing through Ukraine to the EU.	+1
November 6	China National Nuclear Corporation jointly with the Industrial & Commercial Bank of China proposes that Ukraine consider adding a fourth power block to the Khmelnytskyi AES.	+0,5
November 6	PAT DPZKU, the state food and grain corporation of Ukraine, reaches an agreement about increasing the volume of grain delivered to China.	+0,5
November 6	Zaporizhzhia National University opens a School of Confucius to teach Chinese.	+0,5
November 8	China Development Bank announces the closure of a 2012 general line of credit with NAK Naftogaz Ukrainy worth US \$3.656bn.	-2
November 9	A protocol of the Fourth Session of the Ukraine-China Subcommittee on Cultural Cooperation is signed in Beijing.	+1
November 9	The Wang Xi University in Anhui Province, China, signs an agreement on cooperation with Yuriy Fedkovych National University in Chernivtsi.	+1
November 9	At Shevchenko National University in Kyiv a student job fair takes place organized by the Labor Resources and Social Security Administration of the city of Qingdao, Shandong..	+0,5
November 13-18	The Trade and Commerce Subcommittee of the Ukraine-China Intergovernmental Cooperation Commission meets in Beijing.	+2
November 15	Silk Road Fund President Jin Qi meets in Beijing for talks with a Ukrainian delegation led by Deputy Minister for Economic Development and Trade Natalia Mykolska.	+1
November 16	The II Ukrainian Silk Road Forum takes place in Kyiv.	+1
November 16	A Memorandum on Cooperation is officially signed between Wu Bixiu, general secretary of the Alliance of Silk Road Cities, and several oblast governors.	+1
November 20-23	The fourth session of the Ukraine-China Sub-commission on cooperation in Aerospace takes place, together with a meeting of the working group.	+2
November 22	Kyiv Mayor Vitaliy Klitschko and the Deputy CEO of the China Pacific Construction Group Consortium, Guo Wuying sign an agreement to cooperate on a project to build the fourth line of the Kyiv Metropolitan.	+1
November 22-24	A Ukraine-China scientific exposition of technology and innovation takes place in Kyiv.	+1
November 23	Justice Minister Pavlo Petrenko meets with Chinese Justice Minister Zhang Jun.	+1
November 28	AvtoDor, the state roadways agency, and SinoHydro Corporation Ltd sign a contract to reconstruct the northern bypass around Zhytomyr on the M-06 Kyiv-Chop highway.	+1
December 1	The National Technological University in Vinnytsia and the Technological Institute in Lanzhou sign an agreement on cooperation.	+1
December 5	The third session of the Ukraine-China Intergovernmental Cooperation Commission takes place in Kyiv.	+4
December 5	President Poroshenko meets with Vice-Premier Ma.	+2

Date	Event	Score
December 5	Premier Groisman meets with Vice-Premier Ma.	+2
December 6	Officials from MEDT and a Chinese delegation led by Vice-Premier Ma Kai visit the Antonov Aviation Corporation.	+0,5
December 6	The State Aerospace Agency holds a working meeting with China's National Aerospace Administration.	+0,5
December 8	The opening of the second class of the Huawei Authorized Network and Information Academy takes place at Shevchenko National University in Kyiv.	+0,5
December 12	Admiral Makarov National Shipbuilding University in Mykolayiv signs an agreement to grant 100 scholarships to Ukrainian students to study at the Yanchen Polytechnic Institute.	+1
December 12	Ukraine International Airlines announces the launch of charter flights to Sanya on Hainan Island.	+0,5
December 15	A sculptural composition called "Doors to the Soul: Dialog between Taras Shevchenko and Du Fu" is officially unveiled in Kyiv.	+1
December 28	China Harbour Engineering Company completes its channel dredging operations in the Yuzhniy (Pivdenniy) Port.	+1
December 28	Berezan County Administrator Serhiy Tanasov meets with officials from TBEA International Ltd. and staff from TOV DniproVNIPIEnergoprom Institute.	+0,5
2018		
January 23	The China Trade Association holds a reception in honor of the Chinese New Year.	+1
January 25	The Cabinet approves a draft Memorandum between the Governments of Ukraine and China on receiving free aid.	+1
January 30	The Ministry of Infrastructure signs a protocol at the completion of work dredging the channel in Yuzhniy Port, which was carried out by China Harbour Engineering Company Ltd.	+0,5
February 1	China International Import Expo holds a large-scale presentation of their exposition project in Kyiv.	+1
February 1	Makarov National Shipbuilding University in Mykolayiv signs a contract to train aspiring PhDs for China worth US \$560,000.	+1
February 6	The Solomiya Krushelnytska National Academy of Theater, Opera and Ballet in Lviv holds a concert in honor of the Chinese Festival of Spring.	+0,5
February 8	A gala concert to celebrate the Chinese Festival of Spring takes place at the Shevchenko National Opera and Ballet Theater in Kyiv.	+1
February 8	An investment memorandum to build a solar energy station (SES) in the city of Pervomaisk in Kharkiv Oblast is signed with the China Machinery Engineering Corporation, a state corporation.	+0,5
February 8	The acting director of the State Fiscal Service (SFS), Myroslav Prodan, meets with the director of the State Tax Administration of China, Wang Jun.	+0,5
February 9	An informational event takes place to promulgate the results of the third session of the Ukraine-China Intergovernmental Cooperation Commission and the results achieved with various agreements.	+1
February 10	A slew of Chinese companies switches from buying corn from the US to buying from Ukrainian suppliers.	+0,5

UKRAINE-RUSSIA RELATIONS

NOVEMBER 2017 – FEBRUARY 2018

Positive: +11
Negative: -47
Overall: -36
TRUMAN Index: -1,3



Sergiy Solodkyy

First Deputy Director of the New Europe Center

UPDATE

The presidential election in Russia has led the West to believe in a possible change in Vladimir Putin's approach to the conflict in Ukraine. Moscow's support for the idea of a UN peacekeeping mission in the Donbas provided incentive for active talks to resume, a process that began in the previous reporting period. Putin gave some signals that were supposed to indicate an inclination to compromise. For one thing, he publicly intervened in the matter of freeing hostages held in occupied Donbas. Yet none of these signals proved serious enough to change the policies of western governments: sanctions were not only extended but increased. The West chose not to indulge Putin, knowing full well that none of Russia's seeming concessions would resolve the principal issue, a permanent ceasefire in eastern Ukraine—let alone the de-occupation of Crimea.

Ukraine continued to enlist the support of its western partners to put pressure on Russia's leadership. For instance, Chancellor Angela Merkel played a role in the release of hostages. Ukraine also appreciates the importance of American engagement, especially in the provision of defensive weapons. However, there are those in Kyiv who are still unhappy with the level and consistency of western governments' approaches towards Russia. Officials in Kyiv have had to admit reluctantly that Germany was constrained in its efforts, being caught up in its own domestic post-election political crisis. As to the US, considerable hope was generated with the publication of the Kremlin Report but, in the end, it failed to impress anyone in Kyiv—or in Moscow, for that matter.

