



**FOREIGN
POLICY AUDIT:
UKRAINE-
CHINA**

DISCUSSION PAPER





FOREIGN POLICY AUDIT:

**UKRAINE-
CHINA**

DISCUSSION PAPER

Kyiv
2016



This report was conducted within the project of the Institute of World Policy “Ukraine’s Foreign Policy Audit” with the support of the “Think Tank Support Initiative” implemented by the International Renaissance Foundation (IRF) in partnership with Think Tank Fund (TTF) with financial support of the Embassy of Sweden in Ukraine.

The contents do not necessarily reflect the views of the Swedish Government, the International Renaissance Foundation, Think Tank Fund. No part of this research may be reproduced or transferred in any form or by any means, graphic, electronic, or including photocopying or by any information storage retrieval system, without the proper reference to the original source.

Authors:

A. Goncharuk, E. Hobova, V.Kiktenko,
A.Koval, S.Koshovy

Research coordinator:

Olena Betliy

CONTENTS

1. Introduction	4
2. Ukraine's interest towards China and China's interests towards Ukraine	7
2.1. Chinese vision of the world order	7
2.2. Stages of the Ukraine-China relations	13
2.3. China as a strategic partner of Ukraine	20
2.4. The current state and prospects of Ukraine-China cooperation	24
2.5. Ukraine's place in China's One Belt, One Road project	32
2.6. Regional level of China's cooperation with Central and Eastern Europe in the 16 + 1 format: lessons for Ukraine	35
3. Existing and potential risks and conflicts	38
3.1. Further deterioration of Ukraine-Russia relations and the escalating conflict in the Donbas and Crimea	39
3.2. Political instability in Ukraine	41
3.3. The problem of corruption in relations with China	43
3.4. Competition of geo-economic projects in Ukraine	44
4. Who is who? Interest groups in Ukraine and China	46
5. Recommendations	53
6. Acknowledgement	56

1. INTRODUCTION

The Ukraine-China relations are facing certain challenges at the current stage. In the years of Ukraine's independence, these relations have generally followed an upward trend and reached a peak in December 2013 when the Treaty of Friendship and Cooperation was signed. Currently, political changes in Ukraine, China's vague response to Russia's annexation of Crimea and its military aggression against Ukraine put a question mark in the bilateral relations.

The reserved position of the Chinese leadership on the Revolution of Dignity in Ukraine can reasonably be attributed to China's cautious attitude to any radical social and political change. The fact that the Chinese leadership distanced itself from the condemnation of Russian aggression in 2014 is due to the desire to complete contracts for the supply of Russian state-of-the-art weapons in accordance with agreements reached by Xi Jinping and Vladimir Putin in March 2013. Another strong argument for Beijing was the wish to take maximum advantage of Russia's international isolation in signing a package of oil and gas deals in May 2014 on conditions most favorable for China.

Unfortunately, Ukrainian political circles have a certain bias regarding "communist" China and a lack of understanding of the way power functions in the Confucian world. As a result, despite an appropriate legal foundation and a high level of strategic partnership with the PRC, Ukraine is not using opportunities for cooperation with the world's largest exporter and second biggest economy, a country that has the world's largest gold reserves and virtually unlimited investment opportunities.

Geopolitically, China is a conscious supporter of Ukraine's European integration and has always defined Ukraine as "an important country in Europe". China's leadership welcomed the signing of the EU-Ukraine Association Agreement and has certain strategic plans to involve Ukraine in the Great Silk Road project, which is a personal initiative of China's leader Xi Jinping. In the case of the successful implementation of this ambitious plan (which bypasses Russia and gives China direct access to Europe through Central Asia and the

Caucasus), Ukraine will have a fundamentally new geopolitical place of “the first European country on the Silk Road”.

It should be noted that Europe is quite sympathetic to Chinese plans and, given the currently limited financial resources of the European Union, it does not oppose possible Chinese economic activity regarding Ukraine. Moreover, the EU is directly interested in modernizing Ukraine using Chinese money.

Thus, Ukraine has a unique opportunity to become the focus of the development of the Great Silk Road in the Black Sea-Baltic region, involving the Baltic states, Visegrad Four, Romania, Bulgaria, Belarus, and Georgia.

An important practical step taken by China towards the implementation of the Great Silk Road was the recently created Asian Infrastructure Investment Bank which has already aroused intense interest around the world.

China’s interest in cooperation with Ukraine is also linked to the decision of the Chinese leadership to create “foreign food bases”. In particular, it includes the use of Ukraine’s agricultural opportunities combined with China’s investment and technological capacities.

Military-technical cooperation and cooperation in the aerospace industry may become an important factor in the bilateral relations. China is still interested in the scientific and technical resources of the Ukrainian defense industry. Aircraft and engine construction can become a real area of Ukraine-China cooperation provided that there is a proper responsible attitude of the Ukrainian side.

In the current conditions, the Chinese side is eyeing the option of replacing Russia and becoming Ukraine’s leading military-technical partner. It is clear that this decision must be coordinated with Ukraine’s Euro-Atlantic partners. However, it should be noted that, unlike European integration, Ukraine’s accession to NATO raises certain concerns in China. However, all parties will follow their own national interests, which, thus, gives Ukraine free rein.

The main obstacle to the development of Ukraine-China strategic partnership from the Chinese side is the unconscious perception of Ukraine as part of the post-Soviet space to which Russia allegedly has some rights. On the other hand, Ukraine has a certain prejudice to “communist” China. Removing artificial barriers to the development of bilateral cooperation is the main task of the current stage of Ukraine-China cooperation.

2. UKRAINE'S INTEREST TOWARDS CHINA AND CHINA'S INTERESTS TOWARDS UKRAINE

Amid Russian aggression, the inadequate pace of reforms, financial and economic problems and, as a result, and an aggravation of social tensions, Ukraine is faced with an urgent task to look for additional opportunities in the international arena. These opportunities can facilitate proper Ukrainian-Chinese political dialogue at the highest level, China's role as a source of investment and technology, and cautious military-technical cooperation between the two countries.

The arrival of Chinese investments in eastern and southern regions of Ukraine will, at the same time, address the issue of protecting these regions from Russian subversion, because China's toughness in protecting its own economic interests is well-known to Russia.

Ukraine's aspiration and practical steps to establish the closest possible economic relations with Europe are not in any way an obstacle to cooperation with China. After the signing and ratification of the Association Agreement with the EU, Ukraine is, in a sense, a "gateway" to Europe during its implementation, which is important for the Ukraine-China relations, especially in the context of the New Silk Road project.

2.1. CHINESE VISION OF THE WORLD ORDER

The overall strategy of modern China's foreign policy was most fully expressed in the theory of "China's peaceful rise/development". This theory began to be shaped and implemented in the mid-1990s to improve China's international reputation through the implementation of the policy of "reforms and openness". "China's peaceful rise" is a new approach based on the principles of peaceful development, which will promote peace throughout the world.¹ As far as foreign policy is concerned, this concept is viewed in close

¹ *Pan Chengxin. Peaceful Rise and China's new international contract: the state in change in transnational society // Chelan Li, Linda. The Chinese State in Transition, Processes and contests in local China. – Routledge, 2009. – P. 129.*

relationship economic globalization. The peaceful rise theory is identified with China's further modernization whose success depends on open markets, institutional self-improvement, and mutually beneficial relations with other countries.² In the context of Western theories of international relations, China's peaceful rise theory is largely a liberal argument, as it accepts economic and other aspects of globalization in order to reject violence in the new type of interdependence in the modern international system. The official introduction of the new concept of China's foreign policy was made in several speeches of Jiang Zemin and then became "the essential guide" (重大指导, *zhòngdà zhǐdǎo*)³.

China's peaceful rise theory was based on the theory of harmony, which, despite global contradictions and mutual claims, should guarantee peaceful coexistence. In general, it is an expression of a more general concept of "peace and development" as a rejection of power politics and Cold War mentality.⁴

China's peaceful rise theory became the official ideology during Hu Jintao's⁵ leadership in order to rebut the "China threat theory", which indicates possible challenges of the new political, economic, and military giant of the 21st century. In this way, an attempt was made to reassure other countries that China's rise was not a threat to peace and security and would not lead to the emergence of Chinese hegemony.

China's peaceful rise theory positions China as a responsible world leader guided by soft power and as a country focused on solving its internal problems, improving the welfare of its people, and not interfering with other countries' affairs. Furthermore, the term indicates China's willingness to avoid any international confrontation and tension.

² Zheng Bijian. *China's 'peaceful rise' to great power status // Foreign Affairs. – 2005, Sept/Oct. – №5. – P. 18-24.*

³ 夏立平, 江西元. 中国和平崛起。 – 北京, 2004。 – 页139–140。

⁴ 夏立平, 江西元. 中国和平崛起。 – 北京, 2004。 – 页26-27。

⁵ Zheng Bijian. *Way that Communist Party of China takes in 21st century // People's Daily. – 2005, November 22.*

In general, China's peaceful rise theory includes:

- 1) favorable international situation;
- 2) implementation of peaceful policy;
- 3) establishment of own cultural characteristics;
- 4) self-limitation of expansion capabilities;
- 5) development strategy based on peaceful means of obtaining resources.

The application of this concept was mainly aimed at the people of Asia and the United States in order to convince them of the safe prospects of China's military and economic growth and, therefore, the absence of a threat to peace and stability – and even probable benefits for all countries. The doctrine emphasizes the importance of soft power and is partly based on the assertion that good relations with neighbors will strengthen, not diminish, the comprehensive capacity of China.

In November 2012, Xi Jinping proposed a new ideology – the Chinese Dream concept,⁶ which attempts to combine traditions with modernity in order to reach a new stage of reforms.⁷ The Chinese Dream envisages a strong and rich state, national revival, people's happiness, and a general vector of reforms in the context of China's basic strategy “on the way of change”.

By refusing to think in the categories of class antagonism during the years of reform, China has relied on the acceptance of anything that will work for the creation of a powerful and rich state and the implementation of the Chinese Dream about the great revival of the Chinese nation. Overall, the Chinese Dream combines elements of Mao Zedong's “dream” (construction of socialism), the idea of China's activation by Deng Xiaoping and Jiang Zemin, and Hu Jintao's concept of harmonious society.

6 *Xi Pledges “Great renewal of Chinese nation” // Xinhua. – November 29, 2012. – http://news.xinhuanet.com/english/china/2012-11/29/c_132008231.htm*

7 习近平在十二届全国人大一次会议闭幕会上发表重要讲话// 新华, 3月17日 2013, http://news.xinhuanet.com/2013lh/2013-03/17/c_115052635.htm

In an interview with foreign media in May 2013, Xi Jinping said that China would not only develop itself but would also be responsible for the development of the world and contribute to this development, creating goods not only for the people of China but also for the nations around the world.

