



**Нова Україна**  
інститут стратегічних досліджень

**THE SOUTH OF UKRAINE:  
CURRENT CHALLENGES AND  
STRATEGIC PRIORITIES OF DEVELOPMENT**

**Kyiv - 2014**

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*Andriy Iermolaiev, Director of the Institute*

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## SECTION 1. THE SOUTH OF UKRAINE IN NEW REALITIES: CHALLENGES AND STRATEGIC POSITIONING

The need to establish the concept of a «New South» became apparent after Ukraine lost control over the territory of the Crimea. **In the South of Ukraine a security vacuum emerged and an amorphous 900 km strip of socio-economic uncertainty was formed**, from the Port of Reni on the Danube to the Port of Mariupol on the Azov Sea, which includes cities and towns with a population of over 2 million and which belongs to five administrative regions (Odessa, Mykolaiv, Kherson, Zaporizhia, Donetsk).



### 1.1. Is there a «New South»?

The coastal territories of the New South *have common economic characteristics that are determined by the long coastal strip and a high concentration of commercial sea ports*. This creates favorable conditions for the development of, foremost, port and recreational industries – vast opportunities for the development of the resort-and-tourism industry. In addition, the coastal area of the southern regions of Ukraine is characterized by developed industry, in particular – mechanical engineering, including the production of ships, agricultural machinery and electrical appliances. This is especially true of the Zaporizhia, Odessa and Mykolaiv regions, while the agricultural Kherson best represents farming and the diversified food industry.

The main **common characteristic of the South region is its coastal and border location**. The region has a significant coastline - about 1000 km. With its seaside location the region has

access to many global markets. The seaside location of the region led to the formation of the structure of the region's economy, with a developed marine-economy complex (8 seaports in the Odessa region), including - sea transport of coastal and international navigation, shipbuilding and ship repair, resort-and-tourism industry, fisheries. The leader is the Odessa region, where 75% of the marine-economy complex of Ukraine is concentrated.

The Danubian region location allows to maintain river connections with many European countries (Romania, Bulgaria, Hungary, the states of former Yugoslavia, Slovakia, etc.). Ukrainian Danube Ports of Reni, Izmail, Ust-Danube (as well as Kilia Transshipment Point and Vylkove) make up the Danube port and industrial complex, that handles cargoes directed towards CIS states, Central-Eastern and Western Europe and is able to annually handle more than 20-24 mln. tons of cargo.

The Danube region, which comprises three districts of the Odessa region - Ismail, Reni, Kili with a population of over 270 thousand inhabitants, is quite a unique area, oriented at the service and execution of sea and river shipping operations on the large European Danube River. Such enterprises as the Ukrainian Danube Shipping Company, Izmail, Ust-Danube and Reni sea ports are the citys' major employers, filling the city and district budgets, with the region's prosperity depending on their successful operation activities. The enterprises of the marine economy complex employ 6.5 thousand people, which, including families, makes up about a quarter of the population of Izmail, Reni, Kiliya and Vylkove.

The region's major international transport corridors passing through Ukraine are:

- Pan-European № 9, which connects Finland, Russia, Lithuania, Belarus, Ukraine, Moldova, Romania, Bulgaria and Greece.
- Gdansk - Odessa (Baltic Sea - Black Sea), participants: Italy, Slovenia, Hungary, Slovakia, Ukraine.
- Europe - Caucasus - Asia (TRACECA), participants: Ukraine, Moldova, Bulgaria, Romania, Turkey, Georgia, Armenia, Azerbaijan, Turkmenistan, Uzbekistan, Kazakhstan, Kyrgyzstan and Tajikistan.
- Pan-European № 7 Danube (water), participants: Germany, Austria, Slovakia, Hungary, Croatia, Yugoslavia, Bulgaria, Romania, Moldova, Ukraine.

***The communities of coastal cities have similar problems regarding the reorganization of industry, inherited from the Soviet Union.*** The sea and frontier open the way to international business and smuggling, employment abroad. Specialization in servicing a military-industrial complex was changed to AIC service functions, which is perceived as loss of image as well as lowering of social status and job losses.

Political preferences and the method of social self-organization, demographic and family issues, language and learning are quite similar among the local communities from Port Reni to Port Mariupol.

Finally, new challenges to the organization of security are created by the Russian Black Sea Fleet in Sevastopol and the Russian 40,000 military grouping with nuclear weapons on the territory of the Crimea.

## **1.2. The «New South» of Ukraine in the format of 3 sub-regions: the Danube-Dniester interfluve, the Black Sea region and the Azov Sea region.**

The southern coast of Ukraine has some peculiarities due to its geographical location and its history of development. There are three long-established transport corridors from the South to the North, which divide the South into three naturally historic subregions: from the Danube to the Dniester, from the Dniester to the Dnieper, from the Dnieper to the Russian border near the river Don. Local communities also differ significantly, conditioned by the history of these areas, their ethnic composition, political preferences, as well as the peculiarities of the potential of natural resources and socio-economic development.