At the end of 2017, Ukraine's diplomats were concerned about the Russian delegation being restored in the Parliamentary Assembly of the Council of Europe (PACE) and they were 99% certain that would happen. As it turned out, Kyiv had somewhat overestimated just how inclined European politicians are today towards dialog with Russia, while underestimating its own capabilities and the efforts of its foreign partners—here the British played a fundamental role. After the Russian presidential election in March, Ukraine hopes that sanctions will be increased: after all, if Putin refused to meet anyone halfway during his election bid even to boost his image as a peacemaker, it was even less likely that he would be motivated or in the mood to do so afterwards.

The Index of relations between Ukraine and Russia continues to be negative. Events between the two countries typically show a wide range of values, from -7, representing provocations, broken diplomatic ties or military action, to +1. The average value for the report period was -1.2, which is half as high as the previous Index. While mutual relations have not significantly worsened in the last four months, the fact is that war between the two countries has lasted for over four years now, whether or not it is officially called so. The release of hostages and talk about a peacekeeping mission gave some positive impetus, but this was easily overshadowed by continuing bloodshed in the Donbas and human rights violations in Crimea.

TIMELINE

RUSSIA'S TACTICAL WEAPON: THE NOT-QUITE COMPROMISE

In the last few months, Vladimir Putin has managed to get western observers really thinking, could it be that the Kremlin is finally ready to compromise? In the corridors of power in Ukraine, attitudes are quite skeptical about any appearance of constructiveness in the Russian president and people see it as more likely a trap. Initially, Putin agreed to the idea of a UN peacekeeping force in the Donbas, although the Russians had been sabotaging the issue for two years already. Then there was a large-scale release of hostages who have

been held captive on the occupied territories. However, in both cases, it proved to be a half-measure: in the end, there was no final compromise on the peacekeeping force and not all the hostages were released. What Russia actually offered was a half-compromise... or even a not-quite compromise. Even Ukraine believed that it would be able to release its people back in January, during the second wave of exchanges.

What's more, in the story with the hostages, Vladimir Putin—possibly unwittingly—proved to the entire world just who is in control of the situation. The leaders of ORDiLO, the occupied rayons or counties

of Donetsk and Luhansk Oblasts only agreed to compromise after his personal intervention via telephone. Obviously, the Russian president intentionally went for a public intervention in resolving the situation. On one hand, it was to demonstrate the “peacemaking” nature of his policies, largely for domestic consumption. On the other, it signaled to the West that he was possibly prepared to look for a compromise and Ukraine was the one disrupting the peace process. In Kyiv, his goodwill was seen strictly as electioneering. At talks between Putin and Viktor Medvedchuk, Patriarch Kirill of the Russian Orthodox Church (ROC) was invited to participate, implying the Russian president’s devotion to orthodox values. Putin’s demonstrative righteousness was one of the more visible elements of the latest election campaign in Russia: bathing in icy water on the Epiphany and participating in Andrei Kondrashov’s documentary, *Balaam*. Ukrainian officials understood very well that Putin included Kirill simply to promote himself. In the end, the large-scale exchange of hostages took place just before the New Year, on December 27: Ukraine released 233 captives but received only 73 in return.

Getting its people released is Ukraine’s main priority this year—at least that’s how the priorities in resolving the conflict with Russia are presented by the Poroshenko Administration. Kyiv seems to consider it highly unlikely that Moscow will compromise on any other issues, such as a proper ceasefire or a mandate for a peacekeeping mission, so it is focusing on humanitarian issues that are closer and more understandable to ordinary Ukrainians. The main point is that they really can be resolved, as there’s already considerable experience in getting hostages released: in over three years, 3,140 Ukrainians have been freed.

Just over a year remains until the next presidential election in Ukraine. This means that Petro Poroshenko, who obviously wants to be re-elected, will face more and more questions, including the most prickly one: why is there still a war, given that he promised to end the bloodshed within days when he was first elected? And so the release of hostages could be one of the most significant indicators of his concern about Ukrainians. Of course, Kyiv understands very well that even this objective could prove too ambitious and difficult—in no small part because Russia is busy sabotaging a final resolution in every way possible, so as not to lose leverage over Ukraine, including over its elections.

This year, President Poroshenko has given his negotiators an even harder task: to get the release those Ukrainians who ended up in Russian jails. Kyiv knows very well that its leverage over Moscow is very limited and so it’s using the widest possible range of instruments, from direct negotiations between Ukraine’s representative in the humanitarian subgroup of the Minsk process, Viktor Medvedchuk, and Vladimir Putin, to diplomatic mediation by Chancellor Merkel. The release of hostages came up at every meeting and telephone call between Poroshenko and Merkel. In January, there was a long conversation between Poroshenko and Putin, during which the subject was also raised. This time, however, the Presidential Administration went ahead and announced the talks with Putin before the Kremlin did. This was done deliberately to prevent a repeat of last year’s accusations of collusion. At that time, the Russian press reported simultaneously about a number of secret telephone conversations between the two leaders. The Ukrainians insist that it was Russia who had asked not to publicize the fact, yet the leaks happened there and damaged Poroshenko’s reputation.

Can Ukraine really count on Putin’s goodwill this time around? On more intense interventions by Angela Merkel? Yes, and no. Kyiv hopes that it will be possible to exchange our political prisoners for Russian citizens who are currently in Ukrainian jails. According to some sources, there are more than 15 Russians—the Office of Ukraine’s Human Rights Ombudsman says that at least 10 of them are Russian career officers. Ukraine has been demanding the release of filmmaker Oleh Sentsov, journalist Roman Sushchenko, and many

others. Moscow was counting on releasing Russians at the end of last year as part of a large-scale exchange. But Kyiv insists that this issue should be handled in line with the relevant conventions within the CIS, understanding that this is possibly the only factor that might force Russia to release imprisoned Ukrainians.

Still, this logic flies in the face of the evidence of recent years. First of all, Russia has not agreed to any collective release of prisoners, following a strictly individual approach and releasing only one or two people at a time: Nadia Savchenko was released in May 2016, Yuriy Soloshenko and Ghennadiy Afanasiev in June of that year, and Ilmi Umerova and Akhtem Chygoz in October 2017. Secondly, the Russian president distances himself from the issue of Russian soldiers imprisoned in Ukraine, demonstrating his indifference to the issue of exchanges. However, this could well be a tactic for public consumption to avoid looking weak and to shore up the myth that Russia is not involved in the war in the Donbas.

In recent months, Ukraine has demonstrated determination at all levels to resolve the issue of releasing prisoners, once and for all. Thus, the Verkhovna Rada and the Foreign Ministry prepared the necessary resolution accusing Russia of persecuting those who oppose the occupation of Crimea and the Donbas. The document mentions more than 50 individuals who are being held in Russian jails, although this list is probably incomplete. Ukrainian MPs have also drafted a resolution calling on the legislatures of the most influential countries in the world to strengthen sanctions against Russia, calling them to “use all possible forms of sanctions against official persons in government positions in the Russian Federation who are connected to the persecution of political prisoners who are citizens of Ukraine.”