China's foreign policy radically changed its character due to the rejection Deng Xiaoping's call for moderation and restraint which he issued in the late 1970s. According to this approach, Chinese diplomats demonstrated that the country set for itself exclusively peaceful purposes and that its foreign policy was aimed at ensuring conditions for internal development. Beijing always avoided talking about any interests outside its own territory and did not intervene in international conflicts. Its responses were limited to the wording of its position – usually these were calls for peaceful resolution of disputes.

Officially, this course remains unchanged, but a new ideology of foreign and defense policy is taking shape. **The main elements of this ideology are as follows:**

- 1) China for centuries suffered “humiliation” from the UK, Russia, France, Japan, and then from the Soviet Union and the United States (annexation of territories, looting, and trampling of national interests).
- 2) China has always been a peaceful state and non-Han nations joined China of their own volition; moreover, these peoples received assistance which contributed to their development.
- 3) The United States is currently a competitor of China.
- 4) In order to continue to rise, China badly needs different kinds of resources competition for which becomes tougher every year. Thus, the Chinese army must be ready to protect the interests of the country in any region of the world.
- 5) As a state with ancient culture and an efficient economy, China has proved its superiority over other countries, so China must become the world leader and most powerful country (“Chinese Dream”).

Thus, the idea of “the great revival of the Chinese nation” has received a new meaning, new direction, and new form of realization – it is a global strategy of a foreign economic offensive.

The key role in the revival of the Chinese nation is given to the stimulation of China's development by increasing its soft power, which started in the mid-2000s. With the development of all spheres of public life, culture is increasingly becoming an important source of the reunification of the Chinese nation and an important part in the competition for international power.

The idea of the “community of common destiny” is the latest Chinese concept of the construction of a new world order. Xi Jinping talked about it in his speech at the 70th UN General Assembly on 28 September 2015 in New York. In particular, he noted that although the idea of preserving peace was supported by everyone, humanity had to overcome many obstacles to achieve it. He also said that in the modern world all countries are interdependent and thus have a common future. By reaffirming the principles and purposes of the UN Charter (peace, equality, justice, democracy, and freedom), Xi Jinping called for the creation of international relations of a new type based on cooperation for mutual benefit and for the creation of a community of common destiny.

Xi Jinping identified five key principles as prerequisites for the success of this transformation:

- 1) Partnership relations between countries are possible only when each country treats the other as an equal, permanently conducts consultations, and seeks mutual understanding. Big countries should not offend, oppress, or suppress small, weak and poor ones. The sovereignty and territorial integrity are inviolable, but the principle of sovereignty means also non-interference in internal affairs and the right of all countries to choose their social system and development path. The denial of the policy of forming blocs and unilateral actions.
- 2) It is necessary to create a new security system, which will be based on justice, legality, joint efforts, and collective benefit. The formation of new views on the global, universal, common, and stable security to prevent war. The

two-pronged approach to this includes the need of settle disputes but at the same time use coercive means to turn hostility into friendliness.

- 3) The world must move to open, innovative, inclusive, and mutually beneficial development. Future welfare cannot be built on the shaky foundation of the market that has no moral constraints. China stands for the power of synergy between the market and government actions to ensure equality and justice.
- 4) Intercivilization dialogue: the diversity of civilizations facilitates exchange which leads to integration, and integration opens up opportunities for progress. But diversity is only possible if there is mutual respect and tolerance, sharing the best, and harmonious coexistence.
- 5) Humanity must build an ecological civilization, i.e., remove the contradiction between further industrialization and environment protection.

When proclaiming these principles, Xi Jinping has stressed that, despite its power, China will never seek world hegemony and expansion and will not claim a sphere of influence.⁸

Therefore, as a “center country” China seeks to create a multi-level model of relations with various countries, which has the general outline of a multipolar world. To this end, China is establishing friendly relations with countries around the world, without paying attention to its importance and significance, as it is literally reflected in China’s foreign policy doctrine. The only condition here is the consistency and predictability of these partnerships, something China encourages not only in the form of economic relations but also by funding certain social projects.

⁸ *Joint development of new partnership relations and win-win cooperation, creation of a community of common destiny. Speech by China’s leader, Xi Jinping, during the debate at the 70th UN General Assembly, 28 September 2005 // China’s Foreign Ministry– <http://www.fmprc.gov.cn/rus/wjdt/zyjh/t1320114.shtml>*

Ukraine could play a special role here as a country that has an important geopolitical and geo-economic position on the New Silk Road, as a bridge between Europe and Asia.

2.2. STAGES OF THE UKRAINE-CHINA RELATIONS

The Ukraine-China relations developed rapidly between 1992 and 2004, which had to do with the high level of political dialogue, the establishment of the necessary legal framework, and practical implementation of the agreements reached in different areas of cooperation (trade, economic, military-technical, scientific, educational, and cultural). Ukraine's second president Leonid Kuchma established personal contact with the head of the People's Republic of China Jiang Zemin in 1994-1995 as the two exchanged state visits. This resulted in a declaration of strategic partnership between the two countries. However, this successful start was interrupted under President Viktor Yushchenko in 2005-2010 when Ukraine's foreign policy was focused more on the EU and the US than on China and other Asian countries. Domestic political disputes in Ukraine in that period also had a negative impact on the Ukraine-China relations – they certainly existed but they had declarative nature without any significant achievements.

In its turn, China distanced itself from countries where so-called “color revolutions” had taken place. The Euro-Atlantic course declared by Kyiv led to the “reformatting” of its relations with Beijing.

In late 2005, Kyiv repeated its nearly decade-old mistake by allowing an official from Taiwan to visit Ukraine. On 3-7 November 2005, Deputy Secretary General of the Office of “Taiwan's President”, Huang Chih-Fang, participated in a meeting of the Board of Trustees of the NGO “International Crisis Group”,⁹ which examined the situation in Asia. As a result, China cancelled the planned meeting of the commission for trade and economic cooperation with Ukraine.

⁹ *International Crisis Group, ICG, <https://www.crisisgroup.org/>*

Nevertheless, China supported Ukraine on its way to market changes in 2005. The protocol between Ukraine and China on access to the markets of goods and services within Ukraine's accession to the WTO was signed on 16 December 2005 in Hong Kong. In its turn, Ukraine recognized the Chinese economy as a "market" one.

Yushchenko never visited China during five years in the president's office. After a long break, Ukrainian-Chinese political dialogue was resumed during the visit of the Chairman of Verkhovna Rada of Ukraine, Oleksandr Moroz, to China on 27-31 March 2007. However, it almost coincided with the dissolution of the Verkhovna Rada of Ukraine initiated by President Yushchenko. For the Chinese side, it was another proof that Ukraine was in a zone of increased political turbulence which prevented the construction of stable relations at the highest political leadership level.

Nevertheless, even in these conditions China demonstrated interest in expanding cooperation with Ukraine by continuing bilateral contacts mainly at the level of parliaments and advisory bodies.

At this time, Ukraine continued to actively work on previously signed contracts with China, particularly in the military-technical sphere and regarding technology exchange. New contracts were concluded as well. However, Anatolii Kinakh, a member of the parliamentary National Security and Defense Committee at the time, noted: "The lack of strategy and systemic actions in the development of military-technical cooperation and the failure of almost all state programs to develop new equipment and weapons led to a significant reduction of Ukraine's participation not only in the projects but also in the markets of China's machinery and weapons." Moreover, after a couple of years China itself gradually became a competitor for the Ukrainian military industrial complex, displacing Ukrainian producers from markets in Asia and Africa.¹⁰

In April-May 2005, China began works on the aircraft-carrying cruiser Varyag which it bought from Ukraine in 1998 in an unfinished

¹⁰ *K. Lazarenko. Visit of the Minister of Defense Yuriy Yekhanurov to China begins today // Economic News, 13 January 2009. – <http://state.eizvestia.com/full/43880>*

condition. On 26 September 2012, the ship officially joined the Chinese Navy under the name Liaoning (16).

The result of the “five-year plan” after the Orange Revolution was stagnation in the Ukraine-China relations. From April 2003 until April 2010, there was virtually no dialogue between the two countries at the level of the heads of state. Moreover, the Ukrainian Minister of Foreign Affairs did not visit China for six years (from July 2004 until July 2010), while his Chinese counterpart stayed away from Ukraine even longer – for nine years (from April 2001 until May 2010). Only one meeting between the heads of foreign ministries of the two countries was held during this period within the framework of the 60th session of the UN General Assembly in September 2005.¹¹

After the victory of Viktor Yanukovich in the presidential election in early 2010, China initiated the revival of relations with Ukraine at the highest political level. The first meeting of the leaders of the two countries took place during the Nuclear Security Summit in Washington (USA) in April 2010. Yanukovich visited China in September 2010. During the visit, one of the discussed topics was raising the level of relations between the two states. The following decision was the result of this: “The parties will make joint efforts to fill bilateral relations with strategic content, as well as to establish and develop strategic partnership”.¹² China reaffirmed its commitments given to Ukraine after the last nuclear disarmament in 1994 and found it possible to continue consultations “to further strengthen nuclear security guarantees”. The parties agreed to establish the Commission on Cooperation between the People's Republic of China and Ukraine co-chaired by the vice prime ministers of the two countries and, within its structure, subcommittees on cooperation in economy and trade, science and technology, agriculture, space, culture, and education. From that time on, dialogue between Kyiv and Beijing began to revive.

11 *Obraztsova A. Ukraine-China: reset // Profil, 11 September 2010. – <http://minprom.ua/digest/51013.html>*

12 *Joint Statement of the PRC and Ukraine on the comprehensive enhancement of the Ukraine-China relations of friendship and cooperation, 6 September 2010 <http://ua.china-embassy.org/rus/zwgx/t737970.htm>*

Ukraine has supported China in initiatives to reform the United Nations and international financial institutions, build a multi-polar world, and democratize international relations in order to create a more harmonious world with long-term peace and common prosperity.

In contrast, strategic partnership between the two countries had economic than political foundation. It would have been more appropriate to use Kyiv's advantages in connection with the economic transformations taking place in China after the 2008-2009 global financial crisis and with China's gradual transition to a new reform model. Unfortunately, some much-touted achievements of Yanukovich's visit, in particular significant Chinese investments, remained only on paper.

