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TRUMAN

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The sky didn't fall. What so many Ukrainian voters were afraid of didn't happen: having become president, Volodymyr Zelenskyy did not go for closer relations with Russia. And it's not important at all, whether he would have liked to do so or not. His decisions are now subordinated to political expediency. For Zelenskyy's party to win in the upcoming elections, he has to do what the citizens want him to do.

Most Ukrainians want to go where they were already going: to Europe. The rating of the pro-Russian parties is around 10% and that's quite normal. Ukrainian society is inclined to multipolar attitudes. But this minority that nevertheless is starting to be more positive towards Russia is not typical of where the country is going. And so Zelenskyy went to Brussels first, and then to Canada, where he openly asked for military aid. In fact, he was expressing the expectations of the majority of Ukrainians: Ukraine will not go back to the USSR.

Ukraine's most important achievement in the past five years has been a civil society that won't let politicians lose touch with reality. But the impression is that Ukrainian voters are not fully aware of the power they have when they send off a deputy or a president to represent their interests. The job of a community is to get out of the government what you need when you need it.

A citizen has more responsibility than just a voter. The work of a voter is to cast a ballot. The work of citizens is to control things so that everything in their country is working the way they want. Even if the majority voted for the one that the minority didn't want, it doesn't stop the minority from having influence over the elected official. Petitions, letters, visits to offices, street theater, ultimately.

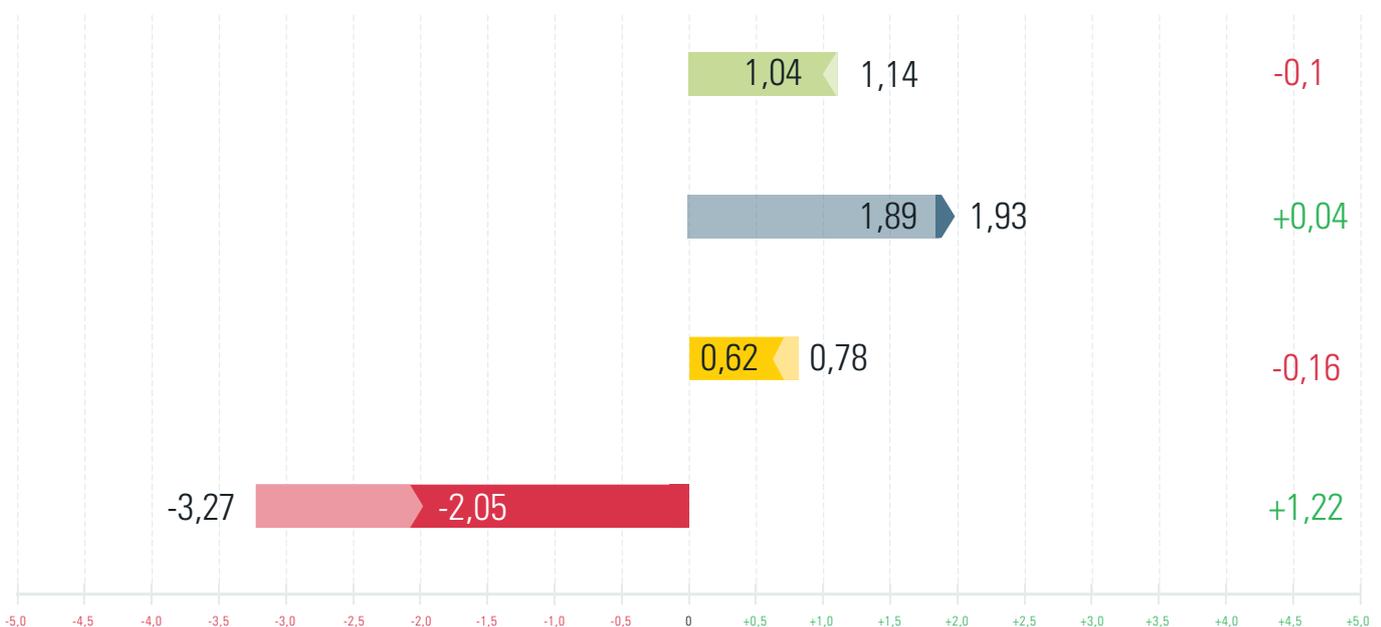
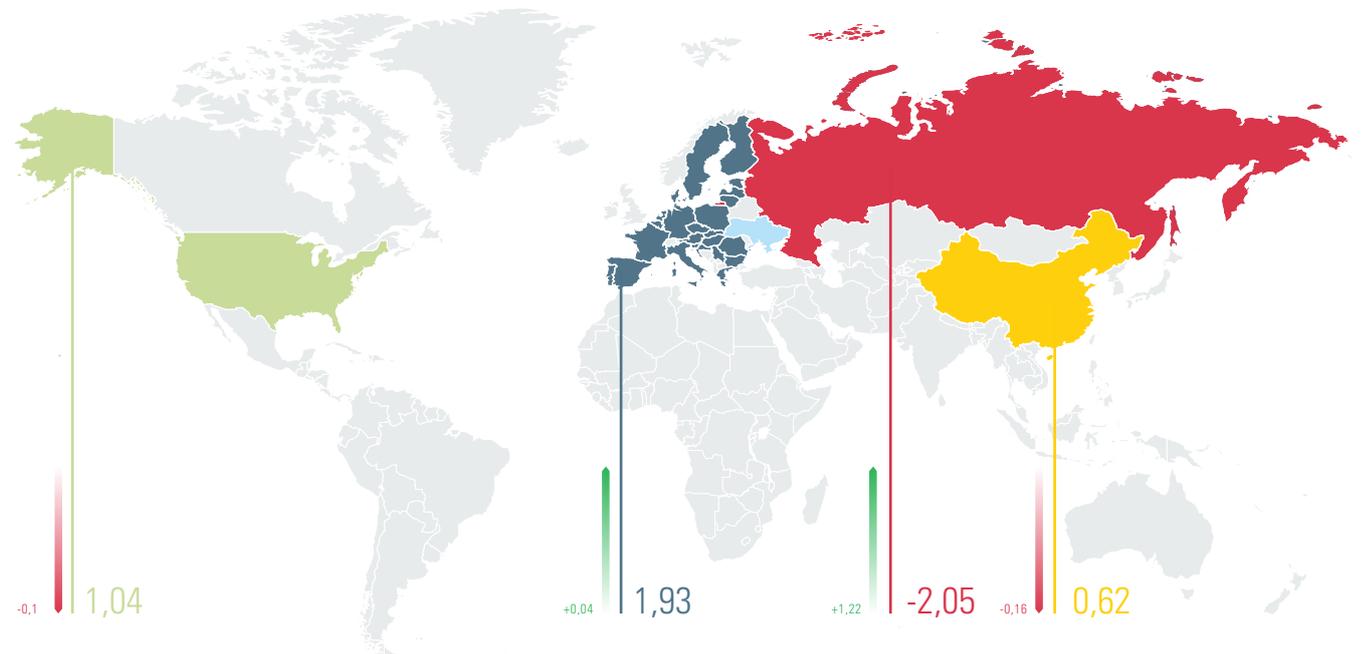
Signaling to foreign partners is also one of the jobs of a citizen. If those abroad see the statistics and understand that demand among Ukrainians for friendship with Russia is growing again, how can we possibly ask them to increase sanctions against Moscow? First we need to demonstrate what it is we want.

We can't know what the president really wants. But the political choices are not numerous. Maybe he wants to make peace with Russia. Maybe he doesn't. None of this matters at all, if we, Ukrainian citizens, don't want this.

Even if Sluha Narodu gains an outright majority in the Rada, this is a mandate, not a free-for-all. Since we, the voters, made this decision, we can also change it. After the Revolution of Dignity and Yanukovych's flight, this is completely understood. In situations like that, Ukrainian citizens have shown that they really are super citizens.

If we are able to behave so that the government understands that certain things are not all the same to us, things will be great! Let's do our job well.

TRUMAN INDEX



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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. Every 6 months we 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 BISS^[1] methodology as its basis, which offers a clear scale for evaluating foreign policy events.

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.

EVENT EVALUATION SCALE:

- **7-10** Economic and political integration, the coming into force of agreements on deeper cooperation
- **4-6** 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
- **1-3** 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)
- **1-2** Positive statements from key politicians in these countries, from the MFA regarding foreign policy, in legislative resolutions
- **1** Official visits at the deputy minister level from non-key ministries, parliamentary delegations, exhibitions, business forums, national culture days, important diplomatic contacts and negotiations
- **-1-2** Negative announcements from key politicians, from MFAs regarding foreign policy, in legislative resolutions
- **-2-4** Delays in ratifying agreements, not being invited to events, failure of support to come from the international community
- **-3** Violations of agreements or mutual commitments
- **-4-6** Trade wars, anti-dumping investigations, boycotts of goods, embargoes, expulsions of diplomat, recalls of ambassadors
- **-7-10** Provocations, severed diplomatic relations, military action

¹BISS (Belarusian Institute for Strategic Studies / Білоруський інститут стратегічних досліджень). Джерело: <http://belinstitute.eu/ru/tags/индекс>



UKRAINE - US RELATIONS

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 Director of the New
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POSITIVE SCORE: +31
 NEGATIVE SCORE: -5
 OVERALL: +26
 TRUMAN INDEX: +1,04

SUMMARY

Given that a new president was elected in the last three months, we might have expected this quarter to see a lull in Ukraine-US relations, but this was not the case. This included attention-grabbing statements from President Trump's lawyer and ex-mayor of New York, Rudy Giuliani, aimed at newly-elected President Zelenskyy's circle and the removal of US Ambassador Marie Yovanovitch just a few months before her term ended, who was replaced by a former US ambassador to Ukraine, William Taylor, as chargé d'affaires.

Before the new Ukrainian president had even been inaugurated, several issues already faced him on the American front: 1) how to make sure that Ukraine did not become a domestic focus in the US during the 2020 presidential campaign and not spoil relations with Trump; 2) whether it was worth choosing the US the country for his first official visit; 3) who should replace the Ukrainian ambassador to the US; and 4) what channels would be most effective for establishing dialog with the White House.

The answers to some of these questions are still up in the air or in need of further work. The challenges that face Zelenskyy with regard to the US are far more serious than those that faced Petro Poroshenko at the beginning: both because of the end of the Mueller investigation without any consequences, because of growing sanctions fatigue, and because of what he has inherited from the previous administration, some of whose representatives openly want to move into the new one.

TIMELINE

■ A NEW TRUMP?

Prior to the presidential election in Ukraine, the US tried its best to uphold the position that it was supporting not so much the person but the principles. Still, in practice, even before the first round, this transformed itself into the position, "We're betting on the winner:" whoever wins, that's who we'll work with. This was approximately how SecState Mike Pompeo put it in one of his statements. Unlike Chancellor Merkel and European Council President Donald Tusk, the US leader did not congratulate Poroshenko on making it into the second round, let alone accept him in a visit between the two rounds of the presidential vote.

By contrast, Volodymyr Zelenskyy received plenty of attention from Ukraine's US partners. Between the first and second round of voting, close partner and head of his election headquarters Ivan Bakanov, who is now acting director of the SBU, headed off to Washington right after Zelenskyy's meeting with French President Emmanuel Macron in Paris. There, he held several important meetings. Just before he second round, a telephone conversation took place with SecState Pompeo, taking the Zelenskyy team by surprise. After his victory at the polls, President Trump phoned, apparently straight from his plane. Vice President Mike Pence was equally keen to congratulate Zelenskyy immediately and talk with the president-elect by phone. In order to do so, a call from NATO Secretary General Jens Stoltenberg had to be rescheduled.

Zelenskyy appeared pleased with his chat with Trump, even though his invitation to the American president to come to his inauguration was immediately turned down. However, Trump promised to send the top officials possible to Kyiv for the event. At the time, Zelenskyy's team was expecting the inauguration to take place on June 1 and this was apparently the date that the US vice president was oriented towards.

However, the Verkhovna Rada scheduled the inauguration for May 20 and, in the end, the US delegation was led by Energy Secretary Rick Perry, who had been in Ukraine not that long before. The group included Special Representative Kurt Volker, US Ambassador to the EU Gordon Sondland, which was significant in and of itself, and US National Security Council representative Alexander Wintour, who had considerable positive feedback from his Ukrainian counterparts. When asked the real reason why Mike Pence did not come to the inauguration, in addition to the official reason, related to the date, there was an unofficial one as well: distancing from Ukraine, which had become toxic at that point, thanks to claims made by Trump lawyer Rudy Giuliani.

Just before the second round of the election, claims that President Trump was waiting for Zelenskyy to win came from a number of sources because, firstly, in his eyes Poroshenko would always be trailed by rumors that Ukraine had interfered in the 2016 election on Hillary Clinton's side. The US president never forgot about this, despite Kyiv's efforts to give the opposite impression. Secondly, many in Washington saw a Zelenskyy victory as a chance to unblock dialog between the US and Russia, as we wrote in the previous TRUMAN Index. US diplomats and experts had predicted that, as soon as Zelenskyy won the first round, Putin would immediately release the Ukrainian sailors he was holding, which would free the White House to organize a visit with him. It turned out, in fact, that Putin went the other way, aggravating the situation, by launching a fast track to a Russian passport for Ukrainians living in the occupied territories. It turned out that the rule about "no meetings with Putin while the Ukrainian sailors are behind bars" obviously only applied to the meeting between the two that had been slated for Argentina, and not any subsequent ones in principle. What's more, after meeting with Putin in Osaka, Trump openly admitted that the subject of the sailors did not even come up.

The political situation in the US also proved less accommodating at the start of the Zelenskyy presidency than it had been under Poroshenko. Poroshenko's term was shadowed by the Mueller investigation into Trump's apparent collusion with Russia. With all due respect to Ukrainian diplomats and their prioritizing American relations—Kyiv's version of America First—, but what spurred the organization of high-level meetings between the Ukrainian and American president was not some kind of understanding of the importance of Ukraine but the political circumstances, connected with accusations that Russia had interfered in the US elections.

Moreover, American interlocutors have been more and more frequently mentioning "sanction-fatigue." Maybe it's not for nothing that both at the Senate hearings in June, US lawmakers actively sought evidence of the effectiveness of sanctions against Russia and whether they can even work, fundamentally.

However, it's worth noting that whether some US institutions see Zelenskyy's victory as a new window of opportunity, not just in relation to Russia, but also for speeding up anti-corruption reforms in Ukraine, we did not find any evidence that Donald Trump himself had bet on Zelenskyy. Ukraine interested Trump as a source of evidence against opponents in the presidential election and, if we can risk an assumption here, he's less interested in the person of the Ukrainian president, than in that person's preparedness to provide and legitimize compromising evidence. This will be especially true if Joe Biden wins the Democratic primaries.

As to other American stakeholders, there's a noticeable willingness to give Zelenskyy the benefit of the doubt for now. But this will not last for long. Just how long was evident from Kurt Volker's speech in the Senate hearings, in which he stated in no uncertain terms that the next three months will determine Ukraine's future for the next five years. In other words, for Americans, the next three months will be the most indicative.

Right now, probably Zelenskyy's biggest asset for the Americans and other foreign partners is the unbelievably high level of trust he enjoys at home, which was evident in the 73% of the votes he received in the election. It's worth repeating and emphasizing that Americans love a winner, and Donald Trump in spades. Emmanuel Macron's brilliant win in France made him an attractive partner for negotiations as well. In the Ukrainian case, there is a president who, like Trump, came to office as an anti-establishment candidate and a television personality. Although Trump himself has never spoken publicly about Zelenskyy as his Ukrainian counterpart, Giuliani, in one of his many interviews on the subject of Ukraine, referred to Volodymyr Zelenskyy a "new Trump."

■ WHICH WASHINGTON IS IT?

Zelenskyy has already felt at the very start of his presidency the problem with Washington not being primarily represented by one or two "faces"—something that has been a real challenge for many of the US's foreign partners since Trump was elected. In the case of Ukraine, it's a question as to who represents the US position towards Ukraine and which channels should the new administration use in communicating with the United States.

This issue grew much more urgent after the premature recall of Ambassador Marie Yovanovitch. One of the reasons for this move was a campaign launched against her in the conservative US media

by Ukrainian Prosecutor General Yuriy Lutsenko, aided and abetted by Trump's lawyer, Giuliani. Yovanovitch's history is notable because she challenged the Ukraine agenda that had been the bible for official Washington, for years and possibly for decades, with only minor adjustments. It largely came down to fighting corruption, reforming the judiciary, and economic reforms. After the start of Russia's aggression, when Ukraine's leadership understandably made security its top priority in dialog with the US, its American partners shifted to a new focus in this agenda: Ukraine needs reforms, and not just its Armed Forces.