SANCTIONS HOLD WHILE RUSSIA TRIES TO BLACKMAIL THE COUNCIL OF EUROPE

Given the unlikelihood that sanctions will be gradually withdrawn any time soon, Russia has to be satisfied with its western sympathizers, who keep calling for sanctions policies to be re-examined. Most noticeable in the last while was a joint statement issued by the German Foreign Minister and the administrators of five German Länder. For now, it looks like such calls cannot influence EU policy as a whole, and even less so sanctions placed by the US. Still, the current sanctions are seen as insufficient in Ukraine. From time to time, there are even concerns that they will be softened, even though there were fewer indications of such a likelihood in 2017.

Ukraine continues to see sanctions as the only instrument really capable of forcing Russia to compromise. Otherwise, Ukraine will have no choice but to negotiate with the Kremlin on its own, which could well end in a less-than-successful outcome.

It is this that probably worried Ukrainian diplomats at the end of last year, when it looked like PACE might allow the Russian delegation to resume its place in the Parliamentary Assembly. They explained their fears that if sanctions were dropped at the level of PACE, it could have a domino effect. In fact, had bureaucrats in the Council of Europe Secretariat been able to come up with a decision that favored Moscow without a huge scandal, it would have demonstrated that other sanctions in the EU, the US or Japan could also be withdrawn without any fallout for the politicians of those countries. Fortunately, the Secretariat underestimated the efforts of Ukraine’s diplomacy and the question of returning the Russian delegation its seat in PACE was postponed. Indeed, Russia is preparing to go for broke: it now insists not only on having its delegation restored, but also changing the Assembly’s regulations to prevent a repeat.

In their turn, Ukraine’s diplomats insist that returning Russia would damage the Council of Europe’s image, as Moscow has failed to fulfill any of the conditions in the eight resolutions the CoE passed over the

last four years. What's more, a positive move in Strasbourg would play right into Putin's hands, giving him a major political triumph going into the March 18 election.

Unofficially, Ukraine's diplomats say that they even offered to pay Russia's dues instead of Russia if it was a matter of the Council not being able to function properly without Moscow's contribution—which is €33mn or less than 10% of the Council's budget. The CoE Secretariat denies that any such offer has been made. Of course, it's not to the CoE's benefit for the Secretariat to admit that they were motivated by financial considerations, because that would confirm Ukraine's argument that the Council's values were sold for a Russian bribe. If Russia's €33mn contribution were proportionally divided among the 45 CoE members, it would amount to just over €700,000 per country. The Council insists, however, that returning Russia's delegation would be moved forward by dialog and that means a resolution of the crisis.

In the end, the Council decided to reject the idea of restoring the Russian delegation, but the Ukrainian side is certain that this issue will find its way to the agenda again. "We understand that Russia has simply taken a time-out," say MPs in Ukraine's PACE delegation. "It will come back with even stronger resources because it knows the Europeans' weak spots." Indeed, Russia is determined to punish the Council by not paying its dues. Moscow's arsenal also includes the support of the CoE Secretary-General, the presence of Russian citizens in key positions in the Secretariat, including those that influence the agenda of the Secretary-General, and the support of a substantial number of the national parliamentary delegations to the Assembly.

DIPLOMATIC BATTLES OVER PEACEKEEPERS

There is general agreement in Ukraine that, so far, sanctions have not had a substantial impact, but Kyiv is certain that the minute they are softened or cancelled, the impact will be immediate—and very unpleasant, both for Ukraine and for major western capitals. The fear in Kyiv is that, if the sanctions are reconsidered, this will simply untie Russia's hands—and not just in occupied Donbas or Crimea.

Yet, Kyiv recognizes that sanctions have been the main factor that has led Vladimir Putin to be more compliant in recent months. For instance, the US passed the Countering America's Adversaries Through Sanctions Act (CAATSA) on August 2, 2017, and within a month Russia announced that it favored the idea of a UN peacekeeping mission in the Donbas. What's more, as the day for the Kremlin Report to go public approached at the end of January, Russia seemed to be compromising more often. This included Putin's personal intervention in the release of hostages by his proxies and even a reconsideration of some of Russia's positions on the mandate of a peacekeeping mission. At talks with US Envoy Kurt Volker on January 26, Putin aide Vladislav Surkov raised the possibility that a peacekeeping mission could have access to all of the occupied territory in the Donbas, whereas before this, Russia had insisted that the mission be deployed only along the demarcation line.

Thus, Ukraine's leadership is of the opinion that if the US and EU really do see the presidential election in Russia as a unique window of opportunity, yet no progress is achieved in resolving the conflict, it should mean that sanctions will be increased after March 18. Only something like this might concentrate minds in Moscow to seriously accept the arguments of others. However, Russia didn't always demonstrate compliance even in this reporting period. For example, it chose to leave the Joint Center for Control and Coordination (JCCC), to which both the US and EU responded extremely critically. Kyiv suspected that this move could mean Russia was preparing for the next escalation, although Moscow explained its decision by blaming the Ukrainian side for blocking the work of Russians in the JCCC.

Is Moscow prepared to adjust its position on the peacekeeping mission in occupied Donbas? Unlikely. Moreover, opinion in Russia is pretty clear: the situation in eastern Ukraine needs to remain in constant tension in order to convince Kyiv not to count on too much support from the West and instead agree to compromise. Russia's main objective is to force Ukraine to implement the political part of the Minsk Accords without waiting for a permanent ceasefire.

A more fundamental issue for Moscow is forcing Ukraine to sign something along the lines of a memorandum with the representatives of the pseudo-republics, DNR and LNR, to allow a UN peacekeeping force to be deployed. Some say that this won't happen soon because the Minsk Accords are enough for the necessary resolution in the UN Security Council. Moscow, however, insists on principle that the deployment of the mission on occupied territory has to be agreed. Kyiv, on the other hand, is certain that if Russia really was determined to end the conflict, this issue would not affect the arrival of a peacekeeping mission. Indeed, the 2015 Minsk Accords devised a formula that allowed the President of Ukraine not to participate directly in any negotiations with the militant leaders.

Russia is adamantly against the idea of UN peacekeepers being deployed along the international border between Ukraine and Russia in the occupied territory. First the Minsk Accords have to be fully implemented, says Moscow. But Russia is not entirely right in this regard, as the September 2014 Minsk protocol requires the constant presence of OSCE observers, which never happened. The Minsk Accords actually call for the return of control of the state border to Ukraine itself in the final phase. And this specifically means Ukraine, not peacekeeping forces, whose presence, in Kyiv's thinking and that of its western partners, could become a major factor in resolving the conflict.

Both Kyiv and Moscow have established their "white" lists of countries whose peacekeepers may be represented in the conflict zone. Russia is against NATO members while Ukraine, of course, is against Russian troops being involved, or those of its satellites in CSTO, although officially Belarus was mentioned as unacceptable. Only three countries are acceptable to both sides: Austria, Finland and Sweden. The only problem, as diplomats from Vienna, Helsinki and Stockholm admit, is that their countries are unlikely to be able to handle such a peacekeeping assignment because of a lack of capacity. For one thing, they will probably not be able to muster a contingent of what some estimates place at 20,000 professional soldiers. Ukraine will most likely have to settle for the countries that most often send their soldiers on peacekeeping missions: Ethiopia, which had over 8,000 peacekeepers as of 2016, Pakistan with 7,000, Bangladesh with 6,800, Ruanda with 6,000 Senegal with 3,600, Burkina Faso with 3,000, and Ghana and Egypt, with 2,900 each. At this point, Russia is not insisting on participating in the UN peacekeeping mission, although an idea was floated about placing unarmed Ukrainian and Russian observers to oversee the activities of the peacekeepers. Russia is also suggesting that the peacekeepers cooperate with the JCCC, although such a proposition seems odd, given that the Russians themselves left the Center during this period.