In June 2011, China's head of state came with an official visit to Ukraine after a ten-year break. During the visit, the Declaration on the Establishment and Development of Strategic Partnership was signed. Various other agreements were signed, totaling USD3.5 billion. The Chinese leader Hu Jintao expressed four theses which in his opinion would allow the two countries to take advantage of "chances, advantages, and potential" for cooperation:

- 1) In the trade and economic cooperation: to increase trade volume, optimize trade structure, and increase the proportion of products with higher added value and high-technology products.
- 2) Implement major cooperation projects. Governments must create conditions for these projects to bring socio-economic benefits as soon as possible.
- 3) Expand mutual investments. The Chinese government will encourage Chinese enterprises to invest and work in Ukraine. It will provide financial support for important cooperation projects.
- 4) Deepen cooperation in the fields of high technology using the principle of complementarity. Cooperate in such areas as aviation, shipbuilding, bioengineering, and the development of new materials. Collaborate in the implementation and

application of scientific and technological developments in industrial production.¹³

These words make it clear that China has long had for Ukraine a scenario different from turning it into a supplier of raw materials.

Year 2012 was the 20th anniversary of the establishment of diplomatic relations between China and Ukraine. It turned out that most of the agreements of previous leaders were not fulfilled. Some projects, such as the infamous Air Express project, turned out to be a feeding trough for corrupt Ukrainian officials, who obviously had no plans to implement the project transparently.¹⁴

In 2012-2013, numerous Ukrainian-Chinese documents and agreements were signed concerning specific sectors and areas of cooperation that had previously been ignored.¹⁵ However, it should be noted that this activity did not increase the efficiency of the Ukrainian government with regard to improving relations with China. A significant number of agreements are not fulfilled and remain only declarations of intent.

The trend of development and finding new opportunities persisted in 2012-2013 in the framework of the Ukraine-China relations of strategic interaction and partnership cooperation. The visit of President Yanukovich to China in December 2013 took place against the background of a new deep internal political crisis in Ukraine: the cause of the crisis was the failure to sign the Ukraine-EU Association Agreement during the Vilnius summit on 28 November 2013 due to pressure from Russia. The result of this visit was the signing of the Treaty of Friendship and Cooperation between Ukraine and China (a basic policy document which the parties were talking about for almost 15 years; the

¹³ *Hu Jintao meets with Prime Minister Mykola Azarov, Ukraine // Embassy of China in Ukraine, 21 June 2011. – <http://ua.china-embassy.org/rus/zwgx/t832759.htm>*

¹⁴ *Air Express placed under the control of the Ministry of Infrastructure // UNIAN, 23 June 2015. – <http://economics.unian.ua/transport/1092595-povitryaniy-ekspres-pereyshov-pid-upravlinnya-mininfrastrukturi.html>*

¹⁵ *A total of 57 agreements with China were concluded in 2010-2013.*

term of the treaty is 10 years), the Joint Declaration on Further Deepening Strategic Partnership between Ukraine and China and the Program of Strategic Partnership between Ukraine and China for 2014-2018.¹⁶ Thus, Yanukovich's visit was the completion of an important stage in the Ukraine-China relations, which was characterized by overcoming the effects of stagnation in 2005-2010 and achieving "deeper strategic partnership".

Therefore, the end of 2013 was marked by the Ukraine-China relations soaring to the highest level since independence, but these relations were put on hold with the beginning of the Revolution of Dignity. China's new leadership did not support Yanukovich's approach to resolution of the political crisis in Ukraine. When the State Duma of the Russian Federation issued permission on 1 March 2014 to use its own troops against Ukraine, China took a clear position as soon as on 2 March in support of Ukraine's independence, sovereignty, and territorial integrity and urged the sides to use dialogue and negotiations based on international law and the norms of international relations for peace and stability in the region. In addition, a Chinese representative expressed an opinion that there were reasons for the events in Ukraine. This approach made it possible to interpret China's official position widely and variously.¹⁷ As the revolution events unfolded, China urged the parties in Kyiv to resolve conflicts on the basis of law and legitimate interests of the Ukrainian people. Unlike Moscow,

¹⁶ *The importance of these documents is, among other things, that, for the first time in the history of bilateral relations, a legally binding document (an agreement) was signed to define key principles and establish the foundations for further development of the Ukraine-China strategic partnership and that specific areas and industries for practical cooperation and joint projects were determined until 2018.*

¹⁷ *Somewhat later, Qin Gang, a spokesman of China's Ministry of Foreign Affairs, clarified his country's position: "China always advocates respect for the sovereignty and territorial integrity of any country. China always sticks to this main course of foreign policy. The Chinese side believes that the Ukrainian crisis has complicated historical background and is caused by modern realities. All this must be analyzed and taken into account when resolving the crisis." See: China calls on all stakeholders to work towards a political settlement of the crisis in Ukraine – The MFA of China // Xinhua, 13 March 2014. – <http://russian.people.com.cn/31521/8568055.html>*

which urged Yanukovych to take more active and tough actions to curb the protests, China strongly condemned acts of violence.¹⁸

On 4 June 2014, the President of China sent a telegram with greetings to the newly elected President of Ukraine, Petro Poroshenko, pointing out that “the Chinese side attaches great importance to developing relations with Ukraine”. Presently, Ukraine and China speak in favor of further intensification of bilateral relations, efforts to fill them with strategic content, intensification of political dialogue, including at the level of the legislative and executive authorities of Ukraine and China, and strengthening strategic mutual trust.

As a new global player, China has taken a clear position on Russian aggression against Ukraine: it supports the sovereignty and territorial integrity within the 1991 borders. However, unlike the US and Western states, China believes that sanctions against Russia are inefficient. China was one of the first countries in mid-March 2014 to propose a peaceful settlement of the “Crimean issue” in the form of an international coordination mechanism which had to include all stakeholders.¹⁹ These calls and China’s position were virtually ignored by Kyiv, its Western partners, and Russia. When the situation on the front became critical for Ukraine and talks began in August and September, China was not involved in any of the negotiations formats.

In our opinion, Kyiv should be the first to respond to these ideas and make practical effort to have China involved in negotiations. However, for two years now we see a reluctance of Kyiv, its partners, and Russia to seek an alternative to the Minsk format, which, as even its direct participants acknowledge, is not a way to resolve the conflict as such. A number of Chinese experts share the same

¹⁸ *The Spokesman of the Ministry of Foreign Affairs, Qin Gang, responds to a reporter's question on the situation in Ukraine* // // China's Ministry of Foreign Affairs, 2 March 2014. – <http://www.fmprc.gov.cn/rus/xwfw/fyrth/fyrbthdhdw/t1133559.shtml>

¹⁹ *China calls all parties to make efforts for the resolution of the political crisis in Ukraine – Chinese Foreign Ministry* // Xinhua. – 13 March 2014. – <http://russian.people.com.cn/31521/8568055.html>

opinion. Although Ukraine and China completed internal procedures for the ratification of the Treaty of Friendship and Cooperation in 2014-2015,²⁰ dialogue at a high political level has not resumed.

2.3. CHINA AS A STRATEGIC PARTNER OF UKRAINE

China has adjusted its relations with major powers and improved relations with neighboring countries through the establishment of strategic partnership with them. China's diplomatic relations with countries can be divided into several levels: simple diplomatic relations, good neighborly and friendship relations, and relations of partnership and cooperation. Partnership relations in China are divided into common partnership, constructive partnership, comprehensive cooperation and partnership, strategic partnership, strategic interaction and partnership, and comprehensive strategic cooperation and partnership. China has established partnerships with major states, BRICS, G20 and neighboring countries at different levels, but based on the common principle of partnership: seek the common rather than confront each other, set differences aside, and not to cause harm to third countries.²¹

According to China, the main components of strategic partnership are as follows:

- non-confrontation: not to become involve in a conflict, conduct international coordination, and promote the equality of relations based on the five principles of peaceful coexistence;
- non-affiliation and no action against any third country: this is a new type of international relations where there is no desire to harm the interests of a third country;
- low level of political cooperation: in contrast to classical models, strategic partnerships between China and other

²⁰ *The exchange of ratification documents has not taken place yet.*

²¹ *Dai Zhiting. Concepts Defining Bilateral Relations // Global Times. – 3 February 2010, 5th edition.*

countries, large or small, is characterized by a low level of political cooperation and is rather symbolic than actual.²²

China's transition from the status of a relatively closed continental state to that of the second biggest economy in the world does not, however, give China opportunities for global leadership of the Soviet type. Therefore, the Chinese leadership is not trying to claim this type of leadership but, rather, seeks to use economic transformations, a focused foreign policy strategy for modifying the rules of the world system, and the formation of vast areas of China's close cooperation with countries along the entire perimeter of its borders.

Relations between great powers are crucial for maintaining global stability. Thus, in order to prevent long-term confrontation and maintain constructive cooperation, China has established strategic relations with Russia, the US, France, the UK, India, and Germany. In the hierarchy of Chinese diplomacy, relations with the great powers remain a key factor; the principle of a stable and prosperous periphery is a fundamental prerequisite for the peaceful development of China.

The current Ukraine-China relations are largely influenced by China's growing political and economic interests regarding the countries of the EU and New Eastern Europe (Belarus, Ukraine, Moldova, Latvia, Lithuania, and Estonia). Politically, China would like to be an important player in post-Soviet Europe, which, above all, is an area of interest of the EU and Russia. China consistently strengthens relations with New Eastern Europe by enhancing political dialogue and deepening economic relations, primarily by providing financial assistance. This interaction was most important during the recent global crisis, when the countries of New Eastern Europe badly needed economic support, and China adeptly took advantage of this situation.²³

²² *However, this does not mean that China is not willing to develop political relations and tackle security issues together with other countries. As cooperation in these areas is very sensitive, China is trying to promote the development of comprehensive relations based on economic cooperation.*

²³ *Szczudlik-Tatar, J. China's Policy Towards Central and Eastern Europe // Bulletin PISM, 9 May 2011. – No. 44 (261).*

Since Russia is skeptical about the possibility of providing China with military technologies due to the high probability of copying, obtaining them from Ukraine gives China two advantages: first, China will receive technologies, and secondly, it will strengthen its positions in the country which Russia considers its sphere of influence. In addition, China plans to implement its global strategy to increase exports and investment in potential markets located between Russia and the EU. Ukraine could become an important place to promote Chinese products and brands, gain access to new markets, and acquire strategic assets.

China's assistance is also politically motivated. Chinese loans and investments in Ukraine may create better positions for China in negotiations with Russia and the EU.

However, rapprochement with Ukraine can go only so far as China will need to keep at a safe always maintaining balance in the geopolitical US-Russia-China triangle and in the world. It is important for Ukraine to show China its own foreign policy concept, which should not entirely depend on the US and EU, because otherwise it will be perceived by China as a "loss of face". The relations between Ukraine and China are asymmetric because the initiative to essentially reset their relations must come from Ukraine which has gone through a revolution and a complete replacement of the government. Ukraine should confirm or explain its position on cooperation with China.