With many points where Washington's position towards Ukraine is shaped, differences typically arise between the White House and the State Department or the Congress. But things are more nuanced than that. In the last three months, what seems to have emerged is the position of a "official" Washington—meaning State, the NSC, the Pentagon, and the Department of Energy—and that of an "unofficial" Washington—Rudy Giuliani and other individuals close to Trump who have no official position in the Government. It seems that the agenda of the "official" wing in Washington is based on an understanding of how important Ukraine and its eventual success story is to the region, under the logic "without Ukraine, Russia will never again be an empire." For "unofficial" Washington, Ukraine is important at this point for a slew of lobbying efforts and the wish to take advantage of the country for America's domestic policy agenda.

Whether deliberately or not, Volodymyr Zelenskyy placed his bets mainly with official channels of communication even before he won the second round. And the representatives of the US Government, especially the Embassy in Ukraine and State Department, chose a pro-active position in establishing cooperation with Zelenskyy, first as a candidate and then as president-elect. Zelenskyy personally or a member of his team, Ivan Bakanov, met with Deputy Assistant Secretary of State George Kent several times. Our sources in Washington consider Kent, who worked as Ambassador Yovanovitch's second-in-command in Kyiv until summer of 2018, the main strategist on Ukraine at State. At the same time, according to sources in his team, Zelenskyy chose not to meet with Giuliani clients and Trump donors, Lev Parnas and Igor Fruman, both US citizens. Instead, they went to Israel and meet with Igor Kolomoyskiy.

As the team spokesperson admitted, the Ze team only found out about the planned and then cancelled Giuliani visit to Ukraine from the press. This kind of approach is very different from Petro Poroshenko's. Poroshenko actively engaged with informal contacts, including Giuliani, in order to gain access to the US president. Indeed, according to our sources, Giuliani himself notified Poroshenko about the date of his first meeting at the White House on June 20, 2017.

One event that stood out was a dinner in Brussels where Jared Kushner was among the guests. Although he is one of Trump's

advisors, he is considered more part of unofficial Washington. According to our sources, in fact, when the president received an invitation to join this supper, the US announced that Mike Pompeo would attend, coming to Brussels from London where President Trump was visiting at that point. It became clear only on the last day that Kushner would participate and not Pompeo.

In the last month or two, the story with Giuliani became overgrown with several story lines, something that complicated the start of the relationship between Zelenskyy's Ukraine and Trump's America.

The first plot line was the issues with which Prosecutor General Yuriy Lutsenko got Giuliani's attention. This started with his investigations into the interference of some political players in Ukraine in the 2016 US election in favor of Hillary Clinton, including Serhiy Leshchenko and Artem Sytnyk, ex-Ambassador Yovanovitch's playing up to this (admittedly, Yovanovitch had not yet come to Ukraine when Party of the Regions' black book with Manafort's name in it came to light), and the activities of Burisma, a drilling company whose board of directors included Joe Biden's son Hunter. These accusations turned out to be especially significant in relation to the US election campaign, as they made it possible to launch a campaign against Biden, ostensibly for using his post to benefit a company involving his son by asking Ukraine to remove Viktor Shokin as Prosecutor General, ostensibly because he had started an investigation against Burisma.

In previous issues, we wrote about this and recommended strongly that such issues not be overblown because they would have a negative impact on Ukraine-US relations and the perception of Ukraine as a country in Washington. This is only likely to make Ukraine hostage to the 2020 US election campaign by linking relations to this history for a considerable time, and could, for many political players in the United States, make Ukraine almost as toxic as Russia.

Moreover, as we predicted, spreading the idea that Ukraine had interfered in the 2016 US presidential election with sights on Leshchenko and Sytnyk ricocheted all over Ukraine and its previous administration. After Poroshenko resigned as president, Giuliani at least on two occasions made public statements where he mentioned Ukraine's previous president, not Sytnyk or Leshchenko, as the person who was pushing for Clinton to be elected—in other words linked him to "Ukrainian collusion."

The next plot line was the direct impact of Giuliani's client relations with Parnas and Fruman on the way Trump's personal lawyer perceived oligarch Ihor Kolomoyskiy. The two visited Kolomoyskiy in Israel and obviously failed to find common ground with him. Kolomoyskiy turned around and accused them of being the reason why Giuliani was openly attacking Zelenskyy's team, including the president-elect himself. The link between the two businessmen and Giuliani in relation to Kolomoyskiy was followed quite clearly:

immediately after Kolomoyskiy's threat that he would take Giuliani's clients out into the open sea, Trump's lawyer reacted aggressively in Twitter, saying that this was a threat against American citizens and de facto calling on Zelenskyy to arrest Kolomoyskiy. In fact, in the case of Kolomoyskiy, Giuliani's demands that his influence be cut short, his pro-active position plays into Ukraine's hands as a state, because it, in effect, encourages Zelenskyy to show just how serious his intentions to de-oligarchize Ukraine are.

■ DE-OLIGARCHIZE, BUT NOT SELECTIVELY

The issue of Kolomoyskiy's toxicity in the opinion of Giuliani and "unofficial" Washington coincides, albeit for different reasons, with the position of "official" Washington. Not a single American politician, diplomat or expert we met called Kolomoyskiy a positive factor for the Zelenskyy presidency. Today, he is clearly a negative figure for the US. "How else can we look at a person who stole more than US \$5bn from the Ukrainian people?" said one government official in an informal conversation.

The clearest manifestation of the US position regarding de-oligarchization was on the issue of appointing and keeping Zelenskyy's Chief-of-staff, Andriy Bohdan, in his official position. According to our sources, head of the US delegation and Energy Secretary Rick Perry specifically mentioned during his meeting with Zelenskyy on the day of the inauguration that appointing Bohdan to this post was not desirable. According to US sources, Kurt Volker expressed the same message. At the Senate hearings on US policy towards Ukraine and Russia, influential Democratic Senator Robert Menendez specifically asked Volker about the links between Zelenskyy and Kolomoyskiy. According to our sources, the question of Andriy Bohdan continuing to be Zelenskyy's Chief-of-Staff is still on the Americans' mind. Most likely Ukraine's overseas partners will act in the personalized way that is standard procedure in this kind of situation: when some individual, in their opinion, is not appropriate for a particular post, they will systematically undermine his position, working to get him fired, behind the scenes at first, and then, if necessary, in public.

It's important that the demands for de-oligarchizing on the US side do not come across as selective. Ukraine's partners can help considerably if they don't do things to legitimize individual Ukrainian oligarchs by, say, taking part in their events—Viktor Pinchuk's YES Forum comes to mind.

■ AN EX-AMBASSADOR AS A NEW CHARGÉ D'AFFAIRES

Some good news to offset the Giuliani situation was the appointment of William Taylor as the chargé d'affaires to replace Ambassador Marie Yovanovitch. When Yovanovitch was recalled, many of those who favored developing Ukraine-US relations more were worried about

who might replace her, whether it would be another career diplomat who was prepared to follow a traditional approach to Ukraine-US relations, or someone focused on only one thing—helping Donald Trump win re-election for a second term of office by finding some compromising materials against the Democrats, especially Biden, in Ukraine. In April, before Giuliani's reverberating claims, rumors that he might be one of the candidates came from three sources at once. However, American diplomats made it be known that this kind of candidate had few chances of being approved in the Senate and was highly unlikely. A few more names were mentioned that also belonged to the category of political appointees.

The difficulty of getting the kind of candidate Trump preferred through the Senate was ultimately the main reason why William Taylor was brought back. His advantages included an understanding of Ukraine and an ability to discuss even the most aggravating issues in a pleasant, consensual manner.

US Ambassador to the EU Gordon Sondland, himself a political appointee, is becoming the most common contact person between Kyiv and Washington. In diplomatic circles, he's referred to as a kind of "Europe handler" for Trump. Notably, Sondland was in the delegation at the inauguration of President Zelenskyy and, according to some information, invited Zelenskyy to the supper in Brussels where SecState Pompeo was supposed to be in attendance.

■ VISITING WASHINGTON: NOT THE FIRST TIME, BUT NO LESS IMPORTANT

The Zelenskyy team is taking his first visit to the United States surprisingly seriously. For a time, they even considered making the US capital the first international stop. Coming to Washington and meeting with President Trump would have been very useful in the run-up to the VR election, despite the fact that Zelenskyy's party, Sluha Narodu, enjoys sky-high ratings at home. But it soon became apparent that this kind of visit needed serious preparations. Among others, such a visit could not be clouded by accusations from the US president's personal lawyer.

Zelenskyy also needs time for a new Ukrainian ambassador to the US to be found, as Valeriy Chaly is seen as a close ally of Poroshenko. Naturally, the new president would like his first visit to be prepared when he has an ambassador in Washington to represent Zelenskyy's Ukraine, not Poroshenko's, and in whom he could trust. At the time of press, there were several professional heavyweight diplomats lined up as possible candidates, all of them with solid experience working with the US.

Moreover, the American side immediately made it clear that this visit needed to take place after the VR election in Ukraine. In order for there to be some effect on voters, however, the Ukrainian side sent

a request for an official invitation to the White House. Some insiders noted that the necessary factors are in place for such a visit to happen, including ensuring that the parliamentary election will be free and independent, that corruption is being tackled, and so on. Ambassador Chaly noted that the invitation refers to a "strategic partnership" between Ukraine and the US. Although this term has long since been devalued for Ukrainian observers, the American side has reluctantly allowed itself similar formulations in official rhetoric regarding Ukraine, but prefers to use the unembellished term "partner".

Unfortunately, thanks to the destructive efforts of Yuriy Lutsenko, prior to Zelenskyy's first visit to Washington, Kyiv will have to answer what is happening with two investigations that, in principle, should not have figured at all in Ukrainian-American dialog at the highest level. As the US presidential race picks up pace, any imprecise communication from the Ukrainian side could easily be interpreted as interference in the upcoming election, only this time on Donald Trump's behalf. To avoid this, President Zelenskyy will have to start with at least a few basic points:

- absolutely no promises to speed up or influence the investigations. The US has demanded for years that Ukraine

have an independent judiciary, so it's time to demonstrate this in a specific case;

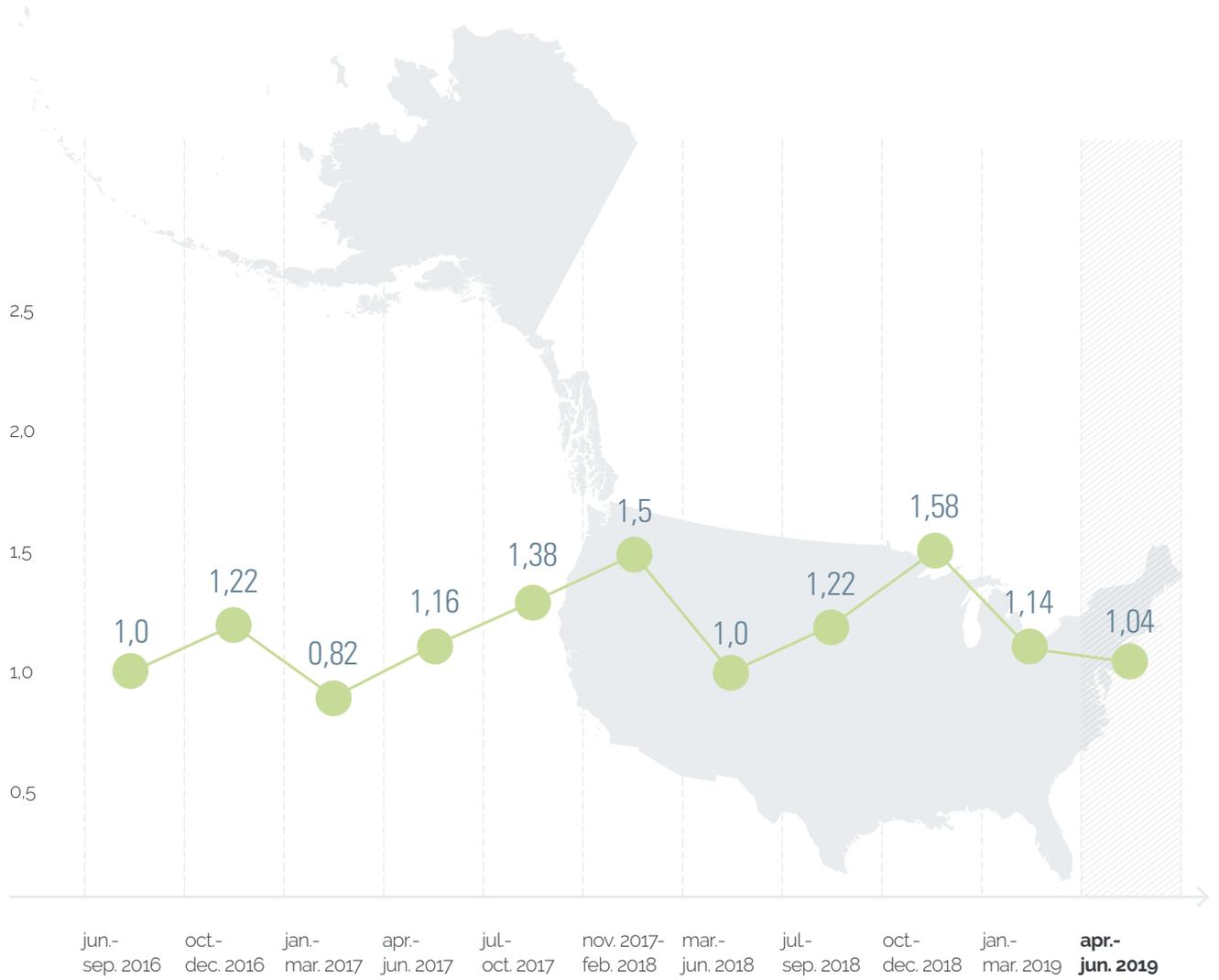
- dialog exclusively through official channels. Strict discipline regarding comments on Giuliani's claims on the part of official representatives of President Zelenskyy;
- maximum publicity and transparency regarding any influence or pressure on Ukraine coming from Giuliani. Our allies in this are members of the US executive, congressional representatives and senators, as well as American opinion leaders;
- if at all possible, provide personal evidence to Trump that neither the subject of "Ukrainian collusion," nor the question of investigating Biden's affairs is important to the American voter and will not affect the result of the 2020 presidential campaign.

One way or another, in the run-up to the Ukrainian president's visit to Washington, it's clear that what is lacking in Ukrainian-American relations is—Ukrainian-American relations. There's US domestic policy, where, at the highest level, Ukraine is seen as a source of compromising materials. There's US-Russian dialog, where Ukraine continues to be seen as an obstacle. What is lacking is partnership between the two.