MERCS AND TROLLS: "PUTIN'S CHEF"

Ukraine finally passed a law with the epithet "on reintegration," although its full name is "On specific state policy to ensure the sovereignty of Ukraine on the temporarily occupied territories of Donetsk and Luhansk Oblasts." It was basically drafted to extend the current law "On the specific order of local government in separate counties of Donetsk and Luhansk Oblasts," nicknamed ORDiLO. Ukraine's western partners understood that certain political forces in the Verkhovna Rada could sabotage the extension of this law still last spring. That would have given the Russians the excuse they needed to accuse Ukraine of disrupting the entire peace process. And so the necessary passage was incorporated into the bill that, among others,

identified Russia as the aggressor. Those MPs understood what was happening and disrupted the vote but, in the end, the “Minsk Bill” was passed through a separate presidential bill. It seemed that after the law had accomplished its mission—or failed to do so, as the case may be—there was no purpose to passing it. However, pressured by the opposition at first and then the opposition pressured by the administration, the bill was finally passed. Even those who disagreed with it could not vote against because it confirmed one simple, consolidating message to Ukraine’s political elites: Russia is the aggressor.

Needless to say, reaction from Moscow was swift and strong. Rumors spread throughout the occupied territories that Ukraine was preparing an offensive. Meanwhile, OSCE observers noted that tensions were higher in the conflict zone as the two sides took advantage of the ceasefire in the Donbas to push forward by digging trenches and setting mines. According to observers, both sides are completely prepared for the next hot phase of the conflict. The OSCE continues to report on frequent incidents when the militants themselves refused the mission access to territory controlled by them.

The Security Bureau of Ukraine (SBU) meanwhile ramped up its efforts to collect evidence about the participation of the Wagner Group, a private military company founded by Dmitry Utkin, a native of Kirovohrad who served in Russia’s GRU special forces until 2013, in the conflict in the Donbas. Ukrainian officials say that this military formation is clearly part of the hybrid war that Russia is engaging in. On one hand, these are proper mercenaries under contract, who supposedly are not part of Russia’s regular army. On the other hand, intelligence says that they are completely subordinated to the Russian high command. The SBU considers the Wagner Group responsible

for shooting down an IL-76 in June 2014 and for the storming of Debaltseve and attacks on other towns. This group is also suspected of providing armed support to the leader of the Luhansk militants, Ihor Plotnitskiy. The SBU says that it doesn’t have enough evidence yet to hand over the names of Wagnerites to Interpol. What it does know is that as many as 40 Ukrainian citizens are in it: some have been trained to carry out sabotage within Ukraine, some are fighting in Syria, and others are fighting in Luhansk Oblast. Over all, the SBU reports that it has identified 1,587 of the mercenaries. Last October, the Ukrainian government made a presentation on the Wagner Group in the European Parliament.

For the SBU to make this information known at this time is especially significant because of two events that are not directly tied to Ukraine but seriously affect Russia’s position in the international arena. First, as many as 100 Wagnerites were killed in Syria on February 7 during a US operation. On February 16, the US published a 37-page indictment signed by Special Prosecutor Robert Mueller that contains a detailed outline of the activities of Russia’s Internet Research Agency, aka Glavset, which is funded by Yevgheny Prigozhin. Prigozhin’s employees pretended to be American activists and tried to influence the US election in 2016. And Prigozhin, nicknamed Putin’s Chef, apparently finances the Wagner Group as well. If these suspicions prove founded, Russia need not expect sanctions to soften any time soon—at least not on the part of the US. Events in February confirm that Russia is using hybrid warfare on a massive scale and not just against Ukraine. In this way, the active promulgation of Wagner Group crimes in Ukraine looks even more convincing, given the information that has been coming out in recent weeks.

Events in Ukraine-Russia relations (November 2017 – February 2018). Point-based evaluation

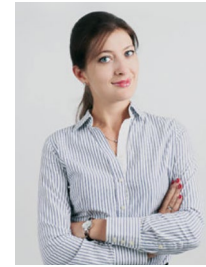
Date	Event	Score
2017		
November 2	The SBU reveals new information about crimes committed by mercenaries in the Wagner Company in the Donbas and Crimea. Official Kyiv announces that they are coordinated by Russia’s military command.	-2
November 13	The third set of talks between negotiators for the US and Russia and the US, Kurt Volker and Vladislav Surkov focuses on a peacekeeping mission to the Donbas.	+1
November 15	DM Stepan Poltorak says Russians cannot participate in any peacekeeping mission in the Donbas.	-1
November 15	Ukraine’s representative for the humanitarian subgroup in the Minsk talks, Viktor Medvedchuk, meets with Russian President Putin to request support for an exchange of prisoners between Ukraine and Russia’s proxies. Subsequently, Putin calls the ORDiLO leadership.	+1
November 21	Ukraine’s FM demands that Russia stop drafting young people in Crimea. In the fall of 2017, Russia planned to send around 2,000 residents of the peninsula to serve in the military, in contravention of the 1949 Geneva Convention that is referenced in UN resolutions from 2016-2017 regarding human rights in Crimea.	-3
November 24	LNR leader Ihor Plotnitskiy is removed. FM Klimkin calls these events “settling of accounts among Russia’s special forces.”	-2
November 30	FM Pavlo Klimkin states that Russia could resort to widespread military provocations in order to destabilize the situation in Ukraine.	-1
December 8	Ukraine’s and Russia’s FMs Klimkin and Lavrov meet during OSCE ministerial meetings in Vienna.	+1
December 10	President Poroshenko announces that Russia will not evade responsibility for the crimes it has committed in Ukraine’s Crimea and Donbas regions.	-1
December 14	President Putin blames Ukraine’s government for the lack of progress in regulating the situation in the Donbas.	-1
December 19	Russia recalls its 75 officers from the Joint Control and Coordination Center that is responsible for matters related to ceasefires and stabilizing the line of demarcation in the Donbas.	-3
December 19	UN GA approves a revised resolution regarding violations of human rights by Russia in Crimea.	-3
December 20	The SBU announces that an official in the Cabinet of Ministers has been revealed as working for the Russian secret service.	-3