In 2014-2016, Ukraine has focused on the problems of restoration of its territorial integrity, internal policy processes, and relations with the EU and the US. In its Asian policy, Kyiv has practically repeated all the mistakes made by the Orange Revolution leaders: distancing itself from China and attempts to deepen partnership with Japan. This explains the clear reluctance of the Ukrainian authorities to fulfill the already concluded agreements and arrangements with China (including the Program of the Development of Strategic Partnership Relations between Ukraine and the People's Republic of China for 2014-2018). The Intergovernmental Commission on Cooperation have not met for several years now.

Ukraine currently lacks a strategy for further development of its relations with China and practical implementation of documents

2. Ukraine's interest towards China and China's interests towards Ukraine

already signed. In contrast to the Ukrainian government, businesses are actively seeking opportunities in China, but it is very hard to do without government support, because they will need to compete with leading foreign companies which have such government support.

Over the past two years, the perception of Ukraine in China has changed significantly in the political circles and society in general. For Chinese people, Ukraine comes across as a European country which has ceased to be part of the post-Soviet space, Russia's satellite country, or even part of Russia. Ukrainians are finally viewed as a separate nation. But the Chinese people do not abandon the idea that there are Russian interests in the post-Soviet space.

The implementation of the Treaty of Friendship and Cooperation between Ukraine and China and the Program of Strategic Partnership between Ukraine and China for 2014-2018 should become an effective platform for raising the bilateral relations to a new level and for engaging in large-scale cooperation. It is important to emphasize that all political forces in Ukraine (excluding the radical right) stand for the development of strategic partnership with China.

However, in present conditions Ukraine-China cooperation requires new thinking, new approaches, and at the same time, healthy conservatism. On the one hand, China remains probably the only "trouble-free" external source of modernization and opportunities for economic growth for Ukraine, because it does not cause any warnings from Europe, the US, or Russia. China's balanced position on Russian aggression against Ukraine and the annexation of Crimea and its support of Ukraine's sovereignty and territorial integrity are an important factor of international solidarity with regard of Ukraine in today's challenging geopolitical environment. On the other hand, the implementation of the already signed agreements on Ukraine-

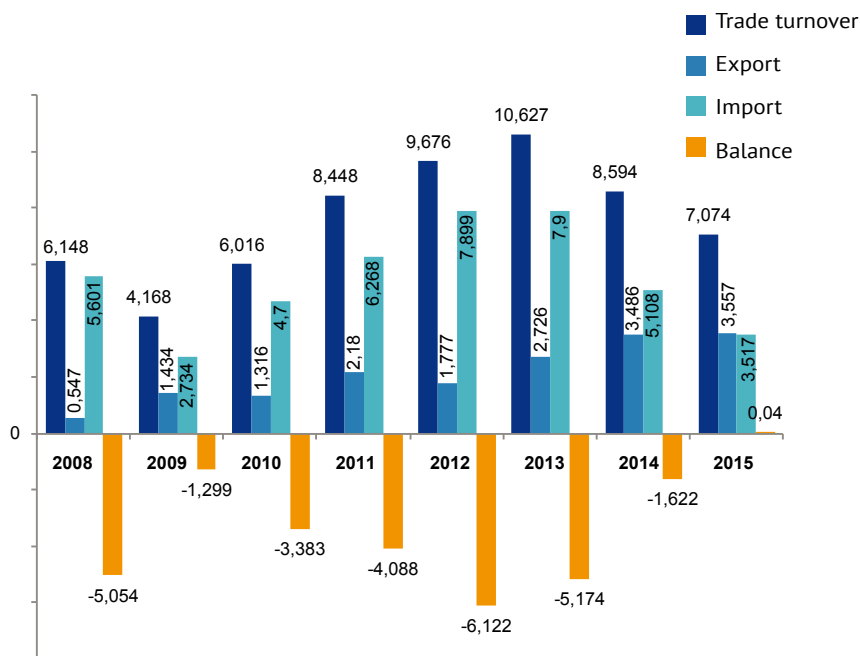
China cooperation²⁴ in all areas faces a number of obstacles and does not meet the current needs of both sides.

At present, there are some signs that Chinese activity and the implementation of declared projects are slowing down and the issues of funding Chinese businesses in Ukraine are becoming more difficult to resolve. The question is quite pointed now: either Ukraine as a state retains a high level of bilateral relations with China and uses it to solve its own urgent problems or these relations will be frozen for an indefinite period, because the inertia of China's foreign policy is well-known.

2.4. THE CURRENT STATE AND PROSPECTS OF UKRAINE-CHINA COOPERATION

In terms of trade turnover Ukraine is China's third biggest trade partner in the CIS (after Russia and Kazakhstan). The People's Republic of China ranks first among Ukraine's trade partners in the Asia-Pacific region.

²⁴ *There are a total of 291 documents in force. The key documents include the following: the Joint Communiqué on the Establishment of Diplomatic Relations between Ukraine and the People's Republic of China and the Memorandum of Understanding on the Establishment of Diplomatic Relations between Ukraine and the People's Republic of China (4 January 1992); the Agreement between the Government of Ukraine and the Government of the People's Republic of China on Trade and Economic Cooperation (8 August 1992); the Joint Declaration on the Establishment and Development of Strategic Partnership between Ukraine and the People's Republic of China (20 June 2011); the Treaty of Friendship and Cooperation between Ukraine and China, the Joint Declaration of Ukraine and China on Further Deepening of Strategic Partnership, and the Program of Strategic Partnership between Ukraine and China for 2014-2018 (all three documents dated 5 December 2013).*

Graph 1. Trade turnover between Ukraine and China (billion USD)

China has a considerable investment potential and the world's largest gold reserve. China is the fifth biggest exporter of capital in the world. The economic diplomacy of China is primarily focused on "ideologically close" partners: developing countries in Asia, Africa, and Latin America, which are under the unofficial auspices of China in one way or another. The intensive activity of Chinese investors in foreign markets has not led to increased Chinese investments in Ukraine's economy. As of 2013, Chinese investments amounted to a mere USD18.79 million out of the total USD54.5 billion of foreign investments in the Ukrainian economy (slightly more than 0.03%). This situation clearly does not meet the needs and potential of Ukraine.

The existence of the mechanism of state guarantees in the Ukraine-China economic relations only hampers Ukraine's opportunities to

obtain Chinese investments. Therefore, the issue of working on the algorithm of interaction and looking for new forms of cooperation should be put on the agenda. In particular, it includes using direct investments from Chinese companies, partial state guarantees, and other forms of partnership. The establishment of a joint investment fund on equal terms could be a way out of this situation.

Ukraine and China should begin with the elaboration of medium and long-term plans for partnership between the two countries through production cooperation and creation of industrial parks and zones of technological development involving Chinese capital. Thanks to the joint production of high-tech products with China, Ukraine will be able to secure for itself a worthy place in world markets.

In addition to these factors, which are not inciting for investment in Ukraine, the question of ending the war is crucial today. Also, the stability and predictability of rules for foreign investors in Ukraine are important for Chinese investors. As long as investor rights are shaky, hostile takeovers exist, and justice is hard to find in court, investments in Ukraine will be considered risky.

Despite the current difficult financial and economic situation, Ukraine still has a number of technological, scientific and industrial capabilities which are of interest to China in the context of developing advanced sectors of its economy and implementing important strategic projects in various fields. Ukraine's economic sanctions against Russia significantly narrow the possibilities of Ukrainian exports to Russia and require a search for new markets for engineering, aircraft construction, military, and dual-purpose products. In this context, it is necessary to use already accumulated experience of the military-technical cooperation between Ukraine and China in order to strengthen and reformat it in current conditions. Science and technology are a powerful and lasting foundation for cooperation between our countries.

In terms of the need for a quick and effective modernization of the Ukrainian economy and adapting it to the modern world market, China's investment, production, scientific, and technological capabilities can be an important resource for the development and upgrading of relevant industries for Ukraine. They can stimulate

Ukraine to restore its position in the global technology market. At the same time, it allows Chinese businesses to take appropriate niches on the Ukrainian market, which is quickly integrating with the European Union.

Joint projects, implemented by Ukrainian and Chinese experts, deal with high technology, new materials, environmental protection, and production of medications.

Cooperation with China in the space sector is particularly beneficial for Ukraine, as it enables efficient use of Ukraine's space potential. In Ukraine, the sources of funding are limited in this area, while China is turning into one of the leading investors in space exploration. Ukraine is now fulfilling 21 contracts with China worth a total of over USD67 million and is implementing its own five-year program of space industry development (2012-2017). Ukraine has a concept of its space activities until 2032.

China has a very ambitious and financially secure space program and clear interest in the import of finished high-tech products. Ukraine should take advantage of this in the interests of national production.

Another very important issue of Ukraine-China cooperation is cooperation in agriculture. Agricultural production has two essential elements: the availability of fertile land and new technologies. China has made significant progress in growing cereals and livestock development in recent years. The availability of large areas of arable land with high fertility potential in Ukraine is of strategic importance for possible cooperation in this area. In mutually beneficial cooperation with China, Ukraine is fully able to make a significant contribution to food security in the world and become a powerful player on the international food market. For its part, China has the ability to provide the required volume of food imports from Ukraine at the strategic level.

Furthermore, the following projects are considered as a priority: the construction of plants in Ukraine to produce crop protection means and fertilizers (Ukraine has to buy almost all of these products abroad), the use of new technology, increasing crop yields and the

productivity of cattle and poultry breeding, and developing logistics in agriculture.

According to the signed agreement, Ukraine had to supply 4.5 million tons of corn and other crops in the 2013 marketing year and 5 million tons annually starting from 2014 and during the next 13 years. This is a significant opportunity for Ukrainian farmers to strengthen their presence on the world corn markets, particularly on the promising Chinese market. Corn exports to the Far East countries amount to about 13% of Ukraine's total exports, and penetration into the Chinese market will allow Ukraine to at least double this figure. Unfortunately, as in other areas, the implementation of the Ukraine-China corn contract faced the corruption of the Ukrainian side, which led to serious negative consequences.

According to commitments and public statements made by China's leadership, the country seeks to double the consumption of meat, soybeans, and cereals over the next two decades. This is an enormous potential and opportunity for Ukrainian corn and meat sectors. The domestic agricultural industry needs investment and implementation of advanced technologies. However, the majority of Ukrainian agricultural companies are so far focused exclusively on grain exports. Grain processing and the production of meat, milk, and other products with their further export to the Far East countries seem to be much more promising.