EVENTS IN UKRAINE-US RELATIONS (APRIL - JUNE 2019). POINT-BASED EVALUATION

DATE	EVENT	SCORE
April 4	A street in downtown Kyiv, Ivana Kudri, is renamed in honor of American Senator John McCain, a long-time friend and partner of Ukraine.	+0,5
April 4	The US Senate Foreign Relations Committee confirms and recommends the passing of a resolution calling for freedom of navigation to be protected in the Black Sea and supporting the cancellation of the Nord Stream 2 pipeline. The Ukrainian Embassy in Washington reports that the resolution was co-sponsored by nearly 70 senators from both parties.	+0,5
April 15	The latest cargo of US military aid, 35 Hummer, arrives in the Port of Odesa. The vehicles are part of a contract based on funding earmarked by the Pentagon budget for Ukraine. The Ukrainian Embassy reports that 20 of the Hummers are armored and 15 are ambulances for the Armed Forces of Ukraine.	+2
April 18	The US Embassy responds to a decision of the Circuit Administrative Court of Kyiv declaring the 2016 nationalization of PrivatBank illegal. The Embassy noted, "Ukraine's international partners supported the decision of the Government and NBU to nationalize Privatbank."	-1
April 19	Just before the second round of the presidential election, US SecState Pompeo calls both President Poroshenko and his rival Volodymyr Zelenskyy.	+1,5
April 21	The US Embassy issues a statement recognizing the results of Ukraine's presidential election.	+1
April 21	President Trump calls Volodymyr Zelenskyy to congratulate him on winning the election.	+3
April 23	A telephone conversation takes place between President-elect Zelenskyy and US Vice President Mike Pence.	+2
April 25	The State Department issues a statement condemning Russian President Putin for fast-tracking Russian citizen for Ukrainians living in occupied eastern Ukraine. Russia's action is called "an extremely provocative step that increases its attack on Ukraine's sovereignty and territorial integrity."	+1

DATE	EVENT	SCORE
April 25	The Verkhovna Rada passes amendments to the law on anti-mining activities, which is a high priority for the US. Just before, the US Embassy warned that Ukraine was at risk of losing donor financing from its international partners if these changes were not made.	+1
May 7	The State Department confirms that US Ambassador Marie Yovanovitch is ending her three-year tour of duty and the date of her return has been set to coincide with the change of president in Ukraine. State claims that the rotation is a planned one.	-1
May 8	Deputy Assistant Secretary of State George Kent meets with President-elect Zelenskyy and assures him of Washington's unwavering support for Ukraine's political and economic reforms, according to a report in Yevropeiska Pravda.	+1
May 10	President Trump's personal lawyer, Rudy Giuliani, announces that he plans to come to Ukraine to persuade the president-elect not to stop investigating cases that are of interest to Donald Trump. Later on, Giuliani cancels his trip, declaring that he finds himself "surrounded by people who are enemies of the US, and naming MP and investigative journalist Serhiy Leshchenko one of these people.	-2
May 20	A US delegation led by Energy Secretary Rick Perry arrives for Zelenskyy's inauguration. The newly-elected Ukrainian president asks the US not to stop its policy of increasing sanctions against Russia.	+3
June 1	The White House confirms that the US president has invited Volodymyr Zelenskyy to come to Washington on an official visit, without proposing any specific dates.	+1
June 1	In the House of Representatives, a bill is presented that provides for stronger support of Ukraine's sovereignty and territorial integrity, expands defensive aid, and grants Ukraine status as a "main military and political ally" of the United States.	+1
June 3	US Senior Military-Industrial Complex Reform Advisor Donald Winter visits Ukraine for the first time and discusses the reform of Ukraine's Armed Forces and increasing transparency in providing weapons and military equipment for the army.	+1
June 5	The Government of Ukraine passes a resolution extending two treaties between Ukraine and the US until 2025. Yevropeiska Pravda quotes the Ministry of Economic Development and Trade, saying "such treaties are an important means of providing legal, technical and financial assistance to Ukraine from the US in strengthening the mechanisms of democratic government, continuing the battle with corruption, carrying out reforms in the judiciary, decentralizing, protecting human rights, and supporting economic development of Ukraine."	+1
June 8	The US Embassy issues a statement expressing concern over the current requirements of members of international supervisory board of state enterprises to provide asset declarations that are intended for civil servants.	-1
June 18	The US Department of Defense announces that it plans to allocate US \$250 million to Ukraine as part of its program of cooperation in security to increase the potential of Ukraine's Armed Forces. This brings the total amount of security-oriented aid to Ukraine since 2014 up to US \$1.5 billion.	+3
June 18	William Taylor is appointed chargé d'affaires for the US in Ukraine. Taylor was US ambassador to Ukraine from 2006 till 2009.	+2
June 18	The Senate Foreign Relations Committee holds a hearing on US policy towards Ukraine and Russia.	+0,5
June 20	The US House of Representatives passes bills that provide nearly US \$700mn in support to Ukraine, mainly from the Pentagon, the State Department and US AID, and related programs for 2020.	+2
June 22	Acting SBU Director Ivan Bakanov visits the US in preparation for President Zelenskyy's upcoming US visit.	+1
June 26	A Memorandum on Assistance to Ukraine in Ammunition Storage in the amount of \$4 mn was signed in Washington.	+2

TRUMAN Index

UKRAINE - EU RELATIONS



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POSITIVE SCORE: +37

NEGATIVE SCORE: -6

TOTAL: +31

TRUMAN INDEX: +1,93

SUMMARY

The election of Volodymyr Zelenskyy as president of Ukraine has given new impetus to Kyiv's relations with Brussels. The commitment to continue EU integration and the first official visit to Brussels made it clear there would be no rollback of Ukraine's ambitions regarding the EU. Zelenskyy also managed to establish good working relations with EU leaders and was well-received, despite minor misunderstandings. Particular attention was paid to Zelenskyy's policy on occupied Donbas. The new president explained his ideas, which entail mainly a set of measures to improve the human dimension in eastern Ukraine. His proposals were received positively in Brussels and the EU is now looking forward to implementation.

The EU extended economic sanctions against Russia for another six months but was unable to come up with a set of measures against Russia's "passportization" policy in occupied Donbas. Indeed, it's unclear if there will be any response at all, demonstrating that the mood in the EU is not to confront Russia with additional sanctions but to look for ways to dialog. This was best illustrated by the scandalous return of Russia's delegation to PACE without any sanctions and without any of the original conditions having been met.

Zelenskyy seems to be focused on the top EU priorities when it comes to reforms: he has acted to re-criminalize illicit enrichment, to re-launch the National Agency for Corruption Prevention and to get the High Anti-Corruption Court going. Despite his disappointment with the Verkhovna Rada, the legislature managed to pass the amended version of Annex XXVII to the Association Agreement, on energy, and to adopt several laws necessary to deepen the EU integration process.

TIMELINE

■ POLITICAL DIALOG: MUSICAL CHAIRS

Ukraine-EU cooperation continued at an intense level, despite the political turbulence in both Kyiv and Brussels. Both capitals went through elections, making them concentrate more on their internal agendas. For Ukraine, of course, the EU has been part of the domestic agenda for years, so it was no surprise that European integration was one of most talked-about topics. Newly-elected President Volodymyr Zelenskyy committed himself to continuing Ukraine's European path and stressed on multiple occasions that Ukraine's strategic direction during his term would remain integration into the European Union.

Zelenskyy's words were underscored by his first visit abroad, which was to Brussels and included meetings with EU and NATO officials. Although some top EU officials showed open support for Petro Poroshenko during the presidential campaign, they all seemed to adapt swiftly once Zelenskyy was elected. In Brussels, President Zelenskyy met with - European Commission President Jean-Claude Juncker, EU Council President Donald Tusk, EC Vice President Valdis Dombrovskis, and HRVP Federica Mogherini. In general, feedback was quite good and Zelenskyy made a positive impression. Specially "good chemistry" was noticed between Zelenskyy and Juncker when the EC president told a journalist that he had a new friend, when asked whether he missed Poroshenko. Zelenskyy referred to Juncker as a "nice guy" during an interview.

The Brussels visit was an overall success since Zelenskyy has taken up Ukraine's EU agenda from Poroshenko. The weak side of the visit was due to institutional realities: the EU will have new leaders in a few months and Zelenskyy will have to establish new relations after the current leaders leave. Zelenskyy also attended a dinner at the US Embassy in Brussels, where he met with President Donald Trump's son-in-law and advisor, Jared Kushner, who some sources said replaced Secretary of State Mike Pompeo. A diplomatic source in Brussels noted that Donald Tusk was unhappy that Zelenskyy had apparently agreed the details of the visit first with the US Embassy and only then with EU officials, which looked like he was prioritizing the US. That was not the only strain with Tusk. Sources say that Zelenskyy started in Ukrainian but kept switching to Russian while talking to the EU president, which made Tusk somewhat uncomfortable.

Discussions in Brussels centered on several issues, all of them important for Ukraine. The top topic was Russia's aggression in Ukraine and sanctions, and Zelenskyy presented his views on occupied Donbas with a particular focus on the human dimension. The ideas he presented on occupied Donbas were received with sympathy in the EU and now Ukrainian president will have to show that his words were serious and deliver. Another issue was reforms and EU support, where the EU also liked Zelenskyy's approach in giving priority first to reforms and then to other matters, such as membership. Once again, the new president will have to prove his intentions in practice. Finally, Zelenskyy also raised the issue of quotas for Ukraine and although there still no certainty on how these could evolve, for Ukraine this is a key issue that needs to stay on the agenda, especially as Kyiv is getting ready to propose revisions to the Association Agreement in 2020.

A separate and very important discussion focused on the EU-Ukraine summit, which was already scheduled for July 8 before the presidential election in Ukraine. During his visit, Zelenskyy wanted to confirm that the date was still firm, as one diplomatic source in Brussels said one of the EU leaders wanted to postpone the summit to fall 2019, as was done with the North Atlantic Council meeting in Ukraine. However, Zelenskyy confirmed that the summit would take place on July 8, before the July 21 snap parliamentary election in Ukraine, so that he could show voters that Ukraine's course towards EU remained stable and well-managed, not worse than it was under his predecessor.

President Zelenskyy, who is no foreign policy wonk, nor does he see himself as one, began to prepare his foreign policy, including EU, agenda even before his inauguration. First, he appointed Ukraine's well-respected Ambassador to NATO, Vadym Prystaiko, as his foreign policy advisor, promoting him to deputy Chief-of-Staff after the inauguration. Prystaiko is an experienced career diplomat

and dedicated supporter of European and Euroatlantic integration. Second, Zelenskyy met with Commissioner Hahn to discuss relations with the EU and reforms in Ukraine in detail. Notably, Hahn refused to meet President Poroshenko after the election, as there had been some friction between the two: Hahn had intimated many times that Poroshenko was not credible because he as systematically not delivering on his promises.

The next few months will be very important for relations between Ukraine and the EU. First, Ukraine has a new president and will soon have a new Verkhovna Rada and new Government. Second, EU leadership will be new as well and these individuals could be less familiar with Ukraine. After the May elections to the European Parliament, it was already evident that Ukraine had fewer reliable friends there and would have to build new relations, both because the number of MEPs that do not support Ukraine may have grown, while some fierce supporters of Ukraine, such as Rebecca Harms and Elmar Brok, did not run this time.

■ EU SANCTIONS: OK BUT NO MORE?

During the monitoring period, Kyiv and Brussels opened a new line of discussion over EU sanctions against Russia. Aside from sanctions related to the illegal annexation of Crimea, economic sanctions and sanctions over the Russian attack around the Kerch Strait, this discussion was triggered by a Russian decision to fast-track the issue of Russian passports, meaning citizenship, to Ukrainian citizens in occupied Donbas. Ukraine reacted swiftly to the Russian move, protesting vociferously and calling on the EU and other international partners to impose additional sanctions. FM Klimkin noted that the EU needed to come with a systemic response to Russian actions and put in motion measures that would discourage Russia from applying such policies. Klimkin stressed that, this time, symbolic personal sanctions were not what was called for, as a travel ban on 10, 20 or even 50 individuals would not be meaningful and would be seen as a betrayal in Ukraine. The Ukrainian diplomat argued for the application of new sanctions, drawing parallels with other EU countries like Estonia and Latvia, who face the same problem.

However, EU reaction did not meet Ukrainian expectations. First, the EU condemned Putin's decision to issue passports in an occupied territory. Then, the EU considered personal sanctions against those responsible for the decision. It also began looking at the possibility of denying entry to EU territory to those Ukrainian citizens who also had fast-tracked RF passports and the EU Commission is assessing this option. Initially, it was expected that the EU would make a decision on how to respond to the Russian "passport attack" at the EU Summit on June 20-21. However, only 8 or 9 EU countries favor additional sanctions. Diplomatic sources noted that there was currently no appetite in the EU for further

sanctions and increasing pressure on Russia. On the contrary, the EU appears to be determined to establish a dialog with Russia, although this will not affect existing sanctions. In fact, EU officials pointed out that the Russian decision violated the Minsk Accords in spirit and purpose, which should increase the likelihood that the current sanctions will continue.

Unwillingness to impose new sanctions is not a new phenomenon in the EU. After the Russian attack near the Kerch Strait, influenced by Germany, France, Italy and some other EU members, Brussels postponed any response at all for a long time and in the end the measures applied were fairly symbolic: few names added to the list of individual sanctions. The "Azov package" of sanctions, which was in response as well to Russia's interference with international shipping to Ukraine's ports on the Azov Sea, promoted by Ukraine's leadership also seemed more symbolic than anything. In response, the EU promised to compensate the lack of sanctions through financial support aimed at developing the Azov region.

EU economic sanctions against Russia, which are considered key in Ukraine, were extended by another six months. This took place after German Chancellor Angela Merkel and French President Emmanuel Macron were informed about the progress of Minsk implementation. There was almost no debate, other than a suggestion by Poland that sanctions be extended for a full year, rather than six months. There are already examples of sanctions that are renewed once a year, such as those against Syria. However, the Polish proposal was not supported, although it was a good proposal from the Ukrainian perspective.

The poor appetite within the EU for continuing economic sanctions can be seen every time they have to be renewed. But so far, the fact that sanctions have been tied to the implementation of Minsk is making it unlikely that they will be lifted. It would be particularly dangerous to lift sanctions just as Ukraine's new president tests ideas about improving the human dimension in occupied Donbas. Zelenskyy's steps need to be supported by continuing sanctions on the part of the EU. Otherwise, his steps could be seen at home as capitulation.

Unlike the EU, the Council of Europe proved unable to resist the Russian "strategy" of returning to PACE without implementing a single condition on the list that led to its expulsion in the first place. Before the voting took place, Ukraine's foreign minister tried to link the return of the Russian delegation to completing the Minsk process. While admitting that there is no direct link between Russia in PACE and the Minsk Accords, Klimkin stressed that if the CoE was prepared to reinstate Russia's delegation without complying with any of PACE's rules and meanwhile issuing passport in occupied territories, then the very logic of these steps became pointless.

Even though it was clear to all that Russia understood it could do anything without being punished, the Parliamentary Assembly, led by France, Germany and Italy, voted to return Russia, even if it did not fulfill any of the requirements. A Pandora's box has been opened and it is clear that similar steps could well take place in the future.

■ ECONOMY: ADJUSTING FOR CHANGE

In 2020, Ukraine will be able to propose changes to its EU Association Agreement. The proposed changes are expected to better reflect Ukrainian interests. For that, Ukraine will have to consult the various ministries and formulate specific changes. The need for such adjustments lies also in the fact that much has changed since the agreement was negotiated over 2007–2011. Not only has Ukraine changed, but the EU has also changed, and these processes are not entirely reflected in the current agreement. Some in Ukraine familiar with the course of implementation of the Association Agreement claim that Ukraine needs to change its commitments before the EU since these are higher than what Ukraine is capable of. Ukraine could implement the provisions of the AA as they stand, but only on condition that much more fund is forthcoming. The discrepancy between commitments and funding is huge and if the funds that were made available to countries in Central Europe before they joined the EU, to what Ukraine has been offered, it's clear how underfunded Ukraine is for the purpose of a swift shift to EU standards and steady growth.

The Zelenskyy Administration has already submitted some requests for changes in the economic section of the Agreements. These requests touch on quotas, where, in principle, the EU is ready to make steps in favor of Ukraine, as well as on the basic Agreement. For now, says one EU diplomatic source, it's not clear how Brussels will react and whether it will accept the proposal to amend the AA. That suggests that the EU is not prepared for such a step. Nevertheless, where interests coincide, Brussels and Kyiv have no trouble cooperating. The most recent example is changes in the DCFTA, in which the EU wanted to restrict the import of poultry to the EU. For a long time, businessman and Poroshenko ally Yuriy Kosiuk's company, MHP, has been exporting chickens with the bone in, which is not subject to taxation according to the current Agreement. The bone was extracted at a facility in the EU, and then sold. The EU had raised the issue in 2018 and agreed with Ukraine in 2019 to increase quotas on poultry exports in exchange for amending the Agreement to close the tax loophole.

Another successful example in the last trimester was amending Annex XXVII or "energy annex" of the Association Agreement. The Association Council agreed upon the changes and Ukraine's Government and Rada adopted and ratified them. The changes will offer Ukraine greater legal and infrastructural energy integration with the EU. The document provides for Ukraine to consult the

European Commission on the compliance of any legislative energy proposal with the EU acquis. In turn, Ukraine shall refrain from enacting any laws before the European Commission assesses the bill and verifies its compliance with the acquis. Significantly, there are obligations on both sides, not only on the Ukrainian one. If, in the long term, the energy market integrates, this will help Ukraine considerably in negotiations with Russia's Gazprom.

In terms of improving the legal environment to access more EU instruments, several developments have taken place, of which one is particularly significant. Ukraine's legislature passed a bill amending certain legislative acts on implementing EU technical regulation legislation, which was a requirement to start the formal procedure of assessing Ukraine's readiness to conclude the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA). Ukraine wants to conclude this process, as it will lead to increased exports of industrial products to the EU.