Date	Event	Score
December 21	Russia's presidential spokesperson Dmitry Peskov announces that the possible delivery of weapons to the Ukrainian Armed Forces by the US could "unleash bloodshed" in the Donbas.	-1
December 23	A ceasefire comes into effect for the New Year and Christmas holy days. The ATO press center reports that same day that Russia's proxies have violated it.	-3
December 23	Russia's MFA states that the US is inciting a war by providing Ukraine with weapons.	-1
December 26	Ukraine's General Staff reports that the Armed Forces lost nearly 200 service personnel in 2017 to Russia's aggression.	-7
December 27	The largest exchange of hostages in the Donbas takes place. Ukraine hands over 233 individuals to Russia's proxies, receiving only 73 prisoners in return. The SBU reports that the militants are still holding 103 hostages.	+2
2018		
January 2	OSCE observers report that the evening of December 29 to the evening of January 1 more than 350 explosions were registered in the Donbas and the ceasefire was over.	-7
January 10	Putin meets again with Medvedchuk regarding a second wave of exchanges of hostages and citizens of Ukraine currently held in Russian jails for political reasons.	+1
January 15	FMs Klimkin and Lavrov talk over the phone about the release of hostages and political prisoners.	+1
January 18	The Verkhovna Rada passes the Law "On specific state policy to ensure the sovereignty of Ukraine on the temporarily occupied territories of Donetsk and Luhansk Oblasts," in which Art. 6 identifies Russia as the aggressor state.	-2
January 19	Putin meets with Russia's Security Council over the law passed in Ukraine the previous day. The legislation is criticized for supposedly placing "internal Ukrainian resolution" under threat.	-2
January 27	The fourth talks between US and Russian representatives Volker and Surkov regarding a peacekeeping mission to the Donbas take place.	+1
February 11	Russian FM Lavrov states that Russia has no plan to recognize DNR and LNR.	+1
February 13	Presidents Poroshenko and Putin discuss the release of hostages over the phone.	+1
February 16	Ukraine's and Russia's FMs meet in Munich but fail to reach any agreement.	+1
February 28	Naftogaz Ukrainy announces its victory at the Stockholm Arbitration with Russia's Gazprom, which was accused of violating its contract.	-4

UKRAINE-NATO RELATIONS

NOVEMBER 2017 – FEBRUARY 2018

Positive: +22
Negative: -6
Overall: +16
TRUMAN Index: +0,84



Kateryna Zarembo

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UPDATE

In 2017, Ukraine and NATO marked the 20th anniversary of their partnership and the year was notable for a series of symbolic events reflecting on this relationship. On one hand, the Verkhovna Rada finally enshrined the goal of membership in the North Atlantic alliance in law on June 8 as a national interest and state policy priority. Previously, after the 'non-bloc' policy of the Kuchma and Yanukovich eras was removed from the country's strategic documents, it was replaced by cautious formulations about meeting the necessary criteria for accession.

President Poroshenko even announced his intentions to revive dialog about granting Ukraine the Membership Action Plan during a joint press conference with NATO Secretary-General Jens Stoltenberg, who had flown to Kyiv for a session of the Ukraine-NATO Commission. Stoltenberg also presided at the grand opening of the NATO Representation in Kyiv. As a consolidated diplomatic mission, it combines the NATO Liaison Office and the NATO Information and Document Center (NIDC). Finally, the most significant event, which took place at the end of the reporting period, was NATO granting Ukraine "aspirant country" status.

However, a change in formulations and rhetoric has not led to qualitative changes in the way Ukraine's government agencies have been implementing much-needed reforms. As it turned out, the end of the jubilee year was less than celebratory. Relations between Ukraine and NATO grew cloudy during the reporting period when Hungary blocked the work of the NATO-Ukraine Commission (NUC) at the political level over Budapest's response to the country's new Law on education. Because of the Hungarian-Ukrainian controversy, the NUC failed to meet twice at the ministerial level: in December 2017 and February 2018.

Overall, relations between Ukraine and NATO were generally positive during the reporting period. In addition to ongoing cooperation, communication took place at the highest level: during this time, NATO SecGen Jens Stoltenberg and Ukrainian President Petro Poroshenko met twice. Negative points reflect the cancellation of planned NATO-Ukraine Commission meetings at the ministerial level because Hungary blocked them twice.

TIMELINE

CRISIS OF CONFIDENCE

Despite many public declarations by Ukraine's leadership regarding their commitment to the Euro-Atlantic dream and firm support for NATO membership among Ukrainians themselves, the country's relations with the Alliance appear to be in a crisis of confidence.

NATO officials are not that willing to believe passionate assurances by Ukrainian officials about the irreversibility of the Euro-Atlantic course, because Ukraine has shifted direction too many times in the past. And so, when changes to Ukrainian legislation enshrining accession to NATO as a priority national interest and clearly formulating the Euro-Atlantic course were passed on June 8, 2017, it did not cause much of a stir. According to some NATO officials, the

rejection of "non-bloc" status in 2014 was the real turning point in relations with the Alliance.

In some ways, NATO officials are quite right: lack of trust in the sincerity of Ukraine's Euro-Atlantic aspirations can be observed even in government agencies. Individuals who are directly responsible for preparing the Annual National Program (ANP) have noted that not all ministers and agencies have the necessary attitude towards Ukraine's goal of membership in the Alliance. In other words, the country's priorities have changed on paper, but not necessarily in the heads of all decision-makers. What's more, not all of those responsible for actually implementing Ukraine's Euro-Atlantic course have the necessary professional approach or the necessary level of English language skills: the 2018 ANP encompasses 58 such

ministries and agencies, without even counting local governments. In order to increase professional capacities, the Office of the Deputy Prime Minister for European and Euro-Atlantic Integration organized courses for civil servants last year at the Diplomatic Academy. There, government employees are taught, among others, the standards for preparing an ANP.

The fact that the lion's share of efforts on the part of the ministries and agencies goes into carrying out the objectives of integration with the EU, while the Euro-Atlantic track is treated, not as a separate priority, but as something "in addition to" eurointegration—and that's an ongoing problem. This kind of imbalance can be seen even at the Ministry's of Foreign Affairs Department for the EU and NATO: the number of officials who are responsible relations with the EU is severalfold higher than the number responsible for relations with NATO. The MFA notes that the number of staff responsible for the Euro-Atlantic area is not as important as all that now that there is a separate Office of the Deputy PM responsible for this area. Still, NATO sees this imbalance in the distribution of resources as one of the signals that Euro-Atlantic integration is a lower priority for Ukraine.

Nevertheless, when the post and the Office of the Deputy PM for European and Euro-Atlantic Integration were established in 2016, it was a real breakthrough. Collocutors at NATO admit that this agency is now the main driver of reforms in the Government. Still, the Office alone cannot make every responsible ministry and agency treat measures on the Euro-Atlantic integration front as their own priority goals. NATO officials confirm that sometimes work with the ministries and agencies stalls because of the absence of an authorized negotiator and because the agencies themselves are not prepared to be responsible for undertaking reforms. Indeed, NATO representatives have observed that Ukraine's state institutions have varied levels of commitment to the reform process: some are open to change, others are passive or even resistant. The last is particularly evident in the main defense agencies.

It's also important to understand that support for NATO membership in Ukrainian society is not unconditional. Even though it has grown strongly since Russia launched its war, those who favor it remain a relative majority, not an absolute one. Polls carried out over 2015-2017 showed it fluctuating between 39% and 48%. In November 2017, a survey of 20,000 Ukrainians by four pollsters showed 43.2% support for NATO accession. Moreover, attitudes were strikingly different from region to region: whereas in Ternopil, 78.0% wanted to see Ukraine join NATO, in Kherson the number was just under half of that at 33.9%, and in Odesa it was barely over a quarter at 20.3%. Still, as the Deputy PM's Office points out, quite rightly, this support is predominantly emotional rather than rational, which means it is unstable. The New Europe Center ran a poll together with the Friedrich Ebert Foundation and GfK Ukraine in 2017 that showed clearly that support for membership did not equate trust in the Alliance. Among young people age 14-29, who were the target audience of the survey, only 4.0% fully trust and another 16.0% tend to trust NATO, whereas 33% distrust or tend to distrust it. Focus groups showed that young people are often under the influence of negative stereotypes and myths about NATO, although they do consider membership in the Alliance a positive step.