Ukraine-China interaction opens serious prospects in the construction of transport corridors and supply of Asian goods to Europe. Not only China, but also most countries in Asia are interested in reducing the cost and time of transportation of goods from producer countries to countries with large consumer markets, particularly in the European Union.

New transport routes pass through China, Kazakhstan, Russia, Belarus, Poland, and Germany. Transit time is 16-18 days, which is 15 days faster than by sea. The city administration of Zhengzhou already services 6 trips along the new route with goods worth about USD100 million and plans to increase its capacity to 50 trips with goods worth USD1 billion.

2. Ukraine's interest towards China and China's interests towards Ukraine

Ukraine is interested to actively participate in the expansion of the geography of this transport corridor. Our country's geo-economic location, developed transport infrastructure, broad consumer opportunities of the domestic market, and active trade and economic relations with neighboring countries and China are conducive to this undertaking.

Since the time China stimulated the development of its eastern and southern regions and shifted its attention to the development of central and north-western regions, a new trend of China's exhibition activities has emerged in the past five years. Its key features are as follows:

- the focus of events has been moved from the south to China's centre and west;
- China-Eurasia fairs;
- Investment & Trade Forum Between China East and West.

According to the leadership of China, fairs are forums not only for meetings and signing agreements – they are also designed to facilitate the implementation of more ambitious plans, including the idea of creating the Silk Road Economic Belt through the presentation of investment and trade opportunities of participating countries.

Tourism development and promoting people to people contacts, humanitarian cooperation, and cooperation in education and culture – all of these are the necessary ingredients for further development of Ukraine-China strategic partnership. However, there are some hidden obstacles on both sides. Under the influence of Russian subversive propaganda, the flow of Chinese tourists to Ukraine has significantly reduced. The Ukrainian side has not overcome corruption on the Ukrainian border, although this issue was raised repeatedly at different levels of the Ukrainian government. Simplification of the visa regime with China will rapidly intensify cooperation in such areas as tourism, science, and business and humanitarian exchange.

Unfortunately, the attitude of Chinese society to Ukraine has changed over the past decade: people who studied in the Soviet

Union, including Ukraine, and worked with Ukrainian specialists and those who provided technical assistance to China after World War II are no longer professionally active. These days, young Chinese people know little about Ukraine and get possible information about our country mainly from third sources. Now, when Russia is waging an information war against Ukraine and resorts to outright misinformation and propaganda provocations against the Ukrainian people, the strengthening of Ukraine-China cooperation in the information sphere becomes strategically important. It includes the revitalization of the mutual media activities of the two countries and the development of new advanced technologies. The project to set up a new 4G network with the assistance of the Chinese side opens new far-reaching prospects for Ukraine. This project, if implemented, will open new opportunities for Ukraine and China.

The Ukrainian House opened in the capital of China on 17 September 2014. It is the first project of this kind in the history of the Ukraine-China relations. The sponsor of the project, Xinwei Telecom Enterprise Group (Xinwei Group), hopes for its successful implementation. It should be noted that thanks to the efforts of the Ukrainian House team, news published by the Ukrinform State Information Agency began to be translated into Chinese. For the first time, Chinese readers are receiving information in their native language, while previously they learned about what was happening in Ukraine through Russian media. Creating a favorable expert environment is an important element for strengthening Ukraine's positive image in China.

The Ukraine-China economic dialogue at the level of territories (Hong Kong, Macau, Taiwan) is worth separate consideration. Trade and economic cooperation with Taiwan could potentially become one of the factors of Ukraine's modernization, particularly in obtaining world-renowned Taiwanese technologies and attracting interesting investments to Ukraine.

Over the years of diplomatic relations with China, Ukraine has repeatedly emphasized its support for China's position on Taiwan and considered it as a province of China rather than an independent state. However, in today's globalized world European countries have successful experience of economic cooperation with this "Asian tiger"

which does not affect their relations with Beijing. In addition, the world witnessed the return of Hong Kong and Macau, former colonies and later independent territorial entities, to China. They are now special administrative regions in China. The expert community has almost no doubt that the peaceful reunification of Taiwan with China will happen in the medium term.

Supporting the policy of “one China”, Ukraine does not (and should not!) have diplomatic relations with Taiwan, but it can successfully work with Taiwan as a powerful and internationally accepted economic formation.

Relations with Taiwan should be developed in the fields of economy, investment, trade, culture, education, science, humanitarian contacts, etc. An important step would be to establish working contacts between representatives of relevant structures in Ukraine and Taiwan. In particular, the activities of the joint body need to be intensified in the framework of agreements signed between Ukraine's Chamber of Commerce and the corresponding structure in Taiwan. Close collaboration is also needed with the existing Kyiv office of the Taiwan Foreign Trade Development Council.

Taiwan, whose economy is based on the use of new technologies and innovation, should be considered as a potentially attractive economic partner for Ukraine and home of internationally renowned IT companies, which are among the world's largest electronics manufacturers. However, the distance, limitations of ways of communication, lack of knowledge about each other, the difference in economic development, and certain barriers for entering the Taiwanese market restrict bilateral relations to sporadic and not very intensive contacts.

Hong Kong is an important territorial subdivision as a centre where a significant part of China's financial stability is built. International financial relations and huge amounts of transactions of Chinese public corporations that operate abroad pass via Hong Kong. A large amount of Chinese investments also goes through Hong Kong. It should be emphasized that Hong Kong has a strong position in the world – it was ranked 20th in terms of freedom of business.

Hong Kong is an important participant in the international financial market and has a high concentration of offices of a large number of world financial companies. Moreover, Hong Kong has its own stock exchange where many public corporations trade their shares. Hong Kong's role in the global financial system is extremely important.

Unlike with China, Ukraine has had visa-free travel with Hong Kong since 2010. These considerations offer a perspective on new opportunities created for the development of business relations between Ukraine and Hong Kong.

2.5. UKRAINE'S PLACE IN CHINA'S ONE BELT, ONE ROAD PROJECT

In its current form, the One Belt, One Road concept looks like one of the most attractive geo-economic projects for Ukraine. Currently, its key advantages are as follows: inclusivity, openness and profitability for all participants, transition to unified rules for trade, integration and coordination of programs and development strategies for countries. The Chinese project is not contrary to the desire of Ukraine to further economic cooperation and economic integration with the European Union. In fact, it may increase Ukraine's advantages in this process and provide incentives to economic development in general. It can also provide an alternative, reduce the negative effects of severing economic relations with Russia, and help overcome Russia's ban on the transit of Ukrainian goods to Asia.

Analysts of the Institute for Strategic, Political, Security and Economic Consulting (ISPSW) say that the new Silk Road project may countries accounting for 55% of the gross world product (GWP), 70% of the world population, and 75% of all known energy resources.

If the initiative is implemented in practice, it can seriously affect the geopolitical landscape and lead to the creation of a number of alternative economic associations and opportunities. China itself initially expected to add about USD2.5 trillion to its annual turnover ten years after the strategy's implementation. This should occur through the intensification of trade relations with countries that are in the new Silk Road zone.

In 2015, China invested USD15 billion in the New Silk Road projects, while the amounts of already announced investment projects within the One Belt, One Road implementation reached USD75.9 billion as of June 2016. Since the President of China Xi Jinping announced the initiative to build a New Silk Road speaking at the University of Astana (Kazakhstan) in September 2013, 56% of all foreign Chinese investments have been directed to the countries participating in the project. To support the project, China has created the Development Fund of the Silk Road with the capital of USD40 billion. The Asian Infrastructure Investment Bank (AIIB), created at the initiative of China with the capital of USD50 billion and prospects to increase it to USD100 billion, is becoming a key institution which invests in projects in countries along the Silk Road in addition to the capital invested by Chinese businesses. Currently, the bank finances projects in Indonesia, India, Bangladesh, and Pakistan which are related to the One Belt, One Road initiative.

Although Ukraine was the first European country which expressed its support for China's initiative at the highest level, further developments in Ukraine has made its participation in this project only declarative. The attempt in early 2016 to take practical steps to use the One Belt, One Road project to transport goods from Ukraine to Central Asia and China by railroad was economically unsuccessful. Currently, Kyiv continues negotiations with its partners to reduce transport tariffs for one of the branches of the New Silk Road via Kazakhstan and Transcaucasia countries.

Another project discussed by Ukraine and China in the context of developing trade routes is a project of marine deep-water port which could effectively double the capacity of Ukrainian port infrastructure for the needs of the New Silk Road. Georgia is starting to build this kind of port on the eastern coast of the Black Sea in the village of Anaklia. Its design capacity is 100 million tons of cargo per year. Investments in the construction of the port amounted to USD2.5 billion, while the Georgian government will invest a mere USD100 million in the project. Ukraine is studying the technical capabilities to build a port with the same capacity on the northern coast of the Black Sea. The project cost was earlier estimated at USD3 billion.

Ukraine and China will continue to explore the potential of Ukraine's participation in One Belt, One Road. Currently, it is obvious that Ukraine has been focused on transport and logistics projects, although the potential of the One Belt, One Road project is much broader.

The experience of Belarus, where the Chinese have invested in the creation of the Great Stone China-Belarus Industrial Park, proves that the attention of Chinese investors may be focused on cooperation in the creation of technology parks, technology exchange and their joint development, joint production, creation of Chinese production and logistics centres in close proximity to end markets, and moving excess capacities of Chinese enterprises to countries that are located along the New Silk Road. Total investment in the project is declared at USD2 billion with a possibility of doubling. Investments by Belarus will amount to USD500 million.

Ukraine's advantage among all other countries in Central and Eastern Europe is that its ports make it possible to deliver goods in two directions: from China to Europe and from Europe to China. This is relevant because a big problem faced by the Chinese is that trains that bring goods from China to Europe with goods return empty.

There is still no understanding in Ukraine of the One Belt, One Road concept as a systemic innovation strategy that changes the existing geo-economic model of Eurasia and seeks to create an alternative regional economic space.

Oleh Diomin, Ukraine's Ambassador to China, comments: "We are now talking not so much about creating routes as about joint projects with China. In comparison with our colleagues, such as Kazakhstan and Azerbaijan, we are lagging behind in the comprehension of the Silk Road." According to Diomin, Ukraine is not sufficiently active in attracting real Chinese investments, especially when compared to the success of Georgia, Kazakhstan, and Azerbaijan. "In view of a deeper understanding of China's new economic strategy, it is even more interesting for Ukraine to attract Chinese money for the production of goods in Ukraine and sending them later to Europe and China," the ambassador said.