While the ACAA is being sorted out, Ukraine's exports of agricultural products to the EU are moving along nicely. In Q1 2019, exports of agricultural products to the EU jumped 24.4%, compared to the same period in 2018. The largest volumes go to the Netherlands worth US \$379mn, with Spain at US \$342mn, Italy at US \$215mn, Poland at US \$178mn, and Germany at US \$157mn. The top 5 EU countries exporting to Ukraine are Poland at US \$150mn, Germany at US \$120mn, France at US \$85mn, Italy at US \$67mn, and Hungary at US \$49mn. Half of the agricultural products exported to the EU are cereals, with oils a distant 17.8%.

■ REFORMS: BUMPING ALONG

The EU continued to focus on key reforms in Ukraine, mostly related to fighting corruption. Although many issues are related to the fight against corruption, three issues dominated: launching the High Anti-Corruption Court, renewing criminal liability for illicit enrichment, and re-launching the National Agency for Corruption Prevention. President Zelenskyy apparently also considered these his priorities. An important factor in giving the fight against corruption such a high profile in Zelenskyy's team is the fact that Ruslan Ryaboshapka, previously a deputy minister of justice and a member of the National Agency for Corruption Prevention was appointed deputy Chief-of-Staff of the Zelenskyy Administration and is responsible for justice. So far, Zelenskyy has had a good start in tackling the ineffectiveness of the fight against corruption, but it is too early to draw conclusions, even preliminary ones.

To restore legislation criminalizing illicit enrichment, the president already sent his bill to the Verkhovna Rada. According to the Zelenskyy team, it was drafted with the assistance of international partners and the best legal experts in the field. In addition, the bill introduces a new instrument aimed at "neutralizing" the effects of

Constitutional Court rulings that, in fact, offers a one-time amnesty for illegally-acquired capital. The bill is long-awaited and represents one of the key elements for successful cooperation with the IMF and the EU. Ex-President Poroshenko also tried to restore the criminalization of illicit enrichment, but the Rada made no move while he was still in office. Meanwhile, there are about 10 bills on the same issue from various political groups. At this point, it looks like the new legislature will have to pass one of them.

The launch of the High Anti-Corruption Court has been postponed somewhat because of technical issues related to the buildings where the court and the appeals court will work, as well as the equipment that has to be installed. So far, the process of establishing this Court has been positively received, especially the selection of judges—although some are still critical of certain choices. Zelenskyy met with the chief justice of the HACC and promised to support a timely launch, which is now set for September 5.

The National Agency for Corruption Prevention (NACP) has also been on the new president's agenda. His team is critical of the current work of the Agency and suggested that the institution needs a reboot. The presidential bill will mainly touch upon three issues: changing the management structure from the current collegial decision-making by a council of five to a single person making the decision; resolving NACP's access to state registers; and eliminating the possibility for third parties, such as the Ministry of Justice, to block the Agency's work.

Improving the NACP and establishing an effective automated system for verifying e-declarations are two of the key conditions for the second installment of EU macro-financial assistance, worth €500mn. Other conditions include adopting a law countering money-laundering, establishing authorized economic operators, adopting a mid-term plan for reforming customs and fiscal administration, and starting implementation of the law on the electricity market. Needless to say, cooperation with the IMF remains a condition for the disbursement of EU funds. Some EU officials publicly have stated that they expect Ukraine to deliver on all conditions and that Kyiv could receive this tranche by the end of the year. In private, however, EU diplomats are less optimistic and expect it to come in only next year.

■ ENERGY: CLIPPING NORD STREAM'S WINGS

With the amendment of the EU Gas Directive, plans for the Nord Stream II project have been slightly changed. The amendments applying to pipelines from non-EU countries, including NSII, are forcing Gazprom to play by EU rules, which could delay the project and make it less profitable, as they oblige NSII to grant access to third parties, to share property rights, to apply non-discriminatory rates, and to make the entire operation transparent.

The company managing NSII has threatened to sue EU if the new amendments are applied to NSII: the owners claim that the new gas directive jeopardizes billions of euros invested in the project. In a letter addressed to the European Commission president, NSII Executive Director Matthias Warnig has warned the EU that, if NSII does not get an exemption from the gas directive the EU will basically be discriminating against the pipeline and could be in breach of international agreements. Warnig's letter was meant to make the EU consider exempting NSII from the directive, which is legally possible but has to be decided by the European Commission. The conditions for an exemption are simple: NSII has to be ready for commercial use before the new amendments enter into force—which is unlikely to happen, since they enter into force this summer, while the NSII is planned to come on line at the earliest in 2020.

The delay in finalizing NSII has meant that Gazprom will have to agree with Ukraine on the transit of Russian gas using Ukraine's GTS. For Ukraine, the funds from transit fees are important, as they can represent as much as 4% of the country's GDP. This means that

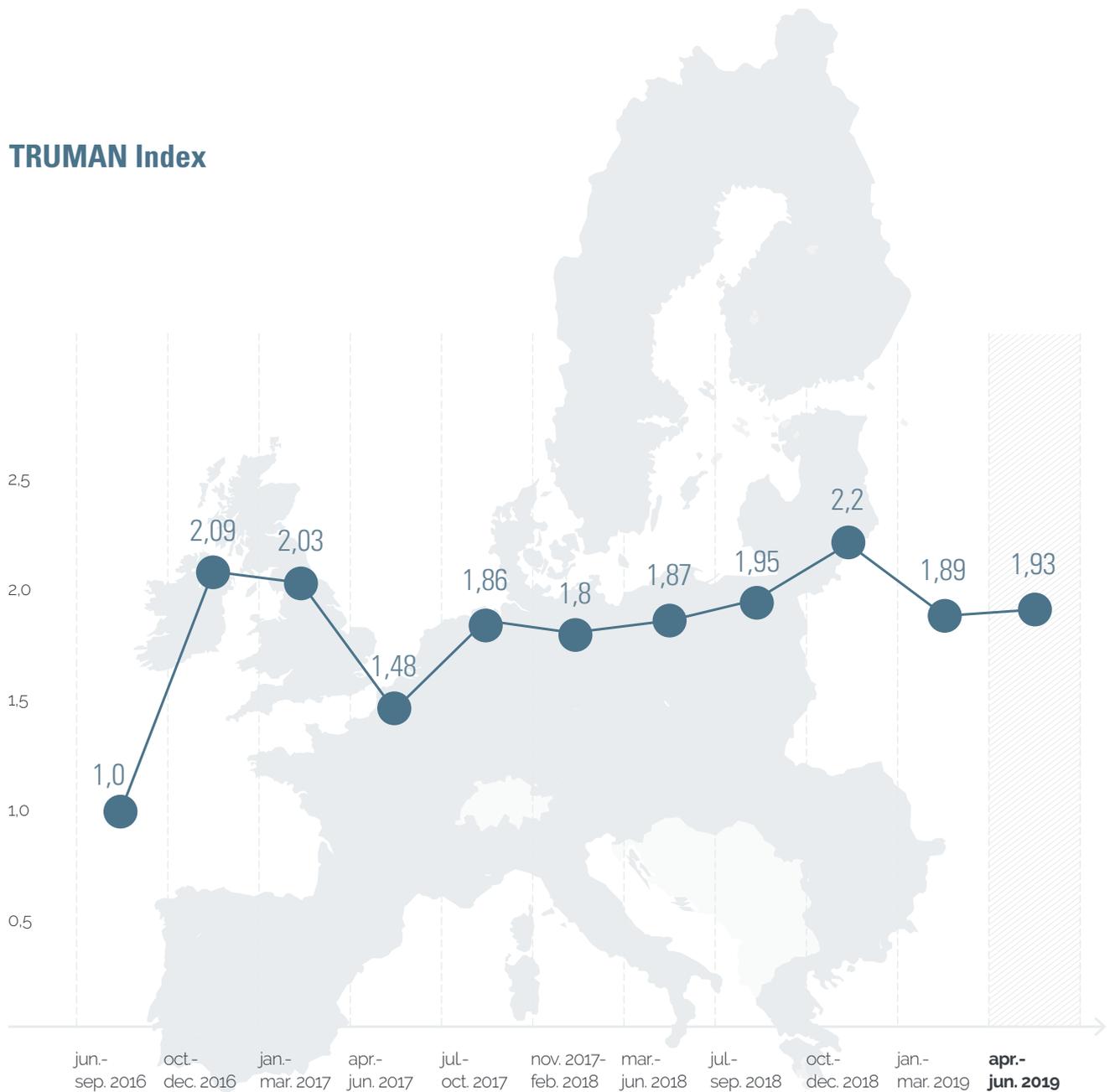
losing the transit could be a serious problem. But as NSII is delayed, Ukraine has the chance to take action in order to ensure the transit through its GTS, as Germany insists, and to mitigate possible risks in case Gazprom stops transit altogether after NSII is launched. A delay is more likely now, as Denmark did not issue a permit to build the pipeline through its territorial waters, so NSII withdrew its request and is planning to bypass Danish waters. In the meantime, Naftogaz filed a complaint with the European Commission against Gazprom's anti-competitive actions. If accepted, Ukraine will likely be able to keep its gas transit revenues.

EVENTS IN UKRAINE-EU RELATIONS (APRIL - JUNE 2019). POINT-BASED EVALUATION

DATE	EVENT	SCORE
April 15	The EU Council approves new gas market rules that also affect Nord Stream II.	+3
May 7	EU Commissioner Johannes Hahn meets with Premier Groysman and Foreign Minister Klimkin.	+1
May 7	EU Commissioner Hahn meets with president-elect Zelenskyy.	+2
May 13	EU FMs discuss Russian "passportization" of occupied Donbas.	+1
May 13	President Poroshenko and FM Klimkin attend the 10th anniversary celebration of the Eastern Partnership in Brussels.	+2
May 13	The EU extends the mandate of its Advisory Mission in Ukraine (EUAM Ukraine) for another two years and increases its budget by 25%.	+2
May 20	Germany signs protocol allocating technical and financial assistance worth €82mn to Ukraine.	+4
June 4-5	President Zelenskyy visits Brussels to meet EU and NATO leaders.	+3
June 6	The Verkhovna Rada approves the updated "energy" annex (XXVII) to the Association Agreement.	+2
June 6	The Rada passes a law on the implementation of EU legislation in technical regulation needed for an "industrial visa-free" regime.	+2

DATE	EVENT	SCORE
June 7	The Constitutional Court of Ukraine rules unconstitutional the requirement of e-declarations for anti-corruption activists.	+2
June 18	The EU allocates €29,5mn to support tax and customs reforms in Ukraine.	+4
June 20	The EU extends Crimea sanctions for another year.	+4
June 20-21	The EU is unable to agree on sanctions against Russia for "passportization" in occupied Donbas.	-2
June 26	Russia is returned to PACE without meeting any preconditions and no sanctions.	-4
June 27	EU leaders agree to extend economic sanctions against the Russian Federation for six more months.	+5

TRUMAN Index



UKRAINE - CHINA RELATIONS



AMB. SERGIY KORSUNSKY
Director of the Hennadii Udovenko
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the Ministry of Foreign Affairs

POSITIVE SCORE: +13

NEGATIVE SCORE: 0

TOTAL: +13

TRUMAN INDEX: +0,62

SUMMARY

The second quarter of the year saw a significant development in bilateral contacts between Ukraine and China. In particular, the President of the People's Republic of China Xi Jinping sent a congratulatory message to the President of Ukraine Volodymyr Zelensky following his victory in the elections, which will be important for the development of future relations. In his telegram, Xi Jinping noted "the successes in developing bilateral relations between the countries since the establishment of diplomatic ties" and emphasized the importance of further developing cooperation between the countries.

The meeting of the newly elected President with Amb. Du Wei, Chinese Ambassador to Ukraine, which took place shortly after the announcement of the election's results, has demonstrated the mutual intention to comprehensively reinforce bilateral relations. At the meeting, the parties agreed to continue developing trade, economic and investment cooperation and discussed the participation of Ukraine in China's "The Belt and Road Initiative", taking into account the Ukrainian delegation's participation in the High-level meeting of 2nd Belt and Road Forum in Beijing on April 25-27. The Ukrainian delegation was headed by the First Vice Prime Minister of Ukraine, the Minister of Economic Development and Trade Stepan Kubiv. At the Forum, the head of the Ukrainian delegation suggested a joint project portfolio to his Chinese colleagues, envisaging the development of port infrastructure, alternative energy facilities, highways and bridges construction, railway and airport facilities development, high-tech solutions, aerospace industry cooperation, agricultural processing.

It should be noted that during the monitoring period, Naftogaz of Ukraine and Ukreximbank concluded agreements with the Chinese Export and Credit Insurance Corporation SINOSURE on the possibility of attracting over \$1.5 billion in loans and direct investment under Chinese guarantees.

All the events took place against the backdrop of reports stating China became Ukraine's largest trading partner in the first quarter of 2019 with a turnover of \$2.643 billion. In addition, over the first three months of the current year, China maintained its 2018 year-end growth rate of 6.4%; the first five months of 2019 saw a 4.1% annualized growth rate in foreign trade in Chinese goods, with it reaching 12.1 trillion yuan (about \$1.76 trillion). At the same time, exports from China increased by 6.1% to 6.5 trillion yuan, while import grew by 1.8% to 5.6 trillion yuan, despite the de-facto trade war between the US and the PRC. After a dozen rounds of negotiations, the parties failed to reach compromises on certain aspects of the trade agreement, which resulted in President Trump introducing a 25% duty on virtually half of the Chinese goods exported to the US. China replied by imposing duties on nearly all goods imported from the US. In addition, aggressive action was taken by the United States Government against Huawei. The matter spilled beyond North America and became an issue of transatlantic debate with the participation of leading EU and NATO countries. As a result of pressure from the US, certain European countries have refused to cooperate with the Chinese telecommunications giant.

In its turn, China has significantly intensified investment cooperation with the EU, Russia and Central Asian countries, while contentious issues of cooperation with Europe have become the subject of an important EU-China summit, which resulted in a substantive final statement. Interestingly, Ukraine was mentioned, too: in particular, the parties called for the full implementation of the Minsk agreements. In its turn,

the European Union has developed and unveiled an updated engagement strategy for China, clearly distinguishing between cooperation spheres depending on the bloc's stance – from unrestrained openness to containment policies in certain areas, considering security aspects and US accusations against Huawei. It is time we stated that the US-Russia-China triangle, in which even the EU is still looking for its final position, has become the most important factor in the intergovernmental relations of global geopolitics.

TIMELINE

■ BILATERAL RELATIONS WITH UKRAINE

A significant event in the sphere of investment cooperation between Ukraine and the PRC took place in early April. NJSC Naftogaz of Ukraine managed to achieve a major breakthrough: following continuous preparations, a memorandum was signed on April 1, with the China Export and Credit Insurance Corporation SINOSURE providing the Naftogaz Group with a \$1 billion insurance quota. This will enable Naftogaz to attract financing and direct investment from the PRC within this amount. It is planned that about \$160 million will be attracted initially under SINOSURE's coverage to finance PJSC UkrGasVydobuvannya's current contracts with Chinese corporations supplying drilling equipment and performing turnkey drilling operations. The purchase of modern drilling equipment and development of new deposits will allow to increase domestic gas production.

Meanwhile, the first container train shipping goods from China to Hungary passed through the territory of Ukraine in early April. The Alashankou (China) – Eperjeske (Hungary) route is planned to operate regularly. Thus, Ukraine has become part of another project of "The Belt and Road Initiative".

On April 11, the First Vice Prime Minister of Ukraine, the Minister of Economic Development and Trade Stepan Kubiv signed an agreement between the Government of Ukraine and the Government of China, under which Ukraine will receive free-of-charge technical and economic assistance amounting to 200 million Chinese yuan (about \$30 million). This is the largest amount of free-of-charge provided to independent Ukraine by the PRC. The funds will be channelled by the Chinese Government to technical assistance in the form of special emergency rescue vehicles and equipment for the needs of State Emergency Service of Ukraine. Thus, in 2019-2020, the State Emergency Service of Ukraine shall receive over 50 units of equipment and machinery, in particular, automobile cranes, crawler bulldozers, motor graders, elevating platform fire trucks and ladder fire trucks for use in rescue operations. The PRC will also send experts to Ukraine to customize and maintain the equipment provided.

The signed intergovernmental agreement envisages the provision of simultaneous interpretation equipment and a conference system for the Ministry of Economic Development and Trade, as well as the

implementation of other approved intergovernmental projects. The Ministry of Economic Development and Trade utilized the technical assistance provided within the framework of a meeting of the Ukrainian-Chinese Subcommittee on Trade and Economic Cooperation.