Given this, one clear example of progress in relations between Ukraine and NATO during the reporting period was the Government's passing of an Action Plan to implement a concept for increasing public awareness about Euro-Atlantic cooperation for 2018. For the first time in 7 years, the plan has been allocated an operating budget. A separate focus of this year's program is informing residents in the regions about Ukraine's Euro-Atlantic integration. NATO officials point out that there are plenty enough expert sessions on the topic, but public events focusing on NATO are few and far between. What's more, the Alliance considers it important to have coordinated

communication in two specific directions: between the Government and the public, and between the Government and NATO member countries.

Towards the end of the reporting period, relations between Ukraine and NATO did manage to achieve one important success: Ukraine was granted "aspirant country" status, a term that NATO applies to countries that have indicated their interest in acceding to the Alliance. This nets Ukraine an invitation to Intensified Dialog with NATO on its aspirations to membership and reforms related to it. Importantly, gaining status as an aspirant country does not include any guarantees of future membership. Up until February 9, 2018, NATO's official website showed that aspirant countries included Bosnia & Herzegovina, Georgia and the Republic of Macedonia, while noting that Ukraine, "had officially not pursued membership since 2010," the year that the Yanukovich Administration declared the country "non-bloc." This was clearly incorrect as of June 8, 2017. Ukraine's diplomats, experts and journalists had raised this issue with NATO officials on more than one occasion, to which they were told that changes to national legislation weren't enough, that Ukraine also had to formally notify NATO that it had officially changed course. In February 2018, the information on the NATO site was changed and the reference to 2010 removed, but the main message remained the same. Ukraine only joined the list of aspirant countries after President Poroshenko himself allegedly sent a letter to Secretary-General Stoltenberg with a detailed outline of Ukraine's Euro-Atlantic aspirations after the two met at the Munich Security Conference.

And so the issue of "stating the obvious" was finally resolved—however, as to the Membership Action Plan (MAP), Ukraine still needs to walk a long path, despite the concluding statement at the Bucharest Summit, where it was clearly said that Ukraine and Georgia would become NATO members. NATO officials continue emphasize that Ukraine should not insist on the MAP but carry out the reforms and use existing instruments for interacting with NATO. While there is open disapproval of Ukraine's desire to get the MAP within NATO itself, it should be noted that changes in domestic legislation and rhetoric, so far, have clearly not led to any qualitative changes in the real pace of integration on the part of official Kyiv.

THE STRATEGIC DEFENSE BULLETIN AND THE ANP

Over the last few years, Ukraine has put together a series of strategic papers that provide a roadmap for reforms and are needed in order for the country to meet the criteria of NATO membership. However, actually carrying them out has been a challenge.

It's no secret that until now, the ANPs that were approved in Ukraine were largely lists of quantitative indicators rather than or qualitative changes that the planned measures were supposed to bring about. Deputy Premier Ivanna Klymush-Tsintsadze announced that the 2018 ANP would be the first one to be maximally in line with the roadmaps of those countries that were granted the MAP. It's been prepared using qualitatively new methodology that is oriented on results and not on the process. It's also worth noting that the 2018 ANP was approved by the Cabinet in mid-February, which means it will probably kick in sooner than the 2017 ANP, which was only signed off by the president in April, leaving only half a year to carry it out prior to the October arrival of the NATO review committee. The Government also notes that the list of measures to be provided for in the ANP grows longer with each passing year: 255 in 2016, 375 in 2017, and 444 in 2018. This testifies, among others, to the fact that Ukraine's ministries and agencies are nevertheless getting more active on the Euro-Atlantic track.

NATO is quite open about expecting Ukraine to have a breakthrough this year in implementing the Strategic Defense Bulletin, a defense reform roadmap, which means passing and enacting the bill on

national security—which primarily establishes democratic and civilian control over the defense and security sector, and reforming the Security Bureau of Ukraine (SBU).

In February, the bill was approved by presidential decree and now the Verkhovna Rada has to vote on it. The bill was drafted by the National Security and Defence Council together with partners from the EU, NATO and the US. Among others, it provides for a civilian to be appointed Minister of Defense by the end of 2018. NATO expects Ukraine to come through on all its commitments. True, the approved version of the bill removed the rule about a “cooling-off” period, i.e. that a former military professional may be appointed DM no sooner than five years after retiring from active duty service. So far, it’s not quite clear whether Ukraine will uphold the spirit of the bill on national security or only the letter by simply changing the uniform of a military professional, such as current DM Stepan Poltorak, to a civilian one.

As to reforming the SBU, a concept was prepared with the involvement of experts from NATO and the EU Advisory Mission back in 2016. In October of that same year, the concept was given the green light by NATO in Brussels, but nothing has happened since then on the Ukrainian side. In June 2017, the Presidential Administration once again passed a revised concept along to the SBU and in October specialists from the EU and NATO were given the new version, which differed substantially from the previous one. The Advisory Mission says that it sent a query to the SBU about working together on the new version of the concept, but at the time of writing, had not received any reply. Thus, it’s possible to say that, behind closed doors, not only avoidance but actual regression is taking place.

Today, NATO and the EU expect the SBU to be reformed in a number of key areas: separation of powers, which means removing white-collar crime from its mandate, demilitarizing it, establishing democratic oversight of it, and reducing its staff. According to the Law “On the organization and staff numbers of the Security Bureau of Ukraine,” its staff is supposed to consist of 27,000 at any given time and 31,000 when there is a state of war. By comparison, Britain’s MI5 has about 4,000 staff. The proposal is for the SBU to focus exclusively on intelligence and counterintelligence work, combating terrorism, guarding state secret, and security analysis, while the function of fighting organized crime, contraband and economic crimes should be transferred to other competent law enforcement agencies.

Given that the SBU is subordinated to the president, it seems quite clear that Bankova lacks the political will to start reforms that will significantly reduce the scope of the SBU. Still, foot-dragging with the approval of the concept may be coming to an end because Ukraine has an unofficial deadline: the NATO summit in Brussels this coming July. Approving the concept for reforming the SBU, as well as the bill on national security, is a “desirable step” as the diplomats put it, that will allow Ukraine to get an invitation to the summit. At the end of February, presidential spokesperson Iryna Lutsenko already announced that, after the approval of the bill on national security, the law on the SBU would also be amended.

THE COMPREHENSIVE ASSISTANCE PACKAGE AND INTEROPERABILITY

The Strategic Defense Bulletin calls for interoperability between the Ukrainian Armed Forces and NATO forces by 2020. Given this, a Comprehensive Assistance Package (CAP) was approved during the NATO summit in Warsaw that includes 40 targeted support measures in 13 main areas. This basically systematized all the aid that the Alliance provides Ukraine, from trust funds to strategic communications.