Thus, Ukraine's leadership should carefully approach negotiations with China on investment projects in order to defend Ukraine's own interests and needs. Above all, Ukraine has to determine its potential interests in the One Belt, One Road project, because they are still uncertain and not fixed in the form of a strategy.

2.6. REGIONAL LEVEL OF CHINA'S COOPERATION WITH CENTRAL AND EASTERN EUROPE IN THE 16 + 1 FORMAT: LESSONS FOR UKRAINE

In 2012, China and the countries of Central and Eastern Europe (CEE) adopted, on China's initiative, a joint decision to launch the 16 + 1 format of cooperation. This decision was the result of Beijing's awareness of the importance of CEE countries as part of a united Europe and overcoming ideological differences that emerged in China with the former countries of the "socialist camp". On the other hand, the Eurozone crisis has prompted CEE countries to search new opportunities, particularly in cooperation with China.²⁵

The new format of interaction is aimed to promote increased effectiveness of cooperation between China and the European Union (EU). In addition, Beijing expects to improve its image in Europe for further economic expansion. China is persistently developing the 16 + 1 format by introducing its institutionalization

²⁵ *Albania, Bosnia and Herzegovina, Bulgaria, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Hungary, Croatia, Montenegro, Czech Republic, Estonia, and China are involved in the 16 + 1 format. It should be noted that CEE countries have long been a priority in China's foreign policy. Beijing launched its first regional cooperation with this region in 2011 when a related economic forum in Budapest was held. In 2012, the first meeting at the level of the heads of governments was held in Warsaw, giving the official start of the 16 + 1 format. Subsequent summits at the level of the heads of governments in Bucharest (2013) and Belgrade (2014) were accompanied by a series of multilateral events. In particular, economic and investment forums, conferences at the ministerial level in various fields, etc. were held. Issues of cooperation in energy, tourism, education, agriculture, and infrastructure development were discussed.*

and launching a specific development program under which a special credit line of USD10 billion has been created. Beijing will continue to use the 16 + 1 format to deepen its political and economic presence in CEE.

In this sense, the 16 + 1 format directly concerns Ukraine, which should join this Chinese initiative. China had no reservations about the Ukraine-EU Association Agreement and has repeatedly declared its perception of Ukraine as “an important country in Europe” and emphasized the importance of Ukraine’s accession to the New Silk Road. Moreover, CEE countries are much closer to Ukraine than to Old Europe in terms of their development level.

Following the accession of 11 CEE countries to the EU, a clear understanding that this region is part of Europe rather than the post-Soviet space, was shaped in the Chinese government and expert circles. Beijing abandoned ideological claims concerning the former “Soviet bloc” countries and began to seek new opportunities for its economy in the region. The motives of the leadership of CEE countries are also purely pragmatic and determined by their countries’ economic interests. The further development of the 16 + 1 format will depend on the situation in the Eurozone and the development of EU-China relations.

According to Chinese analysts, the 16 + 1 format is most promising for the implementation of the One Belt, One Road project and major infrastructure projects in Europe. China offered to European partners to move on to more concrete cooperation and create a special interaction platform for this purpose. It is proposed to make agreements at the local level and expand cooperation at the level of small and medium-sized businesses. The issue of coordination will focus on trade and investment rather than politics. However, increasing mutual understanding may still be the most important goal. Therefore, special attention will be paid to make sure that the 16 + 1 format does not collide with China’s relationship with the EU in general and with the leading European countries in particular. Beijing emphasizes that cooperation in the 16 + 1 format complements and reinforces its strategic partnership with the EU embodied in the China-EU 2020 action plan.

2. Ukraine's interest towards China and China's interests towards Ukraine

Ukraine has much in common with the countries of Central and Eastern Europe and, after the signing of the Association Agreement with the EU, has every reason to strengthen its cooperation with these countries using various formats (Visegrad Four + 1, Ukraine-Poland-Lithuania triangle, BSEC, etc.). However, Ukraine's accession to the 16 + 1 and its modification to 17 + 1 has significant advantages in terms of both the activation of cooperation with China and implementation of the European vector of Ukraine's development. In addition, in this format it will be easier for China to strengthen cooperation with Ukraine without drawing unnecessary attention to it from Russia.

3. EXISTING AND POTENTIAL RISKS AND CONFLICTS

At present, the negative factors of the Ukraine-China relations are as follows:

- insufficient explanatory activities about the meaning and the ultimate goal of social and political reforms in Ukraine (for example, the Chinese would accept the de-Sovietization as a rejection of the negative legacy of the USSR but would not understand decommunization, because communism remains the official ideology of China);
- lack of coordination between ministries and agencies in their activities concerning China and essential stagnation of the Ukrainian part of the bilateral Intergovernmental Commission on Cooperation;
- insufficient attention to China by the Ministry of Foreign Affairs of Ukraine, inadequate staff recruitment in the Embassy of Ukraine in China (currently, 3-4 out of 30 employees know Chinese);
- negative “legacy” of corruption as an integral part of all major bilateral projects initiated under Yanukovich and continuing efforts to “appropriate” the Chinese direction by certain financial and industrial groups;
- blatant neglect of China’s proposals and projects and even deliberate opposition to the Ukraine-China cooperation by Ukrainian officials and regional elites.
- difficulties with obtaining Ukrainian visas for citizens of China remain a huge obstacle for establishing effective relations with China, and there are problems with ensuring the security of Chinese people living in Ukraine, including their businesses and property.

3.1. FURTHER DETERIORATION OF UKRAINE-RUSSIA RELATIONS AND THE ESCALATING CONFLICT IN THE DONBAS AND CRIMEA

Although the transformation of the Ukraine-Russia confrontation into an open armed conflict is unlikely, Beijing will continue to monitor the situation closely. China views the “Ukrainian crisis” as a world conflict affecting the position and actions of the key world powers. China will not be directly involved in conflict resolution.

The Chinese are interested in Kyiv’s position on the Russian aggression, in counter-measures, and the actions of the Ukrainian authorities to strengthen defense. Beijing is less interested in the regional, local, and internal aspects of the war, which have no impact on it.

In case of further aggravation of the conflict, China will not support any of the parties, and will try to create individual approaches to the actions of Ukraine or Russia. However, it can support the two sides at the same time (in particular, by providing humanitarian aid).

Probability: Despite Russia’s active preparation for military actions and increased military presence on the border with Ukraine, a large-scale war between the two countries is unlikely. Instead, Russia will continue for a long time to use any means of pressure on Ukraine, not only through constant military threat on the border and provocative actions enhancing the degree of confrontation, but primarily through routine diplomatic activity to break its international isolation. China and the Asian direction as a whole are considered by Moscow as the only way out for Russia, even though Russia’s “concept” of turning eastward has been a complete failure until now.

Russia could also use the conflict with Ukraine to position itself as a “superpower” which China would have to consider when implementing its global strategies.

How to avoid: Unfortunately, Ukraine is inferior to Russia in terms of the intensity of political dialogue with China. This leads to the fact that the Ukrainian position is often confusing for China or can reach it in a distorted form.

In this context, it is important for Kyiv to avoid situations where Russia imposes its own view of events on China and claims that China takes a position which Kremlin could use as an expression of international support for its actions.

Ukraine must strengthen defense and prepare for the worst-case scenario, which is a war with Russia. Such active preparation (provided that it will increasingly rely on mobilization of own resources rather than assistance from Europe, the US, or NATO) will be evidence for China that Ukraine is building up its military power. It will demonstrate political stabilization of the regime and popular support. China's growing belief in the Ukraine's military ability to repel Russian aggression will be of great significance for further developments.

At the same time, Kyiv should make every effort on the diplomatic front to avoid war, and prevent Russia from creating a situation which could make a large-scale war possible. In this sense, Kyiv has an important ally in China, which takes a balanced and unbiased position. In order to reverse China's attitude to Ukraine, Kyiv urgently needs to its current position, particularly its lack of any strategic vision of active development of relations with China.

One of the elements of this strategy in terms of responding to potential threats must be constant and active struggle against Russia's aspirations to "monopolize" the Chinese view on events not only in Ukraine but also in the entire post-Soviet space. In this situation, Kyiv can find allies in a number of post-Soviet countries (which are also dissatisfied with Russia's actions) and Chinese experts who are increasingly

inclined to seek true answers to difficult questions about the causes and effects of the “Ukrainian crisis” and want to know better the situation inside Ukraine and Russia for constructing China’s own vision.

Ukraine needs to develop its position on the premise that it understands and shares China’s current approaches to building a new world order and that this is precisely the reason why Ukraine, along with several post-Soviet states and Europe, is an ally of Beijing. Ukraine should use specific examples to show that the aggressive actions of the Russian leadership completely contradict the approach and ideas used by China in its international practice.

Kyiv should establish regular political dialogue with China at the level of the heads of state and governments, as well as at the level of experts, and strengthen Ukrainian media presence in China by producing its own content in Chinese.

3.2. POLITICAL INSTABILITY IN UKRAINE

China sees Ukraine as a politically unstable country because of the 2013-2014 events. At the same time, Beijing has recognized the legitimacy of the election held in Ukraine after the Maidan and is ready to build relations with the current authorities in Ukraine in existing conditions. In contrast, the Ukrainian government stubbornly fails to demonstrate the same desire, and most importantly, fails to show it in practice. Ongoing conflicts between the branches of government, the replacement of the government in 2016, and the shaky position of the ruling coalition in the Verkhovna Rada complicates the development of China’s policy on Ukraine in the long term.

The key issue for China is the stability of the country or the region, which is why revolutions, wars, conflicts, violation of territorial integrity, and economic crises directly contradict the principles of bilateral relations embodied in China’s foreign policy (creating belts

of “well-being and prosperity”). Accordingly, China will advocate stability and the reduction of the risk of conflicts or crises in its region and in the world. This is the reason why the official Beijing does not support sanctions against Russia and, what is more, will not allow its financial and economic collapse.

Probability: high. After the coalition was reformatted, it did not become more stable. The government of Volodymyr Hroisman is not more efficient than the government previously led by Arsenii Yatseniuk. Tensions between the president and the prime minister have decreased, but it is not very important for China. The government does not demonstrate an independent ability to respond to challenges in the state. The opposition calls for early elections, thereby reducing the effectiveness of the legislative branch. For China, President Petro Poroshenko and his administration appear to be a more reliable partner for negotiations under such circumstances, but the president, who has the function of forming and implementing foreign policy, does not show any desire to enhance relations with China.