To develop international trade and support key sectors of the economy of Ukraine, the State Export-Import Bank of Ukraine («JSC Ukreximbank») and Sinasure concluded the Framework Agreement on Cooperation on April 17. On behalf of Ukreximbank, it was signed by its CEO Oleksandr Hrytsenko, while the Chinese side was represented by the president of Sinasure Wang Tingke. The agreement provides for Sinasure to grant insurance support under projects that have been submitted through Ukreximbank and contracted by Chinese enterprises in Ukraine. In particular, that entails the implementation of construction projects in Ukraine and other countries with Ukreximbank's participation, as well as the development of infrastructure, agriculture, energy, transportation, oil and gas industry, chemical industry, purchase of large-sized mechanical and electrical products and other equipment. The total financial insurance limit from Sinasure to Ukreximbank will amount to \$500 million. The credit period (including the availability period, the grace period and the repayment period) will be determined with regards to the parameters of each individual contract and may reach up to 15 years. The first cooperation agreement concluded between a Ukrainian bank and the Chinese Export and Credit Insurance Corporation is a significant event, as it opens up a considerable potential for the expansion of external financing channels for key sectors of the national economy.

A number of notable cultural events took place over the monitoring period. An evening of Ukrainian and Chinese music was held in Kyiv alongside a presentation of Ukrainian cinema in Beijing. On April 17, the National Philharmonic of Ukraine hosted a concert on the occasion of the 70th anniversary of the establishment of the PRC, celebrated this year, with performances from teachers at the Petro Tchaikovsky National Music Academy of Ukraine and Chinese artists. Conductor Junjie Dong from the Tianjin Grand Theatre was the star of the evening. The concert program included arias from well-known operas "Natalka Poltavka" and "Taras Bulba", Ukrainian and Chinese folk songs and works by contemporary Chinese composers. The evening of music was accompanied by an exhibition of paintings by Ukrainian and Chinese artists named "Suite of Color".

The Beijing Film Festival featured a presentation of the Ukrainian film industry. The event was organized by the Ukrainian Film

Industry Association with the support from the State Film Agency. The guests of the event were told about the development of film industry in Ukraine, the state of affairs in the Ukrainian film market, as well as examples of successful cooperation between the two countries in this area and plans for the future.

On April 23, representatives of the football federations of Ukraine and the PRC met in China to prepare the signing of a cooperation agreement. The member of the Executive Committee of the Chinese Football Association Lin Xiaohua stated that the meeting took place in a friendly, constructive atmosphere and paved the way for deepening bilateral cooperation in the field of sports.

The active development of bilateral ties in the field of tourism is evidenced by the fact that Kyiv and Hainan, the tourist pearl of China, are now connected with a direct flight.

Immediately following the presidential race, Chinese President Xi Jinping congratulated Volodymyr Zelensky on his victory and expressed hope for strengthening ties with Ukraine. Xi Jinping sent a telegram to Zelensky, in which he emphasized the "the successes in developing bilateral relations between the countries since the establishment of diplomatic ties". The PRC President drew special attention to the importance of further developing relations between the countries. He added that China is prepared to work with Ukraine to bring bilateral cooperation to a new level.

It should be noted that at a briefing in Beijing on April 21, the Chinese Foreign Ministry Spokesperson Geng Shuang claimed that China supported the choice of the Ukrainian people in the second round of the presidential elections. "Ukraine is a friend of China. We respect the choice of the Ukrainian people and sincerely hope for peace, stability and prosperity for this country. We place great emphasis on China's relations with Ukraine and will work with the Ukrainian side to promote our interaction on various directions under "The Belt and Road Initiative", he emphasized.

The seriousness of the parties' intentions was confirmed by the meeting between the newly elected President Volodymyr Zelensky and the Chinese Ambassador to Ukraine Du Wei. It took place immediately after the election results were announced. At the meeting, they discussed the results of the Ukrainian delegation's participation in the high-level meeting of 2nd Belt and Road Forum, held on April 25-27 in Beijing.

The Forum was attended by representatives from 150 countries with 37 of the delegations led by heads of state. Speaking at the Forum's opening ceremony, the President of the People's Republic of China stated: "Openness measures are China's independent choice, in line with its objective needs for reform and development." He expressed the hope that "countries from all over the world will create a favourable investment environment, will equally treat enterprises, students and scholars from China, create a just

and friendly atmosphere for normal international communication and cooperation. A more open China will interact even better with the world, which will ensure the progress and prosperity of the PRC and the world." He identified China's five main tasks: the expansion of foreign investment into the domestic market; strengthening international cooperation on issues of intellectual property protection; growing the import of goods and services into the Chinese market; developing international coordination on macroeconomic policy; prioritizing the external openness policy.

Xi Jinping emphasized that the development of transit corridors will be subject to a zero tolerance for corruption policy as well as strict environmental standards. In his closing speech on China's program to reproduce the Silk Road connecting China with Asia and Europe, the PRC leader stressed that market economy principles would apply to all cooperation projects. According to him, more than \$64 billion worth of agreements were signed during the summit on the implementation of "The Belt and Road Initiative".

Meetings of the expert communities as well as business and trade associations from the countries of "The Belt and Road Initiative" were held alongside the leaders' Forum. Representatives of Ukraine also participated in these events.

The Ukrainian delegation to the forum was headed by the First Vice Prime Minister of Ukraine, the Minister of Economic Development and Trade Stepan Kubiv. In his speech, he noted that "The Belt and Road Initiative" aims to strengthen the geopolitical cooperation between Asia and Europe, which is why Ukraine plays an important role in its implementation. "Ukraine is a strategically important logistics hub between Asia and Europe. The best approach to further developing the Chinese express to Europe which the Government of the is talking about is to create routes through Ukraine. We offer our Chinese colleagues a joint project portfolio including the development of port infrastructure, alternative energy facilities, highways and bridges construction, railway and airport facilities development, high-tech solutions, aerospace industry cooperation, agricultural processing", the delegation head stressed.

According to Stepan Kubiv, Chinese experts consulted with Ukrainian colleagues on the participation of Ukraine and the PRC in the construction of the Trans-Caspian International Transport Route, which will ensure the delivery of goods from China to the EU. Ukraine offered the PRC favourable transit corridors to connect with European countries, as well as opportunities for cooperation between Ukrainian and Chinese enterprises, with the products then being sold on EU markets, cooperation on modernizing the Ukrainian industry and creating joint production capacities. As a matter of fact, this entails laying the foundations for a China-Ukraine-EU trade and industrial corridor.

One of the practical outcomes of the Ukrainian delegation's visit to China was the agreement to allocate \$340 million from the PRC

to construction a bridge across the Dnipro near Kremenchuk. The parties concluded the respective investment agreement. In addition to this, a memorandum was signed with the Chinese partners on the development of a detailed Ukraine-China roadmap to jointly construct the Silk Road Economic Belt and the 21st Century Maritime Silk Road.

Meanwhile, on April 15 in Kyiv, with the support of the Ukrainian "Silk Link" Association, a meeting was organized between the experts of the Ministry of Energy and Coal Industry and the representatives of the China Zhongyuan Engineering Corporation (CNNC). The parties discussed the prospects and opportunities for cooperation in the nuclear energy sector. In particular, the conversation focused on holding a tender to determine the private partner for the implementation of a public-private partnership scheme under the "Ukraine - EU" Energy Bridge project. The Chinese side highlighted Ukraine's potential in the energy sector. It expressed interest in participating in the abovementioned project, as well as in the completion of power units No. 3 and No. 4 at the Khmelnytskyi NPP and other energy projects in the nuclear industry.

On June 18, the Ukrainian Chamber of Commerce and Industry officially welcomed another international organization's representative office, which will help domestic entrepreneurs find partners in the PRC. Open Gate China, the main partner of the Chinese People's Association for Friendship with Foreign Countries (CPAFFC) serves as a connecting bridge between the government and the Chinese community abroad, operates in over 50 countries, and is now represented in Ukraine. The relevant Memorandum of Cooperation was signed by the Vice President of the Chinese association Song Jingwu and the head of the public union "Open China" Mykola Petrenko.

In the second quarter, important contacts were established between the two countries' academic circles. The NAS of Ukraine was visited by the delegation of the Chinese Academy of Sciences, led by its Vice President Zhang Tao. At the meeting, the Chinese side stressed the development of a special cooperation program with Ukrainian colleagues, which would significantly expand the existing range of bilateral studies and contacts. Within the framework of Ukrainian-Chinese cooperation, the Third Strategic Partnership Belt and Road Forum was organized on May 23 by the Institute of Oriental Studies of the National Academy of Sciences of Ukraine, the Ukrainian Association of Sinologists, the Chinese Embassy in Ukraine, institutions of the Chinese Academy of Social Sciences and about ten universities and policy study centres of the two countries. The PRC Research Centre was set up at the National Academy for Public Administration with the assistance of Lanzhou University, to coordinate scientific research in the field of public development and state building in the PRC.

A military delegation from the Central Military Commission of the PRC headed by Deputy Chief of the Office for Professional Education

of the Training and Administration Department of the Central Military Commission of the PRC, Chen Zhe, held a working visit to Ukraine on June 20. At the meeting held at the Ivan Chernyakhovsky National Defence University of Ukraine, the parties discussed the prospects of cooperation in the field of military education and science, Chinese military personnel training at Ukrainian military higher educational institutions and the expansion of such training for 2019-2021. During the visit, an additional agreement was signed supplementing the Contract on PRC Military Personnel Training at the military educational institutions of the Ministry of Defence of Ukraine. It particularly touched upon the preparation of Chinese officers in 2019-2021 at five military universities of the Armed Forces of Ukraine. The head of the delegation of the Central Military Commission of the PRC Chen Zhe noted the high quality of training that the Chinese servicemen had received and thanked the Ministry of Defence, the Armed Forces of Ukraine and the leadership of the higher military educational institutions for the many years of fruitful cooperation in the field of military education and training for the National Liberation Army of the PRC. At the meeting, the parties agreed to continue their active cooperation in the domain of officer training. This year, the PRC's military training institutions will host five servicemen from the Armed Forces of Ukraine.

■ TRADE DISPUTE BETWEEN THE USA AND CHINA

The second quarter of the year saw the trade relations between the two of the world's largest economies come into the limelight of global politics. Despite the parties' declared intentions to settle the matter of the substantial trade deficit in favour of the PRC, the negotiations which had lasted several months resulted in failure. Considerable duties were introduced by both sides, with China cutting its import of American soybeans and filing a complaint against the United States with the WTO. Experts have been divided in their opinions on the matter: some believe that the buyer, that is, the USA, always enjoys an advantage, being in the position of paying for a product it may as well buy elsewhere. Others believe that China has a greater margin of safety, as Trump is facing an upcoming election, and the argument strikes a blow to the American consumer's wallet. The US also carried on with its unprecedented attack on Huawei which responded by filing a lawsuit against the US government. Washington is accusing Huawei of cooperating with the Chinese intelligence, without providing any significant evidence. The Chinese side rejects these allegations and sees the actions of the US as unfair competition.

Following mounting pressure from the United States, the representatives of the security structures of 30 European and Asian countries gathered in Prague on May 4. They discussed a common vision of the "threat", which, according to the US government, is posed by Huawei hardware. The crux of the matter is that the share of Chinese equipment in the telecommunications market is up to 30% and this equipment was supposed to serve as the backbone for the introduction of 5G networks in most EU countries. The United States' decision to ban

any cooperation between US government bodies or their contractors and Huawei may jeopardize plans to deploy the latest communication systems in US partner countries. Huawei has denied any contact with Chinese intelligence and stressed its willingness to cooperate with both security professionals and market regulators to convince consumers that it has no secret links to Chinese security structures.

Meanwhile, the United States has included five other Chinese companies into the list of organizations whose activities are likely to contradict US national interests. These are Chengdu Haiguang Integrated Circuit, Chengdu Haiguang Microelectronics Technology, Higon, Sugon and the Jiangnan Institute of Computing Technology.

Despite the abovementioned restrictions, the second quarter of 2019 saw China officially enter the era of commercial 5G use. Chinese media have reported that 5G was now entering the key stage of commercial use at a global scale. China has gained competitive advantages in the 5G field, applying its innovations and exercising open cooperation. The PRC-initiated concept, the realm of application and 5G-related technical indicators have already been incorporated into the scientific definition of fifth-generation connectivity by the International Telecommunication Union. As of May 2019, 28 companies in the world have applied for 5G-standard patents. Chinese companies accounted for more than 30% of the applications. China is the world's leading nation in terms of this indicator.

■ CHINA-EU RELATIONS

Chinese-European relations continued to develop in the early April. In addition to a series of visits by China's President Xi Jinping to European capitals in late March, an EU-China summit was held on April 9 in Brussels with the participation of Li Keqiang, Prime Minister of the PRC. A joint statement was issued following the event containing a number of provisions. In particular: 1) the EU and China reaffirmed "the strength of their comprehensive strategic partnership", resolved to work together for peace, prosperity and sustainable development and committed to "multilateralism, respect for international law and for the fundamental norms governing international relations"; 2) the parties shared the desire to fulfil and overperform the EU-China 2020 Strategic Agenda for Cooperation, to develop and adopt a new document based on the principles of trust, mutual respect, equality and mutual benefit the following year; 3) the countries agreed to develop bilateral economic cooperation and conclude a comprehensive investment agreement in 2020 as well as to create a political mechanism to continuously monitor progress under relevant negotiations; 4) China and the EU will develop cooperation and trade in the agroindustrial sector, improve mutual understanding in the fields of intellectual property protection, energy, transport, human rights, innovation and clean energy. The parties agreed to develop a joint report by the end of the year under the framework of the Global Forum on Steel Excess Capacity. Particular attention was paid to joint efforts to reform the WTO to strengthen the multilateral international legal regime for trade and investment.

In the domain of international politics, the topics for discussion included Iran, Afghanistan, Venezuela, the South China Sea, Africa and Myanmar. As for Ukraine, the joint statement contained the following wording: "23. Concerning Ukraine and recalling the UN Security Council Resolution 2202 (2015), the EU and China call for the full implementation of the Minsk agreements". In general, it should be noted that the joint statement contains a number of provisions that are not in line with position of the US. In particular, this applies to strengthening multilateral institutions, the international trade regime based on WTO norms and principles, compliance with the Iran agreement, which the United States withdrew from. Given the tense relations between the USA and China on the one hand, and the US and the EU on the other, it may be stated that all three parties, the USA, the EU and China, are all trying to reach their own goals, manoeuvring between the interests of the other two parties. Meanwhile, fears of China's economic growth are on the rise both in the US and Europe. There is some confusion among the top leaders concerning the possible ways to counteract China's trade and economic expansion to Europe. Italy joining "The Belt and Road Initiative" shows that China is moving successfully towards its goal of establishing the "five ports association", including Venice, Trieste and Ravenna in Italy, Capodistria in Slovenia and Fiume in Croatia, which will serve as the gate for China's "Maritime Silk Road" to Europe. According to international and especially American experts, the United States and the EU would have to join their efforts to deter China, but that does not seem to be happening. Under these circumstances, China's chances of reaching its goals in Europe are increasing.

In order to boost their transport connections, the EU and China have concluded two strategic civil aviation agreements: the Bilateral Aviation Safety Agreement (BASA) and the so-called horizontal aviation agreement. According to Jean-Claude Juncker, President of the European Commission, Europe's partnership with China is more than ever important. The EU is convinced that "cooperation between states makes the world a more sustainable, safe and prosperous place for all." According to Juncker, the signing of the two aviation agreements with China will enable the creation of new jobs and stimulate economic growth. The first agreement (BASA) refers to the mutual recognition of standards in the field of civil aviation safety, which will contribute to the promotion of global trade in aircraft and related products. This agreement should eliminate the unnecessary duplication of assessment and certification processes for aviation products by the competent authorities of the parties, including their compliance with safety and environmental requirements, thereby reducing expenses for aviation. The second agreement indicates China's principal recognition that airlines operating from all EU countries belong to the EU. In the past, air carriers from only a few EU countries belonged to this list. The agreement provides an opportunity to accord EU-China bilateral agreements on aviation services with European norms, which corresponds to both sides' interests.