Although the goal of interoperability was established back in the Charter on a distinctive partnership, how much has actually been achieved is hard to assess.

On one hand, more than 42,000 Ukrainian service personnel have taken part in international peacekeeping and security operations under the aegis of NATO and the UN since 1992. All told, Ukraine has participated in all NATO operations except the one in Libya. The UAF also participates in a number of Alliance programs and initiatives, including the Interoperability Initiative, which was started to maintain and continue the development of operational compatibility among NATO member countries and partners after the Alliance ended its operations in Afghanistan. Ukraine also participates in joint military exercises. Over the last three years, 10 UAF battalions have been trained to NATO standards.

On the other hand, participation in joint operations and exercises does not mean that the UAF will automatically be transformed into a NATO-quality force. The roadmap to defense reforms for 2016-2020 refers to NATO standards dozens of times, but only explains which standards exactly a very few times. The basis for interoperability with NATO is the 1,300 or so technical standards in the Standardization Agreement or STANAG. While Defense Minister Poltorak claimed in an interview with VOA that Ukraine had introduced NATO standards to 90%, Ukraine’s Mission to NATO Chief Vadym Prystaiko told the Munich Security Conference that nearly a quarter of the standards had been adopted. This kind of contradiction in how top officials assess the situation speaks to one thing: Ukraine is not engaged in high quality monitoring of how the Strategic Defense Bulletin is being implemented when it comes to instituting NATO standards. Nor does the Alliance assess the quality of how technical standards are being adopted in practice against some scale or matrix. The process simply does not include such an evaluation. However, NATO officials are very clear on one thing: even adopting all the technical standards does not guarantee a change in approaches and attitudes in the Armed Forces, such as the principle of delegating to the lowest possible level or the principle of gender equality and mutual respect. It’s possible that some of the qualitative changes in the UAF will take not just updated strategic documents but also a generational change.

As to the trust funds, today there are 10 specifically for Ukraine, six of which were set up after the NATO summit in Wales in 2014. Most of these projects are coming to an end this year and this is where Ukraine and NATO have had mixed results. Some of the funds, like the cybersecurity fund have clearly been successful: the project has ended and total contributions surpassed expectations by 72%. On the other hand, the logistics and standardization trust funds had only received 33% of the necessary costs by October 2017 and the project is supposed to end this coming October. The fund for medical rehabilitation has only 50% and it’s supposed to end this spring. NATO officials explain this as a lack of funding because of the very nature of trust funds: the contributions of donor countries are entirely voluntary. At the same time, failure to meet the stated objectives can also mean Ukraine’s fundraising effort was ineffective at the bilateral level with donor countries.

Yet another area of cooperation where Ukraine could show better results is the Platform on Countering Hybrid Threats. The launch of the Platform took place during an inaugural meeting in Poland in October, but there has been no activity whatsoever within this framework since then. Obviously, this is a serious shortcoming on Ukraine’s part: the Platform offers an opportunity to show in practice how its experience is unique and useful for member countries in countering hybrid threats. Because it’s failing to respond, Ukraine is losing this trump. On the other hand, the European Center of Excellence for Countering Hybrid Threats (ECECHT) opened officially in Helsinki and not in Kyiv in October,

The Deputy PM’s Office plans to do something about this gap and is preparing a large-scale public event regarding hybrid threats for

**Ongoing Trust Funds in Support of Ukraine launched since 2014
(as of October 2017)**

Project	Objective	Lead Nation	Contributors	Estimated budget	Duration	Contribution and needs
Command, Control, Communications and Computers (C4)	Identify, fund, and implement projects to assist Ukraine in modernizing their C4 capabilities, structures, and systems, improve their interoperability with NATO to conduct joint exercises and operations, and enhance their ability to provide for their own defence.	Canada, Germany, United Kingdom	Canada, Denmark, Germany, Iceland, Latvia, Lithuania, Poland, Turkey, United Kingdom, United States (in-kind)	€ 3,700,000	2015-2019	67% funded
Logistics and standardization	To enhance the National Codification Capability, to improve the Armed Forces Supply Chain Management Capability and to improve the Standardization Management Capability of Ukraine.	Czech Republic, Netherlands, Poland	Belgium, Bulgaria (in-kind), Canada, Czech Republic (including in-kind), Denmark, Netherlands, Poland (including in-kind), Turkey	€ 4,100,000	October 2015 – October 2018	33% funded
Cyber Defence	To provide Ukraine with the necessary support to develop its defensive CSIRT-type technical capabilities. This includes the provision of laboratories to investigate cyber security incidents and two Incident Management Centres. The project also has a training and advisory dimension.	Romania	Albania, Estonia (in-kind), Hungary, Italy, Portugal, Romania, Turkey	€ 560,000 (core project)	2014 – as long as there is funding available	172% funded
Military Career Transition	To develop and implement a sustainable, effective and integrated approach to the resettlement of military personnel.	Norway	Albania, Croatia, Greece, Luxembourg, Norway, Portugal, Turkey	€ 675,000	June 2015 – December 2018	88% funded
Medical Rehabilitation	To ensure that injured Ukrainian servicemen / women have access to appropriate rehabilitation services and that the local rehabilitation centres have the capability to provide and manage appropriate services.	Bulgaria	Bulgaria (in-kind), Estonia (in-kind), Finland, Hungary (in-kind), Japan, Lithuania (in-kind), Netherlands, Portugal (in-kind), Slovakia, Slovenia, Sweden, Turkey, United States (in-kind)	€ 2,250,000	March 2016 – spring 2018	50% funded
Explosive Ordnance Disposal and Counter Improvised Explosive Devices	To assist in setting the foundations for transformation of EOD and development of CIED in Ukraine along the NATO approaches	Slovakia	Denmark, Luxembourg, Montenegro, Norway, Romania, Slovakia	€ 610,000	Two years of the start of implementation. The project proposal has been agreed by the parties in October 2017.	48% funded

Source: https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2017_10/20171025_171025-trust-funds.pdf

fall 2018. But it's unlikely that a single event, however large, will be enough for the Platform to work. It needs to be coordinated and professionally developed by a specialized stakeholder institution, given that the Platform continues to represent inexhaustible potential for valuable development and for Ukraine to legitimize itself in NATO's eyes as a contributor to transatlantic security. For their part, NATO representatives have also emphasized the importance of Ukraine quickly designating a coordinator for the Ukraine-NATO Platform to engage in studying practice in countering hybrid threats.

Another area in Ukraine-NATO cooperation that is showing positive results is advisory and consultative efforts. Right now 15 advisors are working in Ukraine as a voluntary contribution from some NATO members to build capacity in Ukraine. These advisors provide consultations to government institutions in a slew of spheres: logistics and standardization, modernizing command, control, communications and computers (C4), cybersecurity, reform of the national security sector, managing defense resources, special ops forces, medical rehabilitation and legislative work, demining, and domestic and international coordination, etc. Problems with access to Ukrainian institutions and documentation that arose when these advisors first began working have largely been resolved. True, NATO sometimes does complain that the advisors are not always engaged in joint efforts from the very start, being perceived more as "auditors" who are supposed to "put their stamp of approval" on already completed documents or project proposals.