How to avoid: Contacts between political leaders are decisive for China. However, under certain circumstances (if you convince Beijing that Ukraine wants to build relations with China based on European approaches, not the “post-Soviet model”) China may take into account the fact that there is constant interest in Ukraine regarding cooperation with China which does not depend on the leadership and the political situation. For Beijing, these are conditions for sustainable long-term partnership relations based on strategic approaches that do not depend on external influences or the position of other states. Kyiv must either share the same approaches or develop its own for cooperation with China.

Ukraine should demonstrate to China its willingness to strengthen political cooperation at the highest level and confirm readiness for implementing cooperation along the lined established in programs

and agreements at the national level. It is necessary to define a clear network of people and institutions that will be responsible for the implementation of specific projects, managing certain areas, or responding to conflict situations. There is a need to develop clear and transparent cooperation rules whose implementation will not require additional costs or corrupt actions and communicate these rules to China. It is necessary to constantly study Chinese experience, track changes in Chinese approaches, and maintain dialogue to reach a compromise (find a solution) in areas where problems arise.

3.3. THE PROBLEM OF CORRUPTION IN RELATIONS WITH CHINA

Corruption in Ukraine's relations with the West does a lot of damage to Kyiv's image, making it impossible for Ukraine to obtain political support and economic assistance. In relations with China, Ukrainian corruption led to the essential degradation of public policy and stripped the state leadership of its dominant positions in identifying directions for the development of bilateral relations. Corruption in Ukraine has created an unusual and incomprehensible situation for Chinese partners, a toxic environment in which any initiatives that can really strengthen relations between the two countries become squashed. In Ukraine, corrupt or non-transparent schemes in building relations with China (in virtually all areas except defense) lead to the emergence of several competing centers of influence that attempt, against the backdrop of the state's essential inactivity, to define "Ukrainian policy" towards China, the directions of its development, and its priorities. China is becoming less and less tolerant of this state of affairs in Ukraine against the background of strengthening the fight against corruption in China. China is not trying to fight corruption in Ukraine, but it will not cooperate following non-transparent and unlawful rules.

Probability: There is a high probability that China will not seek to expand cooperation with Ukraine in many areas until the issues with corruption are settled and transparent and legitimate rules for business and investment

protection are set. In the current environment, Ukraine should not expect any major Chinese projects or investments.

How to avoid: Unlike the Western approach to fighting corruption, China probably will not care about Kyiv's current achievements in building a system of anticorruption bodies. China will respond only to the practical implementation of the anticorruption struggle and real changes in the business climate. The indicators of these changes will be practical conclusions made by Chinese businesses in Ukraine rather than signals from the Ukrainian government.

3.4. COMPETITION OF GEO-ECONOMIC PROJECTS IN UKRAINE

Given that the prospects of European integration and the launch of real mechanisms of the FTA with the EU are not certain for Kyiv, there is a risk that Ukraine may become an end market, its potential to export goods with high added value may fall, and the country may turn into a supplier of raw materials and cheap labor to neighboring European countries and Russia.

Currently, Kyiv is not using the experience of China and does not pay attention to ideas that could enable Ukraine to use its potential and implement the foundational provisions of the One Belt, One Road concept in terms of re-industrialization, modernization, increasing production efficiency, protecting environment, and taking advantage of logistics opportunities.

If Ukraine rejects the One Belt, One Road project and takes no practical steps to implement it in its territory, China will be forced to seek alternative routes via Russia or Turkey for its implementation.

Probability: The fact that Ukraine does not see itself as an important factor in Europe-Asia relations and its feeble attempts to take some isolated steps towards cooperation with Europe and Asia create a situation

where Ukraine will be dependent on its trade partners and will become an arena for competing geo-economic projects. The likelihood of this scenario will depend not only on China's actions but also on the success of the negotiations of the EU and the US to create a Transatlantic Free Trade Area.

In any case, there is high likelihood that Ukraine may become an entity that can be included (or not included) in foreign geo-economic projects without having a right to determine its place and priorities in them.

How to avoid: Kyiv can no longer change the provisions of the Association Agreement with the EU, including the FTA with the EU, but this fact cannot prevent it from finding new partners.

The One Belt, One Road initiative and the 16 + 1 format are aimed primarily at establishing closer economic ties between China and the western part of Eurasia. In these projects, there is no competition with projects that developed by the European Union. Therefore, it would be useful for Kyiv to study the experience of European countries that have joined the One Belt, One Road project and the 16 + 1 format.

Ukraine should take practical steps to join these initiatives and actively participate in the discussion of its place and role in these projects. Ukraine should use these projects to further strengthen its economic potential and integration with major European and Asian economic centers in order to become a platform where the geo-economic projects of the East and the West would converge and produce a double effect.

4. WHO IS WHO? INTEREST GROUPS IN UKRAINE AND CHINA

The government of China, like all other examples of the Soviet model, is characterized by lack of transparency, which is largely enhanced by the traditional Confucian idea of the government as having a sacred origin. For this reason, it is extremely difficult to determine how the inter-party struggle, groups of influence in the country's government, personal opinions of party leaders, domestic politics, and public opinion influence the formation of China's foreign policy. However, one can identify a number of aspects that are crucial in this regard. First of all, the leadership factor, i.e. the views of politicians, is extremely important; it especially concerns senior leaders of China, and the first place, of course, belongs to the head of the People's Republic of China. Note that actions aimed at developing or changing relations with any country always follow the same algorithm – official talks with the head of state and then with the Prime Minister after which the results of these talks are a general call for action for Chinese party and government leaders at all levels as well as for businessmen.

Recently, the key players in foreign policy (the Communist Party of China, the Chinese government and the People's Liberation Army) have recently been joined, on the fringes of traditional power structure, by new agents – resource companies, financial institutions, local authorities, research organizations, media and Internet users. Today, the Ministry of Foreign Affairs of China is just one of the participants in the sphere of foreign policy, and it is not always the decisive one. At the same time, actors that influence the formation of foreign policy often have different and even competing ideas about the national interests of China. In addition to the Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of Finance, the Ministry of State Security, and the People's Bank of China actively participate in the development of China's foreign policy.

The opinions of Chinese experts traditionally have a significant impact on the policy making of China's leadership. Since 2014, the number of Chinese experts who began studying Ukraine and commenting on Ukraine-related events has increased dramatically. However, this did not change the situation where the leading role in research and the

development of issues related to Ukraine belongs to several leading centers. The Institute of Russia, Eastern Europe and Central Asia of the Chinese Academy of Social Sciences is the largest structure in China that deals with the problems of the region. Ukraine, its foreign and domestic policies, and its economy are studied systematically there. A sector for the study of Ukraine has been established in this research institution; Hueyzhun Zhao, Zhang Hong, Liang Qiang and others are working there.

A number of research centers are directly subordinated to the government (the State Council) of China. These centers also have experts on Ukrainian issues who conduct research, provide advice and counseling on cooperation with Ukraine. Thus, attached to the State Council of China is the China Institutes of Contemporary International Relations (Feng Yujun) and the Center for Development Research at the Euro-Asian Social Development Research Institute (Yin Sunlin, Yang Syanhun), which study the Ukraine-China relations, among other things. China also has the Institute of Ukraine at the Zhejiang Normal University, Beijing association of foreign country studies (which includes a committee for Ukrainian studies; its honorary director is China's first ambassador to Ukraine Zhang Zhen), the China Institute of International Studies (in the system of the Ministry of Foreign Affairs of China, Department of Eurasia Studies, Qu Xing), the Ukrainian Studies Center at the Dalian University of Foreign Languages (opened on 16 April 2014).

The official Beijing expands the network of Confucius Institutes (CI) as centers of learning the Chinese language and culture in the world. Since 2004, 440 CIs and 646 Confucius Classrooms have been created in 120 countries. The CIs plan to increase the recruitment of undergraduate and postgraduate students for the study of Chinese and other subjects. Currently, there are five CIs in Ukraine.

According to the cascade theory of frames, the image of a country in information and news sources is an indicator of not only the official policy of a state, but also of the position of media outlets themselves, which, in turn, is a reflection of sentiments and interests of their audience. In the case of the Chinese press and TV, this theory has limitations which make the traditional, "analog" sources of information incomplete, especially in the case of

international relations. In these materials, only the official state position on a particular issue appears, and information is presented as in as neutral and discreet manner as possible, often without any assessment (except for extraordinary situations, such as visits, conflicts, major international events involving China, etc.). The traditional media have virtually no voice of their own in preparing the agenda for events coverage. In contrast, most of the online news resources in China let their readers provide “feedback” in the form of comments, forums, blogs, microblogs, and other platforms for debate. Moreover, these platforms are often not independent and based on the official webpages of major newspapers, TV channels etc. Due to such forms of communication, it is possible to explore not only the source of publications and the opinions of the media community, but also the response of the audience of these sources. This is not, of course, a full sociological picture due to the limitations of materials and methods and the purely technical features of Internet resources in China (for example, in contrast to popular Western search engines, any analytics and statistics of search are not available, searches are limited, etc.). However, it can provide at least a superficial understanding of the visibility of a topic and its perception.

The dynamics of the thematic focus of publications about Ukraine in recent years demonstrates that the number of reports on Ukraine both in official news sources and in some publications on public resources has significantly increased since the beginning of Russian aggression in 2014. Tellingly, the events of the Maidan in 2013-2014 did not attract great attention of the official media but were discussed rather actively by users. The reason may have to do with the way such conflicts are covered in China – internal conflicts between the government and people rarely receive considerable publicity not because of being of no interest to the audience, but because of the message of “disloyalty”. In turn, the beginning of the military conflict with Russia came as a surprise, at least to the public, because Ukraine was historically perceived only as part of the former Soviet Union and, hence, part of Russia. That is why this antagonism was described in comments and publications on open platforms as having been caused by a third party – Europe and the US – in order to harm Russia. Crimea has frequently been the center of users’ attention as the starting point of the conflict, and the assessment of the facts

of holding the referendum varies from neutral and negative in the official press (and is also described as “separatism”, “unlawful seizure”, and “annexation by Russia”) to positive from individual users who support the separation of Taiwan, Hong Kong, Xinjiang, and Tibet. However, such comments are subjected to online censorship and are, thus, extremely rare.

Currently, publications on Ukraine are focused on the military conflict between Ukraine and Russia. Suggested search terms demonstrate it: “situation in Ukraine,” “Putin”, “east of Ukraine.” Also some high-profile domestic events, mainly related to the short-sighted actions of Ukrainian politicians, attract attention. Recently, Russia’s possible attack on Ukraine is the subject of discussions and is seriously criticized as an “impossible,” “unrealistic”, and even “stupid” step.