■ CHINA'S RELATIONS WITH THE COUNTRIES OF THE FORMER USSR

Russia, Belarus and Central Asian countries (Kazakhstan in particular) have remained a top priority for China's foreign policy over the last decades as the country strives to boost its presence in the world. Undoubtedly, this interest is underpinned by China's interest in accessing resources it needs to continue developing as well as matters of security. Russia is in the focus of Beijing's attention, considered both as an important trade and economic partner and a political ally in China's standoff with the United States. On 6-7 June, the President of China participated in the St. Petersburg International Economic Forum as an honorary guest. A meeting between the Russian President Putin and the Chinese President Xi Jinping took place in Moscow. They discussed ways to further deepen Russian-Chinese comprehensive partnership and strategic cooperation, the implementation of major economic and humanitarian projects. The Chinese delegation at the St. Petersburg International Economic Forum numbered in more than a thousand entrepreneurs. This is peculiar since actual Chinese investment in Russia is limited to projects of key interest primarily to Beijing and respects sanctions imposed on Russia by the EU and the US following its aggression

against Ukraine. According to the leading analysts, the showcase friendship between the two countries is situational and much more beneficial to China than the Russian Federation.

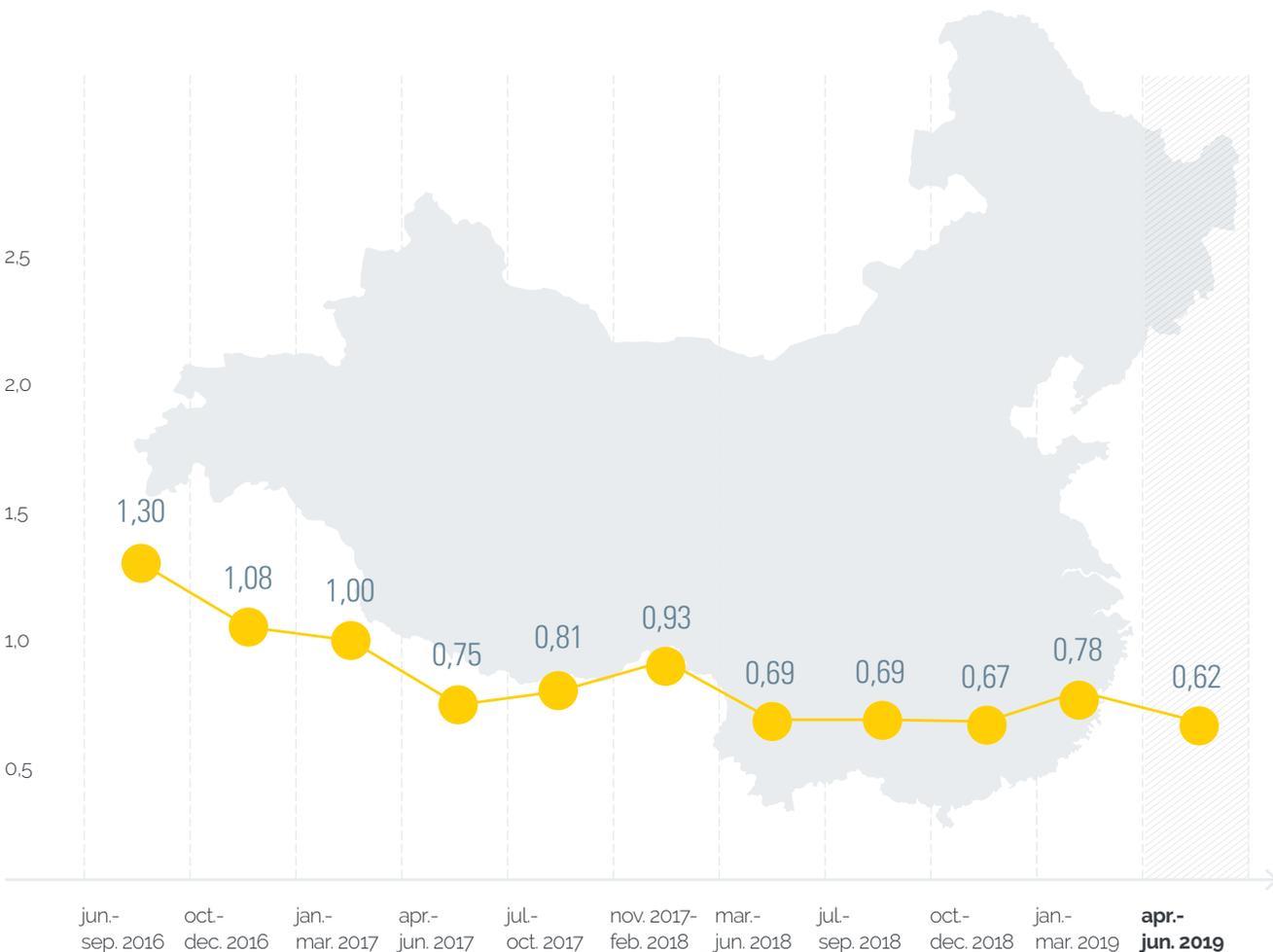
On June 12-16, the Chinese President Xi Jinping visited Kyrgyzstan and Tajikistan. Between June 12 and June 14, he enjoyed a state visit to Kyrgyzstan and attended the 19th meeting of the Council of Heads of State of the Shanghai Cooperation Organization (SCO) in Bishkek. On June 14-16, Xi Jinping participated in the 5th Summit of the Conference on Interaction and Confidence-Building Measures in Asia (ANSDA) in Dushanbe. In Bishkek, the Chinese President met with the President of Belarus Alexander Lukashenko (this was their second meeting in two months). According to the head of the PRC, Chinese-Belarusian relations are developing extremely actively (Chinese investment in Belarus exceeded \$6 billion). An industrial park was built in Belarus which is of particular interest for Chinese businesses. According to Lukashenko, Belarus and China are "comprehensive strategic partners" who "fully support each other in issues of particular interest to each of the partners. Belarus fully supports "The Belt and Road Initiative" and intends to actively engage in its implementation".

EVENTS IN UKRAINE-CHINA RELATIONS (APRIL - JUNE 2019). POINT-BASED EVALUATION

DATE	EVENT	SCORE
April 1	Naftogaz of Ukraine signed a memorandum with the China Export and Credit Insurance Corporation Sinosure on the possibility to attract up to \$1 billion in loans and direct investment against Chinese guarantees.	+0,5
April 7	The new Alashankou (China) – Eperjeske (Hungary) container train made its first dry run through Ukraine.	+0,5
April 10	The EU-China summit concluded in Brussels. In their final statement, the parties called for "the full implementation of the Minsk agreements".	+0,5
April 11	First Vice Prime Minister of Ukraine Stepan Kubiv signed a \$30 million Ukrainian-Chinese agreement on technical assistance in the form of 50 special equipment units for State emergency service of Ukraine.	+1
April 17	An evening of Chinese and Ukrainian music was held in Kyiv. The concert was dedicated to the 70th anniversary of the establishment of the People's Republic of China.	+0,5
April 17	The State Export-Import Bank of Ukraine (Ukreximbank) and the China Export and Credit Insurance Corporation Sinosure concluded their Framework Cooperation Agreement. Under the agreement, Sinosure is to grant insurance support under projects that have been submitted through Ukreximbank and contracted by Chinese businesses in Ukraine.	+1
April 23	The Representatives of the football federations of Ukraine and the PRC met in Beijing.	+0,5
April 24	The direct Kyiv-Hainan air flight was inaugurated.	+0,5
April 25-27	The Second Belt and Road Forum took place in Beijing. The Ukrainian delegation to the Forum was headed by the First Vice Prime Minister of Ukraine, the Minister of Economic Development and Trade Stepan Kubiv.	+1
April 26	A meeting between the experts of the Ministry of Energy and Coal Industry and the representative of the CNNC China Zhongyuan Engineering Corporation took place. The parties discussed the prospects and opportunities for cooperation in the nuclear energy sphere.	+0,5

DATE	EVENT	SCORE
April 27	The Chinese President Xi Jinping congratulated the President elect of Ukraine Volodymyr Zelensky on his victory.	+1
May 8	China provided Ukraine with \$137 million worth of technical assistance in the form of 230 units of modern medical equipment.	+0,5
May 7-8	The delegation of the Chinese Academy of Sciences visited the National Academy of Sciences of Ukraine. The parties agreed to develop a special program of cooperation between the leading scientific institutions of the two countries.	+0,5
May 10	The Deputy Minister of Agrarian Policy and Food of Ukraine Viktor Sheremeta met with the PRC business delegation to discuss investment in the construction of potato starch production enterprises in Ukraine.	+0,5
May 11	The President of Ukraine Volodymyr Zelensky met with Mr. Du Wei, the Chinese Ambassador to Ukraine.	+1
May 15-16	A delegation of 29 representatives of the China National Textile and Apparel Council visited Ukraine to establish cooperation in the consumer goods industry.	+0,5
May 23	The Third Belt and Road Strategic Partnership Forum took place in Kyiv.	+0,5
May 31	Igor Smelyansky, the Director General of Ukrposhta, reported on investment negotiations with Chinese partners in case of Ukrposhta's potential privatization.	+0,5
May 31	The PRC Research Centre was set up at the National Academy for Public Administration.	+0,5
June 19	The "Open China" public union and the Chinese People's Association for Friendship with Foreign Countries (CPAFFC) signed Memorandum of Cooperation.	+0,5
June 20	A delegation of the Central Military Commission of the PRC arrived for a working visit to Ukraine. During the visit, an additional agreement was signed to the Contract on PRC Military Personnel Training at the military educational institutions of the Ministry of Defence of Ukraine.	+0,5

TRUMAN Index





UKRAINE - RUSSIA RELATIONS

SERGIY SOLODKYY
First Deputy Director of
the New Europe Center

POSITIVE SCORE: +6
NEGATIVE SCORE: -51
TOTAL: -45
TRUMAN INDEX: -2,05

SUMMARY

Russia used the maximum of resources and effort to change the president of Ukraine. Did this mean that there would inevitably be a change in Moscow's approach to Kyiv? Not at all. Russia chose a wait-and-see position: all the public statements by its officials came down to the notion that Ukraine had to provide the conditions for further dialog. To a certain extent, Russia succeeded in reversing perceptions. After all, as the one violating international law, Moscow would have to demonstrate political will for a reconciliation with Kyiv to be possible. Volodymyr Zelenskyy's presidency started with some nasty "presents" from Vladimir Putin, including a decree to fast-track Russian passports for Ukrainians living in occupied Donbas. Nor did Moscow make a single concession, both in the matter of releasing its more than 100 Ukrainian hostages, especially the 24 seamen it took captive in late November.

The new Ukrainian administration has made it very clear that it was prepared to compromise, but not to give in on the fundamental principles that the previous administration established. Thus, on one hand, Zelenskyy agreed to the withdrawal of troops in Stanytsia Luhanska; on the other hand, he rejected the idea of negotiating directly with Russia's proxies. Nor is his administration prepared to discuss special status for ORDiLO. Predictions on both sides come down to the same: the main action will come after the Verkhovna Rada elections on July 21. So far, Zelenskyy has not been able to fulfill a single foreign policy promise without the support of the Rada.

Overly high expectations, plus the occasional positive statement and steps have slightly influenced the Russian foreign policy index. This quarter, it's 2.05, which continues to be a very low level, but not quite the record low of the previous quarter. Certain events, such as the "passportization" of Ukrainians living in occupied Donbas and the failure of the latest ceasefire, have been rated extremely low, -7 points. A serious number of less significant events rated at -2 or -1 somewhat balanced the typically regressive TRUMAN Index for the Russian Federation. Still, it's worth noting that, for the first time in a long while, a number of events have appeared that were given a positive rating. Still, they are mostly predictive rather than decisive: Leonid Kuchma's optimistic assessment after the latest Minsk talks is the modest emergence of a "micro-positive" dynamic against a background of total lack of trust and non-compliance. Here, the decision to withdraw forces and artillery from Stanytsia Luhanska merits particular attention and Ukraine's international partners welcomed it with considerable enthusiasm.

TIMELINE

■ NEW PRESIDENT, OLD CHALLENGES

Many observers predicted that with the coming of a new president in Ukraine, Russia's approach might also change. There were even assumptions that Moscow might reduce the intensity of its aggression towards Kyiv in order to confirm, once more, that

"everything was Poroshenko's fault." The logic of these predictions was based on the fact that Russia was hoping to shift all the responsibility and financial burden of supporting occupied Donbas to the Ukrainian Government. But this view proved too simplistic: however much of a burden ORDiLO is, Moscow will only give it up when its main goal vis-à-vis Ukraine is met—or extraordinary circumstances develop that get Russians themselves up in arms.

As we predicted in the previous issue of the TRUMAN Index, the change of president did nothing to alter Russia's policy towards Ukraine. Moscow might even want to restore peaceful coexistence with Kyiv, but only if the conditions it has set are met, the main purpose of which is to preserve Russian influence over Ukraine.

Volodymyr Zelenskyy barely finished his victory speech, when Russia sent a very clear signal: negotiations aren't going to be any easier. Moscow is waiting for concessions that symbolize Ukraine's readiness to enter a new phase in bilateral relations. Initially, the Russian Government did was to ban the export of petroleum and petroleum products to Ukraine, three days before the second round of the election, in which the winner was already very clear. Three days after the vote, Putin gave Ukraine yet another "present," signing a decree to fast-track the issuing of Russian citizenship to Ukrainians living in ORDiLO, the occupied counties of Donetsk and Luhansk Oblasts.

These two decisions were the first serious test for the newly-elected president. Moscow made it very clear that the negotiation process would not be easy: if the new leadership in Ukraine wanted to see progress in relations, it would have to prove this not just in words. Zelenskyy was being watched for the speed of his response and the clarity of his message. It's unlikely that the new president's sharp public statement pleased Moscow.

Still, Russia has generally avoided negative public statements addressed directly to Zelenskyy. It could be that the Kremlin's assumption is that the new president has to use patriotic rhetoric in order to hang on to that part of the electorate that unambiguously sees Russia as the enemy. Any vagueness in his formulation would have given his opponents the opportunity to accuse Zelenskyy of betraying the national interest, which would likely have affected his popularity among a significant portion of Ukrainian voters. According to this logic, Zelenskyy would not be able to risk any strong moves to reconcile with Russia at least until after the VR elections on July 21. Whatever the case may be, any such steps would require ratification and the approval of the Rada—in the old Rada he would have had no chance at all of pushing through any idea that involved concessions to Russia.

And so Moscow has been making a show of force, not easing the pressure, but sometimes sending signals that it was ready to talk—of course on its own terms. This waiting mode is the best way to characterize Russia's policy towards Ukraine in the last three months. Moscow either did not respond or treated like a joke any strong statements from President Zelenskyy. For instance, when the Ukrainian leader sharply criticized Putin's decree on fast-tracking Russian citizenship and offered Ukrainian citizenship as an option to Russian citizens, the Russian president joked: "Now we can talk about joint citizenship for Russians and Ukrainians."

About a week after the inauguration, the Russian press published an interview with Valentyna Matvienko, chair of the Federation Council of

Russia, in which quite a few questions focused on Ukraine. The Russian politician expressed the wish to start everything from a clean slate. Matvienko is a fairly symbolic figure, having been born in the Ukrainian SSR. Most likely, Moscow wanted her, a Ukrainian on her father's side, to try to gain some understanding among those Ukrainians who would also like to start from scratch as well. If Moscow really was operating on this kind of logic, it was clearly flawed: Matvienko is not ambassador of peace, because she is associated entirely with Moscow's aggressive policies. On March 1, 2014, it was Matvienko herself who called the Federation Council for an emergency meeting that allowed Russia to use its troops on Ukrainian territory. She was on the first sanctions list in both the US and the European Union and continues to be under sanctions from Kyiv.

During informal conversations with members of the OSCE's Special Monitoring Mission, which is watching the situation in the Donbas, word was that the situation on the front had somewhat stabilize as the presidential election took place. Based on the public reports of the OSCE SMM, the New Europe Center, a Kyiv-based think-tank, calculated that, during the week before the inauguration, the number of violations of the ceasefire in the Donbas averaged around 300 a day. There were quieter days, such as May 18, where there were "only" 55 violations, but there were also very tense ones. On May 17, there were nearly 800 violations of the ceasefire. OSCE observers report on the overall number of violations on both sides. In private conversations, however, they admit that a large portion is the fault of the militant groups on the occupied territories. The week after the inauguration, the intensity of violations went down by more than half, to an average of 130 a day. In June, daily violations increased again, to nearly 180 on average in the first week, to 375 a day in the second week, and 255 on average in the third week. During the fourth week, when the withdrawal of forces from around Stanytsia Luhanska began July 26, the average number of violations of the ceasefire was over 200 a day. Foreign diplomats thing that the clearer Zelenskyy's position on Russia's aggression became, the more often violations took place at the front. Indeed, Zelenskyy made it very clear in June that he wanted the pressure of western sanctions against Russia to continue. He was also not willing to have direct talks with Russia's proxies in the occupied territories, which is a basic demand of Moscow's.