Finally, the item that persists on the agenda between Ukraine and NATO: combating corruption. Back in 2015, a Transparency International survey put Ukraine in Group D for corruption in the defense sector, which is countries with a "very high" risk of corruption. In the three years since then, there hasn't been a new assessment but experts say that the high level of corruption in the defense sector and misappropriation of funding remain, despite the fact that Ukraine's defense spending has risen to nearly 6% of GDP. The Alliance has been emphasizing at all levels: combating corruption is the underlying condition for Ukraine's Euro-Atlantic integration.

THE GENDER COMPONENT IN THE UKRAINE-NATO PARTNERSHIP

Since 2017, a new dimension has appeared on the Ukraine-NATO agenda: gender. It turns out that all the strategic plans that Ukraine approved over 2015-2016 were gender-insensitive, meaning that they did not raise the issue of equality between men and women in the reformation of the security and defense sector. Ukraine only recently distributed a list of positions in the ranks of the Armed Forces that are available to women. The problems of gender-based violence and bias against women in both military and civilian posts in this sector remain unresolved. Only in December 2017 did the Verkhovna Rada pass first reading of a bill to ensure equal rights and opportunities to women and men while serving in the Armed Forces. Implementing state policy on gender equality, as both a qualitative change in the mentality in the security and defense sector—when the issue of gender equality is not considered resolved due to the one-off appointment of a woman to the position of deputy minister or deputy premier—is a continuing item in Ukraine-NATO dialog. A clear breakthrough in this particular area is the historical establishment of the post of Government Ombudsman for Gender Policy in February and the appointment of rights activist Kateryna Levchenko to the post.

SUMMIT UNDER THREAT

Even with a positive dynamic in carrying out reforms, Ukraine's participation in the July NATO summit in Brussels is still not a given. The reason is a controversy between Hungary and Ukraine over Art. 7 of Ukraine's new law on education, which Budapest claims restricts the rights of Hungarian minorities in Ukraine. Hungarian interlocutors

say that although NATO activities are not related to public education, it's a matter of the democratic standards that are the foundation of the Alliance, and Ukraine is supposedly in violation of them in this law. Indeed, the protection of its minorities abroad has traditionally been a cornerstone of Hungarian policy. Thus, although complying with the recommendations of the Venice Commission is also a requirement of NATO in its assessment of the 2018 ANP, implementing them is still no guarantee that Ukraine will be invited to the summit, or that the work of the Ukraine-NATO Commission will be unblocked. Other than amendments to its transitional provisions, the Venice Commission has not included changes to the education law in its recommendations, whereas Hungary insists on this. Meanwhile, Ukraine has proposed the passage of a version that will reassure the Hungarians in its bill on secondary education, which is in the process of being drafted, but Hungary is not satisfied with such an option. Budapest is insisting on "legal guarantees" from Ukraine that the Hungarian minority will be able to gain a public secondary education in its own language and wants the law to be completely suspended until the dispute is resolved. It's unclear just now, what formulation will satisfy the Hungarians because it's obvious that Ukraine cannot return to the situation where children from ethnic minorities don't learn the state language at all. Hungary wants Ukraine to "start the process of resolution" but is itself blocking the process so far: representatives of the Hungarian-Ukrainian community failed to show up at a meeting arranged for February 14. Still, it's possible Hungary will soften its position after parliamentary elections there in April, provided that protecting minorities abroad is no longer an election campaign trump card.

If the summit does include Ukraine, one of the country's challenges for 2018 in relations with NATO, assuming that it is carried out at the summit, is gaining the status of Enhanced Opportunities Partner. This partnership is an institutionalized form of "distinctive partnership" for those NATO partners who are members of the Interoperability Initiative, in which Ukraine has been involved since 2014. Countries with this kind of status are offered regular policy consultations on security issues, including at the ministerial level; expanded access to interoperability programs and training; exchange of experience and knowledge, and closer cooperation during crises and preparations for ops. Today EOPs include Australia, Finland, Georgia, Jordan, and Sweden. Both Ukraine and NATO recognize that, in and of itself, gaining this status is unlikely to bring Ukraine any closer to the Alliance or to expand its possibilities. Most of what is entailed in this status Ukraine either has or can gain by simply coming through on what it has already agreed to. Still, the status of an Enhanced Opportunities Partner would allow the Ukrainian government to proclaim another "victory" on the Euro-Atlantic field—one that will really be a brightly-wrapped package with nothing inside.

Events in Ukraine-NATO relations (November 2017 – February 2018). Point-based evaluation

Date	Event	Score
2017		
November 10	Deputy Premier for European and Euro-Atlantic Integration Ivanna Klymush-Tsintsadze meets with NATO Deputy SecGen for Political Affairs and Security Policy Alejandro Alvargonzalez.	+2
November 20	Representatives of Ukraine and the Alliance discuss the implementation of the Ukraine-NATO Platform on Countering Hybrid Threats.	+1
November 24	President Poroshenko meets with NATO SecGen Stoltenberg in Brussels.	+3
November 28	The Ukraine-NATO Interparliamentary Council convenes in Brussels.	+2
December 6	Hungary blocks a session of the NATO-Ukraine Commission (NUC).	-3
December 13	National Security Council Secretary Oleksandr Turchynov visits NATO Joint Forces HQ in Europe.	+1
December 14	NSC Secretary Turchynov meets with NATO SecGen Stoltenberg. Both participate in a meeting of the NATO-Ukraine Commission.	+2
December 22	A delegation from Ukraine led by NSC First Deputy Secretary Oleh Hladkovskiy participates in the 25th session of the NATO-Ukraine joint working group (JWG) for defense-technical cooperation (DTC).]	+1
2018		
January 17	Army General Viktor Muzhenko participates in a meeting of the NATO Military Committee at the level of Chiefs of the General Staff.	+1
January 17	The NSC approves the bill "On Ukraine's national security."	+0,5
January 23	The opening of an exposition on the re-disposal of radioactive wastes generated in Ukraine as a result of military programs under the USSR opens at NATO HQ in Brussels.	+1
January 23	President Poroshenko meets with NATO SecGen Stoltenberg.	+1
February 5	A Presidential Decree brings into effect a decision of the NSC dated January 17, 2018, "On the draft Law of Ukraine 'On Ukraine's national security.'"	+0,5
February 14-15	Hungary again blocks a session of the NATO-Ukraine Commission (NUC).	-3
February 14	The Cabinet of Ministers approves the Annual National Plan (ANP) for 2018.	+1
February 14	The Cabinet approves an Action Plan for raising public awareness of Euro-Atlantic cooperation in 2018.	+1
February 14	The Government appoints an Ombudsman for Gender Policy.	+0,5
February 17	President Poroshenko and NATO SecGen Stoltenberg meet at the Munich Security Conference.	+3
February 28	Bill #8068 "On Ukraine's national security" is registered in the Verkhovna Rada.	+0,5



TRUMAN Agency

TRUMAN Agency team brings together expertise from various fields: strategic planning, PA&GR, lobbying and international communications.

The Agency takes into account the current vector of Ukraine's development to conduct effective campaigns aimed at solving problems of Ukrainian business and opening new perspectives for the foreign companies in Ukraine.

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