The overall perception of Ukraine against the background of the armed conflict is gradually changing. When wide coverage of Ukraine began in 2014, there was great divergence in users’ opinions in messages and discussions on open platforms about Ukraine’s role in the conflict: the terms “civil war” and “rebels” were more common. In addition, these designations were often used in official publications. As of 2015-2016, such rhetoric is almost nonexistent, not least because of the official statements of China’s Ministry of Foreign Affairs which actually recognize the Crimea as an occupied territory of Ukraine and call for the cessation of the armed conflict.

Ukraine’s military-industrial complex is a notable subject of news reports. It is currently portrayed as abandoned during the years of independence, but still promising thanks to restoration efforts of the past two years. This topic resonates with playful images of a “militant people” – the simple way of life of the Ukrainian people is unusual for an average Chinese person and takes on the features of harsh living conditions. However, this image is not new – the Russians were first depicted like this (army soldiers, villagers, and people living in the Far North). In general, military and industrial topics are the ones that have positive connotations more often than others: the heroism of soldiers, the tests of new military equipment produced in Ukraine, and the achievements of Ukraine’s industry over the past years are emphasized. This topic is traditionally familiar and interesting for the readership in China.

The themes and content of news about Ukraine directly depend on the sources used for the coverage. There are very few official offices of China's media in Ukraine, so Russian news agencies are used as sources, which affects the objectivity of coverage. Ukrainian sources are used less often due to the fact that Ukrainian is not a working language of Chinese reporters, while messages in English or Chinese in news agencies and official sources (the Ministry of Foreign Affairs, the Embassy of Ukraine in China, etc.) are extremely limited both quantitatively and qualitatively.

It should be noted that the number of publications about Ukraine in the Chinese media is insignificant in comparison with coverage of other countries, and these are often publications in the yellow press, which points to Ukraine's virtual absence from the agenda at the level of formal diplomatic relations. Except for cases of exacerbated armed conflicts and high-profile political scandals, messages about Ukraine are rare, especially news with positive connotations. In the case with the Chinese media, it is evidence of Ukraine's extremely low priority as a potential economic and diplomatic partner.

Overall, the lack of consistent, goal-oriented, and regionally-focused information policy results in mixed and partially distorted reflection of the image of modern Ukraine in the online Chinese media. Well-established cooperation with Russian information sources introduces significant negative connotations in the overall image of Ukraine, which can be seen in publications on open platforms. Particularly, such Russian propaganda terms as "fascists", "Nazis", "slaves of the USA", etc. are widely used. In many cases, Ukraine is covered quite superficially; despite the fact that Ukraine is now clearly perceived as a unit separate from Russia, more attention is allocated to the relations in the Ukraine-Russia-USA triangle. Along with the increasing number of news about Ukraine, its image is hardly positive: a country in a hole which it has dug for itself in the years of independence. The latest official statements of China's Ministry of Foreign Affairs on the Ukraine-Russia conflict make it possible to say that despite all of China's caution and neutrality in this situation, it supports the territorial integrity of Ukraine and, therefore, there are prospects for partnership development provided that there is political stability in the country.

Unlike China, the Ukrainian part of the Bilateral Cooperation Commission works only occasionally and included virtually no professional sinologists. There are practically no officials with knowledge of Chinese in the Ukrainian authorities. Even the Ministry of Foreign Affairs employs very few sinologists, which significantly affects the quality of its work in the Chinese direction.

The “removal” of China from the agenda of the Ukrainian government in 2014-2016 led to a remarkable decline in the Chinese question in the Ukrainian corridors of power. Proposals submitted by the Chinese side have been repeatedly “lost” in the jungle of Ukrainian bureaucracy. The Ukrainian authorities are not interested in China, because corrupt officials are executed by shooting there.

The Group for Interparliamentary Relations with the People's Republic of China is the biggest of this kind in this Verkhovna Rada of Ukraine and in the history of the Ukrainian parliament. It includes over 230 MPs (more than half of the parliament). Theoretically, this great number of MPs would facilitate decision making for the development of the Ukraine-China cooperation. However, in the Ukrainian parliament the interests of the Ukrainian are always superseded by the interests of political parties and clans or those of oligarchic financial groups. The Ukraine-China relations are no exception here. Some hope can be found in the fact that the Expert Council, which includes specialists directly dealing with practical issues of bilateral cooperation, has been created in the parliamentary group for the first time in the history of the Ukrainian parliament.

It should be noted that during the years of independence the Ukraine-China relations suffered from the attempts of various oligarchic groups to take cooperation with China “under their wing”. From the premiership of the infamous Pavlo Lazarenko until now, there have been some individuals who have tried to informally appoint themselves as “managers of Chinese affairs”. It is clear that these attempts have had no positive outcome.

In fact, the Ukrainian side of the Ukraine-China cooperation is based on the enthusiasm of individual businessmen and a handful of experts.

The Ukrainian Association of Sinologists was established over two decades ago and has brought together some 100 experts from different regions of Ukraine. The Association regularly holds scholarly conferences on Ukraine-China cooperation and Sinology, publishes themed journals, and holds academic and social events. Professional sinologists who are members of the Association promote topical issues of the Ukraine-China relations in public discourse through the media.

The program of celebrating the 20th anniversary of establishing diplomatic relations between Ukraine and China in 2012 included the creation of a China Studies Center in National Academy of Sciences, but it has never been done due to various reasons.

5. RECOMMENDATIONS

1. Ukraine has a high level of strategic partnership with China, which is currently not being implemented in practice. On the one hand, the present stage, the development of Ukraine-China relations is hampered by the fact that China still considers Ukraine part of the post-Soviet space (despite its own declarations about Ukraine's "Europeanness"). Thus China enables Russia to declare its "rights" to Ukraine. On the other hand, the Ukraine-China strategic partnership suffered a serious blow because of Ukrainian corruption and the short-sighted bias of Ukrainian politicians with regard to "communist" China. An urgent current task is to clear the Ukraine-China cooperation from this extraneous feature.
2. The Ukrainian side's attempts to obtain political decisions from China regarding Russian aggression against Ukraine are wrong and demonstrate a misunderstanding of Chinese foreign policy, which is based on sinocentrism, ethnocentrism, and pragmatism. For the same reason, any possible solutions of the "Ukrainian crisis" in the geopolitical US-Russia-China triangle will not be effective. China strives to use the current situation to achieve its own goals, especially concerning its relations with Russia. Therefore, one must not expect or demand from China claims that directly condemn Russia for its occupation of Crimea or support of pro-Russian separatists in eastern Ukraine.
3. The development of relations between Ukraine and China must be built based primarily on economic interests, which is in agreement with both China's concept of "soft power" and its new Eurasian integration project "One Belt, One Road". Only by achieving real and sustainable Ukraine-China trade and economic relations can political support be obtained. Since the potential of economic cooperation between the states is largely connected with infrastructure projects, Ukraine should take steps to build its own infrastructure capacity.
4. Ukraine has much in common with the countries of Central and Eastern Europe, and after the signing of the Association Agreement with the EU Ukraine has every reason to strengthen its cooperation with these countries in various formats. Ukraine's

accession to the 16 + 1 format and turning it into the 17 + 1 format has significant advantages in terms of both the activation of cooperation with China and the implementation of the European vector of Ukraine's development. In addition, it will be easier for China to strengthen cooperation with Ukraine in this format without drawing too much attention to it from Russia.

5. The process of Ukraine's accession to the 16 +1 format should be combined with the introduction of a free trade zone with the EU. The resumption of active Ukraine-China dialogue in the 17 + 1 format would remove all questions about Ukraine's geopolitical affiliation and significantly strengthen Ukraine as a player in modern international environment.
6. In general, the development of the Ukraine-China relations should follow the principle "from economy to politics": the development of trade-economic and investment cooperation; China's rejection of any form of cooperation with the Crimea and the so-called "DNR" and "LNR"; China's pressure on Russia to prevent possible open aggression against Ukraine. (The signs of this kind of pressure can already be observed at the diplomatic level and in the media space.)
7. The prospects of solving the "Ukrainian crisis" in the format of the Budapest Memorandum are viewed negatively by Chinese experts, because in their opinion negotiations in this format will yield any results. Moreover, China will not participate in this format because it is not a signatory to this document. It is therefore necessary to find another format which China can and intends to join (such as the permanent members of the UN Security Council and Ukraine).
8. The current state of cooperation between Ukraine and China is inefficient, largely due to a lack of exchange of information about the processes taking place in each of the two countries, especially concerning the "Ukrainian crisis". In order to change this situation, forms of cooperation that involve information exchange between relevant government agencies and top officials have to be expanded. This should also include an informal level, thereby allowing to avoid possible pressure from Russia in case of official contacts and negotiations.

9. Ukraine should make vigorous efforts to intensify the bilateral political dialogue. It is necessary to not just declare Ukraine's readiness to negotiate at the highest level, but also to take effective steps toward its partner. It should be realized that the format of negotiations is not essential, but the content is important: maintaining the level of strategic partnership, Ukraine's interest in Chinese investments, and the personal patronage of the President of Ukraine over several strategic Ukrainian-Chinese projects and military-technical cooperation.
10. Ukraine has to finally solve a number of problems that persist in its relations with China, the most important of which is the implementation of already initiated projects agreed upon at the level of heads of state, governments, and agencies. One must understand that China is not interested in many excuses used by the Ukrainian side. It is necessary to carry out revision, openly identify corruption, and punish those responsible for it.
11. Ukraine should enhance the level of influence and control of its president over the development of the Ukraine-China cooperation. The office of a state commissioner or a commissioner authorized by the President of Ukraine on Ukraine-China cooperation needs to be created. It is important that issues of cooperation with China are not dealt by the government (where they get lost at the political level), but by the President, who is in charge of foreign policy. Moreover, this will match the Chinese approach to power organization in a state: strategic issues are the prerogative of the head of state.
12. Filling the Ukrainian part of the bilateral cooperation with professional sinologists remains an urgent task for the Ukrainian government. Each ministry, each department, and each oblast state administration in Ukraine should have these professionals on its staff. The government should be interested in strengthening direct contacts between the business elites of the two countries and between Ukrainian and Chinese think tanks and in the government support of interaction between expert communities in politics, security, economy, international affairs, culture, etc.

6. ACKNOWLEDGEMENT

The authors would like to express their gratitude to the Extraordinary and Plenipotentiary Ambassador *Mikhail Reznik*, who was a head of Ukrainian diplomatic mission in China in 2001-2003, and Minister Counsellor of the Embassy of Ukraine to China, *Vasyl Gamyatin*, Charge d'Affaires of Ukraine in China in 2012-2013, and all other contributors who have been helping this research at various stages. The views expressed in this publication reflect the authors' personal position.