And so peace has not come to the Donbas. Pressure on Zelenskyy after stating in his inaugural speech that he was "prepared for anything" for the sake of peace only grew stronger. Russia, of course, has its own explanations for all the violations of the ceasefire on the line of contact. Sources close to the negotiations process admit that growing violations are connected to the fact that the new Commander-in-Chief doesn't have complete control over his own Armed Forces. This issue was supposedly unofficially raised by the representatives of the OSCE during talks with the president's team. Word is that the Zelenskyy Administration took this seriously.

■ ZELENSKYI'S MIXED SIGNALS

So far, Moscow has refrained from issuing a clear list of requests to the new leadership in Kyiv. However, from time to time public statements are made that certain "grounds" need to be in place for dialog to start. Moscow is still interested in the Normandy format, which involves Ukraine, Russia, France and Germany, but at the same time, talks about the need for the right conditions for these negotiations to start up again. Moreover, everything is framed in such a way that official Kyiv is supposed to take steps towards Russia, and not the other way around.

Under President Poroshenko, a formula had been worked up that did not change over the last few years, based on the principle that Russia was to demonstrate willingness to move towards peace. The essence of this formula was first the security phase and then the political package. So, Kyiv expects firstly that the shooting stops and a stable ceasefire is in place, then the political steps: amnesty, local elections on the liberated territories, special status, and restoring control all along the state border. In fact, this sequence was written into the Minsk accords, as well. But in all the years, not a stable ceasefire has ever been achieved: only in the fall of 2015 did the shooting stop for about six weeks, during the back-to-school ceasefire.

Today, Zelenskyy's team is also talking about the importance of a steady ceasefire of at least 60 days in order for the political phase to kick in, as anticipated in the Minsk agreement. His people note that in five years, Russia and Ukraine have announced ceasefires 18 times, but without success. Most were violated within 24 hours. And so Ukraine's leadership has decided, in effect, to open a "parallel track" to resolve the conflict in the Donbas. It includes a series of measures to restore trust in the occupied territories:

- withdrawing forces to the area outside Stanytsia Luhanska, which, will make it possible to rebuild the bridge across the Siverskiy Donets River. The International Committee of the Red Cross has allocated €60 million for this purpose;
- taking measures to improve the capacity to let traffic through checkpoints on the line of contact;
- simplifying the procedures for Ukrainians living in the occupied territories to get their pensions;
- supporting infrastructure projects in the Donbas with the help of international donors;
- terminating a March 2017 decision of the National Security Council to temporarily completely stop transport links with the occupied territory. The Zelenskyy team says that this will happen only in exchange for the return of assets belonging to companies that were "nationalized" by the occupying regime;

- restoring a media presence in the Donbas.

In the past, Kyiv avoided any deviation from the formula "first security, then policy" in every way possible, aware of Russia's untrustworthiness. Every time, Ukraine's diplomats would note that the first version of the Minsk accords was abandoned at the end of 2014 because Russia organized elections on the occupied territories despite an agreement with Ukraine that this would not happen. The Minsk II was similarly abandoned when Russia continued to invade, despite having signed a document that was supposed to mean the start of peace.

Judging by everything, the new Administration has not rejected this principle, which is clearly annoying to Moscow. Russian officials have publicly criticized the new leadership as being "unready" to talk and ensure special status for the occupied territories. Meanwhile, Kyiv is prepared for the umpteenth time to try taking baby steps to show it wants to see a peaceful resolution.

The first practical step was supposed to be the withdrawal of forces outside Stanytsia Luhanska. Back in fall of 2016, an agreement was reached within the framework of the Minsk process to the effect that Ukraine's forces and Russia's proxy forces would withdraw artillery from the line of contact at three points: near the towns of Stanytsia Luhanska, Zolote and Petrivske. This was successful in the latter two cases, but in Stanytsia Luhanska, the process was stopped. As a result, the process of withdrawal stopped along the entire front. The main problem was lack of trust. Each side suspected the other of planning a possible attack the minute they withdrew from a position they held. Interestingly, even last year, Petro Poroshenko made public and private promises to Chancellor Angela Merkel to withdraw Ukraine's forces in this town, but this never happened. The German leader's office felt somewhat offended by this and put part of the blame for the abandoned negotiations with Russia on Ukraine itself. This shows just how complicated the issue is. Poroshenko obviously was afraid to take this step and face withering criticism at home. Against a background of accusations that he was supposedly colluding with Putin, a decision to withdraw forces would not have improved his rating in the election. Zelenskyy decided to take the risk, despite much public pressure and criticism from the Ukrainian press, experts and politicians.

These steps send mixed signals abroad. On one hand, placing the accent on the humanitarian block of issues in the occupied territories demonstrates a clear commitment by the government to resolve the conflict and Kyiv's desire to find the smallest hook for some progress. On the other, such measures on Ukraine's part can create the illusion that Kyiv is prepared to make any concessions whatsoever to Moscow. Many political opponents have criticized Zelenskyy that creating this kind of illusion has caused a certain retreat in their approach to Ukraine among the country's western partners. Supposedly this is one reason that US and EU officials are

no longer informing their Ukrainian colleagues about contacts with Russia, which they were doing to uphold the principle, "Nothing about Ukraine without Ukraine," insisted upon by the Poroshenko Administration. The start of Zelenskyy's term also coincided with the return of the Russian delegation to the Parliamentary Assembly of the Council of Europe (PACE), which also appears to signal a shift among western politicians in response to what they see as a shift on the part of the new Ukrainian leadership. Of course, Zelenskyy's team categorically rejects this kind of interpretation.

■ ZELENSKY VS KLIMKIN: A FINE TRUMP FOR RUSSIA

Volodymyr Zelenskyy's decisions are explained in the light of concern for the citizens of Ukraine who have found themselves in the occupied territory and a desire to give various agreements new impetus. The new administration does not consider the Minsk agreements "written in stone" and think their provisions could be revised. The Office of President is supposedly preparing something along the lines of a "Zelenskyy Plan," analogous to the 2015 Morel Plan and the 2018 Steinmeier formula, both of which focused on the parallel implementation of all stages, including possibly prioritizing the political plan over security.

During this quarter, no real sense of Zelenskyy's view of international relations has emerged, including the entire gamut of challenges connected to Moscow's policies. Obviously, this vision is in the process of crystallizing and it will be possible to talk about its parameters only after the VR election. If the new president was accused of being ignorant and his team of lacking professional diplomats at first, criticism has now shifted to his inability to control the entire chain of command in making foreign policy. It's no secret that Ukraine's diplomatic corps largely supported Petro Poroshenko's approach. The new president's policies are bringing out at a minimum hidden opposition among many diplomats. The arrival of an experienced and highly competent career diplomat in Vadym Prystaiko on the presidential team has only somewhat eased the level of doubts about Zelenskyy's capacity to respond effectively to external challenges.

One example of this, which roused criticism in both the pro-Western and pro-Russian camps, was the idea promoted by Zelenskyy's appointees of a referendum as part of the peace process. The pro-Russian camp pointed out that the only way to get any results with Moscow was face-to-face at the negotiations table: "trumpet" diplomacy or "listening to the people" will not be effective. The pro-

Western camp was concerned that the Zelenskyy team could use the results of a referendum to justify its own concessions towards Moscow. Such fears were confirmed by a poll showing that 75.0% of Ukrainians favored direct talks with Russia. What's more, over half, 55.4%, thought that the president of Ukraine should agree to direct dialog with the leadership of the proxy republics known as LDNR, for the sake of peace.¹ However, the questions were evaluative in nature, as they include a positive goal, "direct talks for the sake of establishing peace," which was clearly aimed at results that favor a high level of support. Results would have been diametrically opposed if the respondents had been offered a different evaluative hypothesis: "Should the president of Ukraine go for direct talks with Russia's leadership if this will encourage Moscow to continue its aggressive policies?" The formulation of questions is key in polling. For instance, the New Europe Center commissioned a survey at the end of 2018 to present the following question to Ukrainians: "How should the future president resolve the conflict with Russia in order to stop armed aggression in the Donbas?" The results showed that Ukrainian opinion was undecided and scattered. The most popular response at 19.0% was "talks in the Budapest format." Who might explain to this fifth of Ukrainians why this format is unrealistic right now? Incidentally, only 10.8% of Ukrainians supported "resolving the conflict personally with Putin without the involvement of foreign intermediaries."²

In addition, a serious public conflict emerged between President Zelenskyy and Foreign Minister Pavlo Klimkin towards the end of this quarter. The president accused the country's top diplomat of inaction and of failing to communicate with the Office of the President on the most important issues. This public squabble arose because the MFA did not inform the president about an exchange of notes with the Russian MFA about the release of the 24 Ukrainian sailors. There was considerable concern in the West about the consistency of the new president's foreign policy. It was clear that key German politicians favored Poroshenko precisely because they feared that dramatic changes with a new leader could shake up the already-fragile security balance in the region.

Zelenskyy's first foreign visits demonstrated complete understanding of this unease: the new president showed consistency in his commitment to the issue of reforms. At the same time, he showed greater openness on the issue of resolving the conflict with Russia, proposing a series of steps in order to restore trust among residents of occupied Donbas. Politicians in Brussels, Paris and Berlin breathed more lightly and even complimented

1. Social Monitoring Center, the Oleksandr Yaremenko Ukrainian Institute of Social Research, and the Rating Sociological Group ran a national survey on current issues called "Your opinion: May 2019." The poll took place from April 30 to May 10 in 24 oblasts and the city of Kyiv and involved 3,000 respondents. http://ratinggroup.ua/research/ukraine/ukraina_segodnya_vyzovy_i_perspektivy.html

2. A national survey of public engagement commissioned by Pact as part of the "Engage!" Program to Advance Civic Engagement funded by the US Agency for International Development and executed by Pact in Ukraine. The information presented here comes from the fourth wave of the survey, carried out by GfK Ukraine over November-December 2018, which included questions from the New Europe Center. <http://neweurope.org.ua/analytics/mizh-lukashenkom-i-merkel-yakoyi-zovnishnoyi-polityky-ukrayintsi-ochikuyut-vid-nastupnogo-prezydenta-ukrayiny/>

Ukraine's new leader. What they could not have foreseen in the West was institutional problems within Ukraine in ensuring the continuity of the foreign policy agency. Conflict between the Foreign Minister and the Presidential Administration is nothing new in Ukraine's history. There were periods when everyone understood that there was one MFA *de jure* on paper, and another one *de facto* at the Presidential Administration.

This was particularly evident during Leonid Kuchma's second term, 1999-2004, when foreign policy was determined, not on Mykhailivska Ploshcha but on Bankova, in the office of Deputy Chief-of-Staff Anatoliy Orel, who never hid his pro-Russia orientation. Back then, the norm was that the foreign minister had no idea what steps the president was going to take. One example was when Kuchma decided to join the Single Economic Space (SES) with Russia in February 2002. Nor was the Poroshenko Administration an exception: the president was jokingly referred to as the "only and best Minister of Foreign Affairs," and the role of the ministry was reduced to a minimum. Foreign guests understood that decisions were ultimately made on Bankova, and so it was extremely important to meet with the then-Deputy Chief-of-Staff Kostiantyn Yeliseyev.

However, the other extreme, when the FM does something behind the president's back, is a clear innovation in the history of Ukraine's foreign politics. What's more, the conflicts between Kuchma-Orel and diplomats was known only by those closest to Ukraine's diplomatic corps: the confrontation was not flaunted. Between Klimkin and Poroshenko, there was no confrontation at all, as Bankova was happy with the FM's fairly modest foreign policy ambitions. The Zelenskyy-Klimkin clash is unprecedented and its consequences could be quite dramatic. The seriousness of the situation becomes all the more significant as it is connected to Ukraine's main foreign policy challenge—Russia. Not only does this area require the maximum of competence and discipline, but also occasional behind-the-doors efforts, especially among Ukraine's branches of power. Russia has now been handed a solid trump that it can later use to suggest that Ukraine lacks the institutional capacity to follow through any agreements within the Minsk process.

Where in the past the Verkhovna Rada often allied itself with Petro Poroshenko in many cases, arranging "cold showers" for those foreign partners who were overly keen to play up Russia's view of a resolution. While there were those in Ukraine who wanted to avoid serious pressure from western partners over the implementation of the political block of the Minsk accords, Bankova was always able to point to the inconsistency of national deputies on this issue. If the new president does gain a serious number of seats on the legislature, he could find it harder to persuade western partners of the need to uphold the formula, "first security, then politics." This means that there's a growing risk that the Russian idea of regulating the conflict in the Donbas will take the day.

Moscow is waiting for the results of the VR election, which should indicate just how realistically it will be able to push through an agenda that is convenient to it. So far, Russia has not seen Zelenskyy's statements about being ready to assist the residents of occupied Donbas as the start of a new phase as there is no guarantee that the president's words will translate into actions. What's more, Moscow is saying that Zelenskyy's plans for the so-called humanitarian block can be called what anyone wants but they are not implementing the Minsk accords—"the president of Ukraine should be doing this for his own citizens anyway" Moscow continues to push the narrative that Ukraine is at fault and it's up to Kyiv to first demonstrate political will for a resolution. Overall, Russia is not interested in small steps as part of a resolution and so its leadership did not see the withdrawal of troops from Stanytsia Luhanska as a major breakthrough. It wants, instead, to see Ukraine immediately accept the principle of special status for the occupied territories. Granting autonomy to the uncontrolled territories is a major goal for Russia, as it is intended to embed a mechanism for preventing any further progress towards the EU or NATO in Ukraine.

A number of political figures in Ukraine continue efforts to establish an "alternative" foreign policy in relation to Russia. The most noticeable of these was Putin's kourm Viktor Medvedchuk, who kept making the standard speeches about resolving the conflict with Russia. Although he is no longer involved in the Trilateral Contact Group, Medvedchuk continued to promote initiatives related to Russia without any coordination with government agencies. Moreover, he kept repeating that there was a peace plan that had been approved in Moscow, occupied Luhansk and occupied Donetsk. According to this plan or concept, which was published at the beginning of the year, Ukraine is supposed to declare an Autonomous Region of Donbas, which Medvedchuk insists will not affect Ukraine's own unitarity in any way. President Zelenskyy has already publicly criticized Medvedchuk's private initiatives, especially related to the release of hostages, suggesting that Putin's kourm is more interested in boosting his election campaign ratings than in real progress in releasing captive Ukrainians.

The first weeks of President Zelenskyy's term saw a paradoxical phenomenon: while distrust in the new Ukrainian leadership grows in Russia because of its intractability and its prolongation of the "Poroshenko line," Zelenskyy's opponents at home are accusing him more and more of taking steps that are convenient for Moscow.

EVENTS IN UKRAINE-RUSSIA RELATIONS (APRIL - JUNE 2019). POINT-BASED EVALUATION

DATE	EVENT	SCORE
April 10	Ukraine and Russia accuse each other of breaking off negotiations in the Trilateral Contact Group in Minsk.	-2
April 18	Russia bans the export of petroleum and petroleum products to Ukraine.	-4
April 24	Russian President Vladimir Putin signs a decree to simplify the issuing of Russian citizenship to Ukrainians living in ORDiLO. President Poroshenko calls the "passportization" decree preparation to annex occupied Donbas.	-7
April 25	The Verkhovna Rada passes a resolution calling on the international community to increase sanctions against Russia in response to his decree on the "passportization" of Ukrainian citizens.	-2
May 15	Ukraine's FM Pavlo Klimkin says that returning Russia to PACE undermines the Minsk process.	-1
May 20	President Volodymyr Zelenskyy announces that he's "ready for everything" for the sake of peace.	+1
May 21	Ukraine's presidential chief-of-staff talks about a referendum on peace with Russia, raising a storm of criticism.	0
May 25	The UN's International Tribunal for the Law of the Sea orders Russia to immediately release the 24 Ukrainian seamen it captured and to return their three vessels.	-3
May 29	Russian Federation Council Chair Valentyna Matvienko talks about normalizing relations between the two countries and starting with a "clean slate."	+1
June 3-7	The International Court in the Hague holds oral hearings in the case of Ukraine vs the Russian Federation filed by Kyiv in January 2017.	+2
June 5	Former President Leonid Kuchma reports that talks in Minsk were constructive for the first time.	-1
June 7	President Zelenskyy says that Russia "at least partly" has lost control over its hybrid forces in the Donbas. The statement raised a storm of accusations at home that Ukraine's interests were being betrayed.	-4
June 10-14	Hearings take place in the Hague as part of the international arbitration review initiated by Ukraine against the Russian Federation in 2016. Ukraine claims that Russia is violating its right to exploit mineral and living resources in the Black and Azov Seas.	-4
June 16	Putin's press secretary announces that the president has taken on a wait-and-see position because he has idea how to interpret Zelenskyy's tactics.	0
June 17	President Zelenskyy announces that he is not prepared to hold talks with the Russian proxies. This stance is criticized in Russia.	-2
June 19	At a meeting of the Trilateral Contact Group in Minsk, Ukraine's representative, Leonid Kuchma, states that restrictions on trading with the occupied territories can be lifted only after Ukrainian assets taken over by the Russian proxies are returned. So far, there are no signals from Russia that it is ready to do so.	-1
June 19	Expectations of a suspension of hostilities in occupied Donbas are not met and violations of the ceasefire continue.	-7
June 20	President Putin criticizes President Zelenskyy for not being prepared to carry out direct negotiations with representatives of the occupied territories.	-2
June 25	President Zelenskyy says he is disappointed with PACE's decision to restore the Russian delegation fully and points out that Ukraine's 24 captive sailors still have not been released. Ukraine recalls its permanent representative from Strasbourg.	-5
June 25	The Foreign Ministries of Ukraine and Russia exchange notes that do not lead to an understanding about the release of Ukraine's sailors.	-4
June 26	The withdrawal of forces in the section around Stanytsia Luhanska begins.	+2
June 27	President Zelenskyy complains that FM Klimkin has not been agreeing important international steps with him, with reference to a response to Russia's note on releasing Ukraine's 24 sailors.	-2

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Photo taken from the website of the President of Ukraine

WHAT TO EXPECT FROM ZELENSKYI FOREIGN POLICY

Given that his priorities appear to be mainly related to domestic policy, Volodymyr Zelenskyy's foreign policy seems mostly an extension of his domestic agenda. This means, that Ukraine's new president is likely to pay less attention to foreign policy than his predecessor, Petro Poroshenko, did.

■ ZELENSKYI'S PERSONA: NOT TO BECOME "ONE OF THEM"

President Zelenskyy's current tendency to focus more on domestic reforms than on foreign policy so far has been praised by Ukraine's partners. The fact that Zelenskyy will not lecture the West, as ex-President Poroshenko sometimes did, about how it should defend Ukraine may be welcome in the West, but it could also pose some risks. This presidency comes at a time when Ukraine's support will depend less on ongoing Russian

aggression, than on Ukraine's own achievements—which may be unfair, but it's simply a fact in the new mood in the West. Softening support from the West^[LW1] is in part being generated by "Ukraine fatigue" and was made quite obvious in steps such as the unconditional return of Russia to the Parliamentary Assembly of the Council of Europe.

For the last five years, Ukraine has been in an active phase of legislating and institution building around key reforms: fighting corruption, reforming the energy sector, decentralizing, and so on. Now the proof has to be in the pudding: these institutions and laws will have to deliver results and the new president, backed by the Verkhovna Rada, has an important role to play.

Compared to Poroshenko, Zelenskyy's inexperience shows: he has a much more casual approach in his interactions with foreign leaders and sometimes his comments are on the edge of diplomatic practice. For instance, during his first foreign visit to

Brussels, Zelenskyy referred to European Commission President Jean Claude Juncker as a "nice guy," a phrasing Poroshenko would never have permitted himself. People in Zelenskyy's inner circle claim that he is doing this because this is who he is and he wants to present a "human face" as a politician, in order not become "one of them."

On the positive side, diplomats have noted that, unlike Poroshenko, who could sometimes keep his guests waiting for as much as three hours, Zelenskyy does not come late to meetings, much to his credit. Indeed, many officials were not happy with Poroshenko's dilatoriness, especially EU Commissioner Johannes Hahn. After Poroshenko has lost the election, Hahn visited Kyiv and, despite an invitation to meet with Poroshenko, he met only president-elect Zelenskyy—an indication of the level of tension between the two. Still, for Hahn, as for many other officials, this was not the main reason for their disappointment and tense relations with Poroshenko, say EU diplomats. It was the fact that the former president promised to deliver on so many issues and never did. Now, this is something for President Zelenskyy to keep in mind, unless he wants to be ignored completely.

■ THE ZE TEAM

To a large extent, Zelenskyy's policies will depend on who is in his inner circle and advises him. His newly-minted party, Sluha Narodu or Servant of the People, is polling over 40% and looking set to come first in the snap July 21 VR election—some even say the party could even get an outright majority—and it is almost certain that Sluha Narodu will form the next Government. This will give Zelenskyy enormous power—some fear like an "unguided missile"—and makes the individuals surrounding him of paramount importance to ensure that this power is channeled in the right direction. Without any doubt, his lack of experience means that his future appointments will seriously influence his agenda.

One of the main expectations on the part of Ukraine's international partners and of many Ukrainian voters is for Zelenskyy to prove his independence from the influence of oligarchs, especially from Ihor Kolomoiskiy, who many believe has a certain degree of influence on the current president. The appointment of Andriy Bohdan, who was Kolomoiskiy's personal attorney, as Zelenskyy's Chief-of-Staff has raised a question mark in this regard. Ukraine's strategic partners in the US and EU have already warned Zelenskyy more than once that the choice of Bohdan is damaging his reputation.

On the other hand, appointing Vadym Prystaiko deputy Chief-of-Staff and de facto Zelenskyy's foreign policy advisor was greeted with considerable enthusiasm. Prystaiko is a career diplomat with a solid track record in various top positions, from ambassador to Canada and head of Ukraine's mission to NATO to first deputy foreign minister. He is quite likely to be Ukraine's next foreign minister. The fact that Prystaiko is a diehard supporter of European

and Euroatlantic integration makes good on Zelenskyy's promise that European integration will remain Ukraine's strategic course.

Also, given that judiciary reform and fighting corruption are a top priority for Ukraine and its partners, the appointment of Ruslan Ryaboshapka deputy Chief-of-Staff for the judiciary is also seen as a positive sign. In just his first month as president, two key bills promoted by Ryaboshapka have been submitted to the Verkhovna Rada: to re-criminalize illicit enrichment and to re-launch the National Agency for Corruption Prevention. Positive feedback came with the appointment of Oleksiy Honcharuk as deputy Chief-of-Staff for economic reforms. Honcharuk is considered a solid professional to deal with economic reform and expectations are that he will deliver.

Other appointments, such as Serhiy Shefir and Serhiy Trofimov to the Office of the President or Ivan Bakanov to the Security Bureau of Ukraine (SBU) were received more cautiously. The problem is that none of them have any experience in public office, having previously simply been part of Zelenskyy's Kvarstal 95 production company. In light of Ukraine's ambitions to become NATO member, reforming the SBU is a top priority, and although diplomats have been positive about Bakanov's nomination as a well-intentioned individual, he will have a major challenge managing SBU reform.

■ RELATIONS WITH THE EU AND NATO

Despite long-standing and deep relations between Ukraine and the EU, the current political conjunction offers an opportunity to re-launch political relations almost from scratch. Certainly, the core remains centered around implementing the Association Agreement, but reshuffles in both Ukraine and the EU will inevitably change the conversation. Ukraine has a new president and will soon have a new legislature and new Cabinet. Meanwhile, EU institutions are also electing new leaders, a new EU parliament was recently elected and a new EU Ambassador will come to Ukraine in September. This offers an opportunity to erase some of the negative aspects that have become part of the dialog during the previous administration.

Zelenskyy will now have to establish relations with these new leaders. His predecessor had genuine supporters for Ukraine despite not always delivering on his promises. Donald Tusk, Valdis Dombrovskis and Hugues Mingarelli supported Poroshenko and Ukraine, regardless of opposition in the EU. Ukraine also had a substantial support in the European Parliament through Rebecca Harms, Elmar Brok, Jerzy Buzek, and others, many of whom did not run for office and will not be in the new parliament. For Zelenskyy and his team, the main task will be to establish good relations with the new EU leaders and find new allies in EU institutions.

President Zelenskyy seems to be determined to concentrate more on domestic reforms rather than on external ambitions like

membership into the EU, although he has publicly stated that EU integration remains a priority. Yet his focus on domestic reforms above all is very much welcome in Brussels, although the EU would first like to see Zelenskyy deliver before offering praise. The reason is growing fatigue among EU countries towards Ukraine. The increasing number of countries questioning the expediency of sanctions against Russia and open calls to lift sanctions are creating a more difficult environment for Zelenskyy. This means Ukraine cannot take the unconditional support of the EU for granted. On the other hand, as one diplomat put it, "there's more Poroshenko fatigue than Ukraine fatigue."

As with the US, the EU expects the new president to focus on key issues: fighting corruption, reforming the energy sector by unbundling of Naftogaz, and de-oligarchizing the political system. Zelenskyy's independence from oligarchic influence will be the question shadowing him throughout his term in office. At the same time, Zelenskyy has said he would focus on anti-corruption, the economy and occupied Donbas in relations with the EU. The most difficult challenge will be to reduce the trade deficit with the EU which soared to about €3 billion in 2018. Zelenskyy has a chance to have the Association Agreement revised next year so that it reflects Ukrainian interests more. There is no guarantee that the EU will agree to this process, but if nothing else, there will be some revisions to trade quotas.

Unlike EU integration, integration into NATO was not a priority during Zelenskyy election campaign. This was made clear only once

Zelenskyy made his first official visit to Brussels, where he met with NATO's secretary general. The appointment of Vadym Prystaiko, who was until recently Ukraine's Ambassador to NATO, is a good signal for Ukraine-NATO relations. Unfortunately, Ukraine's ambitions are not in line with NATO's views. Right now, the Alliance is not willing to take steps towards greater rapprochement between the two, and a Membership Action Plan is definitely not on the agenda.

For the Euroatlantic course to succeed, several things will be indicative for NATO in its perception of the new president. These include appointing a new minister of defense, reforming the SBU, and the choice of a new foreign minister—likely Vadym Prystaiko. Other steps are expected from the new Rada, concerning the passage of four bills that are part of the framework for the National Security Law: on a VR committee to oversee SBU activities and the intelligence services, on reforming the SBU, on intelligence, and on the management of state secrets and classified information. Finally, the scandal at Ukroboronprom, the state-owned defense corporation, the new president has to look at reforming the defense industry and defense procurements.

■ THE US: SECURITY ABOVE ALL

Although Volodymyr Zelenskyy's first three visits were to European capitals, relations with the United States are a top priority for the new president. Based on what he's said so far, Zelenskyy, like Poroshenko,



Photo taken from the website of the President of Ukraine

views the US primarily from the security aspect, as an ally in deterring Russia. Like Poroshenko in his time, Zelenskyy supported the role of the US in negotiations for a settlement in occupied Donbas during his election campaign.

However, it is already clear that there is no basis for any institutionalization of America's role in the negotiation process. The maximum what US might do is a parallel track for negotiations in Minsk and in the Normandy format. Washington will continue to hold the position that European affairs must, first of all, be taken care of by European countries.

It's possible that, during the 2020 US presidential campaign, some efforts will be made to strengthen Donald Trump's foreign policy legacy through a greater push to resolve the conflict in eastern Ukraine—most likely through demands on Ukraine. That was the case at the end of Barack Obama's second term, when his administration exerted pressure on Ukraine's leadership to implement the political part of the Minsk accords, without exacting anything from Russia. It will be especially difficult to resist such pressure if President Zelenskyy has a majority in the Verkhovna Rada.

As in the case of the EU, the real test for Zelenskyy will be de-oligarchizing politics, especially refuting Kolomoisky and establishing the maximum distance from the oligarch, whose destructive role in the process of reforming Ukraine the US recognizes. There will be a lot of questions from the Americans regarding key appointments that do not fit into the logic of de-oligarchizing.

The Congress will continue to play an important role in deterring Russian aggression and obstructing possible rapprochement between Trump and Putin. But further support for Ukraine will require intensified efforts by Ukraine's leadership in delivering results in the fight against corruption, respect for rule of law, de-oligarchizing, and so on. There are signs of a certain amount of sanctions fatigue given their failure to change Moscow's aggressive behavior.

The greatest short-term challenge in Kyiv's relations with Washington will be to prevent Ukraine becoming a focus in the upcoming domestic elections in the United States. This prospect was unfortunately made possible by Prosecutor General Yuriy Lutsenko, who announced a bizarre investigation into Ukraine's "interference in the US elections in 2016" and the activities of Burisma, a hydrocarbon company whose board of directors includes Joe Biden's son. This got Trump's attorney, Rudy Giuliani, all excited and made headlines for a time. Now Ukraine will need to engage in some very delicate diplomatic work to ensure that President Zelenskyy's first visit to the Washington is not spoiled by baseless allegations from Giuliani. Fortunately, this story has dropped below the radar and hopefully will not delay a meeting between the two countries' leaders.

■ RUSSIA AND THE WAR IN THE DONBAS

A complete reboot of relations with Russia will not be possible for Zelenskyy, as the Kremlin's policy has not undergone any significant shift since his election. Moscow's main goal was to ensure that Petro Poroshenko was defeated, but apparently there was no separate plan for the post-Poroshenko period. Expectations in some international quarters that a change of president in Ukraine might change Russia's policy towards the country proved unrealistic. Moreover, immediately after Zelenskyy's election, Russia engaged in a series of hostile measures that dashed any hope that the post-election period might begin with a clean page.

Russia will not change its strategy when it comes to Ukraine. Moscow remains determined to prevent Ukraine from getting closer to European and Euro-Atlantic institutions. From Zelenskyy, Russia wants more pliability, a change in rhetoric and concessions that will not be in Ukraine's interests. Even if Zelenskyy does make significant concessions, it will not affect Moscow's long-term strategy towards Ukraine.

Right now, Russia has taken a wait-and-see position. First of all, there is no certainty in Moscow that Zelenskyy as commander-in-chief has sufficient authority in Ukraine's Armed Forces and this means there are doubts that he will be able to maintain the cease-fire on the Ukrainian side. As Zelenskyy is largely following the policy of his predecessor, Russia's initial expectations that the new president's rhetoric would change have not been met. The Kremlin's main focus now is the Rada election on July 21. The more seats the president's party gains, the more difficult it will be for Zelenskyy to argue, as Poroshenko did, that the legislature was refusing to vote for a decision related to the Minsk process until Russia demonstrated that it wanted peace.

The idea of special status for occupied Donbas remains Moscow's top priority. Russia does not see signals from President Zelenskyy that he would end the blockade, facilitate a mechanism for Ukrainian pensions to be paid to people in the occupied territories, and so on, as the opening of a new phase in the settlement process. Russians say that these decisions are not foreseen by the Minsk accords, and that this is simply Ukraine's manifestation of good will towards its own citizens, but not part of the negotiation process. In Russia attention is drawn to the fact that Ukraine does not want to negotiate special status for the occupied territories, while the autonomy of the occupied territories within Ukraine is Russia's main aim.

Although Zelenskyy is largely continuing his predecessor's line, he has also promised to manage the conflict in eastern Ukraine differently. His plan consists mainly of actions aimed at improving the humanitarian aspect: providing better infrastructure at the line of contact, reducing red tape and communicating with people

in the occupied areas. Still, such actions are limited in scope because they do not touch upon a political solution and Ukraine clearly cannot arrange this unilaterally. Also, Zelenskyy is keen to listen to his electoral base, which is very broad and includes both EU supporters and Russia sympathizers, and this sometimes leads to conflicting notions, such as negotiating directly with Moscow. Some dangerous ideas were also voiced by Zelenskyy's Chief-of-Staff, Andriy Bohdan, who openly talked about a possible referendum to decide on a negotiation strategy over the occupied territories with Russia.

■ CHINA: INVESTMENT AND INFLUENCE

In bilateral relations with China after the election, the expectation is that economic cooperation will continue to grow, both in the volume of mutual trade and in investment from China. If invited, President Zelenskyy will most likely visit China, although this is not likely until next year. Among the projects that could

interest China are the recovery of infrastructure in the Donbas, especially coal mines, gas production, machine-building, setting up the production of nuclear fuel in Ukraine, the involvement of Chinese companies in Ukraine's energy, transport and logistics infrastructure, and in 5G communication systems.

At the same time, political dialog between Kyiv and Beijing needs to be stronger, in part to address the conflict in the Donbas. China is not only a permanent member of the UN Security Council, but also a country that has influence over the Russian Federation, and its position is not easily ignored by Moscow, something President Zelenskyy can and should take advantage of.





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

TRUMAN Agency conducts campaigns aimed at solving problems of Ukrainian business and opening new perspectives for the foreign companies in Ukraine.

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