The most remote place in southern Ukraine (after the annexation of the Crimea) is the city of Reni, located on the border with Romania and Moldova. Its potential transport hub is limited by the lack of railway approach lines on the territory of Ukraine (railroad tracks run through Moldova).

On the border with Moldova is Bolhrad, which is predominantly populated by Bulgarians, whose number is almost 10 times higher than the number of Ukrainians. One fifth of the territorial community of Bolhrad are the Gagauz, and one tenth – are Russians.

Perhaps the greatest potential for sustainable development of the Danube-Dniester interfluve sub-region is exhibited by Izmail - a city of regional subordination, located on the border with Romania. International transport corridors run through Izmail, including the Pan-European Transport Corridor, which connects Western and Eastern Europe. In addition, Izmail is the cultural center of the Danube-Dniester interfluve sub-region and even has the status of the historic center of the Ukrainian Danube region.

The city of Kiliya has all the possibilities for the development of a diversified economy: agriculture, industry, transport system, construction and tourism. Above all, it is famous for its shipbuilding and ship-repair due to functioning of the Kiliya Shipbuilding and Ship-repair Yard that manufactures vessels of the «river-sea» class, including for shipowners from Belgium, Holland and Germany.

Among the coastal areas, Odessa has a particularly advantageous location: the city is one of the main transport hubs between Europe and Asia. A city of regional importance, Berdyansk is not only one of the most successful seaside resorts, but also a powerful industrial center. The versatile character of the city's development makes it the most attractive for investment among the areas of the Zaporizhia region. Among the coastal cities, Mariupol stands out particularly, with its close location to the war zone in Eastern Ukraine. Despite the danger, the city continues to function: industries, social infrastructure and so on.

Based on the needs for strategic planning of sustainable development of southern coastal areas based on certain factors of spatial differentiation we can identify three subregions of the South of Ukraine:

- *the Danube-Dniester interfluve;*
- *the Black Sea region;*
- *the Azov Sea region.*

A sub-region is defined as part of the region with its characteristic features and peculiarities of socio-economic, natural resources and ethno-political nature. We can state the presence of an objectively existing region – coastal South, which consists of three sub-regions.

**The Danube-Dniester interfluve.** The sub-region is located in the Odessa region from the Danube to the Dniester River, bounded in the north by the state border with Moldova. The unique area became part of Ukraine in 1940, in exchange for Transnistria, which became part of Moldova. Up until then it belonged to Romania, as well as Northern Bukovina. The civilized development of Bessarabia, as well as all the South, began in Scythian and ancient Greek times, and for a long time to come it was part of Turkey. In Bessarabia, the tradition of private sector and local governments, southern agrarian culture were all preserved. The sub-region is multinational, with a Bulgarian, Gagauz, Romanian and Moldovan population, there are Russian Old Believers and Ukrainians. The port cities on the Danube river Reni and Kiliya have a typically southern post-Soviet, not rooted Russian-speaking population. Up until 1991, the territory of Bessarabia housed shock airborne troops, bombardment aviation, etc., therefore, there are relatively a lot of families of military retirees and remnants of Soviet military infrastructure.

The transport-and-logistics situation along with the nature and recreational potential of the subregion are unique. *The Danube-Dniester interfluve* is Ukraine's Danube gate to the European Union, its ports can be the transport hub of the Black Sea-Baltic transit. The Danube floodplains, with unique vegetation and climate and sandy shores of the Black Sea, have great potential for the development of tourism for the needs of Ukraine, and the whole of Central Europe.

The unique climate, soil, sea and rivers provide an opportunity to restore viticulture and winemaking, to concentrate on cultivating fruit and vegetables, fish and seafood. If the Reni - Mariupol highway is built the *Danube-Dniester interfluve* sub-region can become not only the southern gate of Ukraine, but also part of the EU-East transit corridor.

The socio-economic development of the *Danube-Dniester interfluve* sub-region is only possible on condition of close cooperation between Ukraine and the EU, especially Romania and Moldova.

**The Black Sea region.** The most developed and populated sub-region of southern Ukraine, stretching from the Dniester to the Dnieper, which includes cities such as Odessa, Mykolaiv and Kherson, covering the coastal parts of these three regions of Ukraine. Due to the evacuation of the fleet from the Crimea, its location, maintenance and reconstruction takes place here.

The sub-region is characterized by the predominance of a rural indigenous people with a typical post-Soviet Russian-speaking population in large cities, especially typical of Mykolaiv, which had been the center of military shipbuilding for many years. The sub-region is the most developed in the South from both industrial and agricultural perspectives alike. Large urban population, a large number of insufficiently loaded ports and enterprises create unemployment and social tensions.

The developed monocultural agriculture, focused on the export of wheat and sunflower, requires a transport infrastructure for its further development, particularly roads. At present, the Black Sea region plays the role of the recreation zone on the coast for Ukrainian tourists. The region calls for reindustrialization, based on the technological and logistical possibilities that are open to Ukraine through European integration.

**The Azov Sea region.** The sub-region is located east of the Dnieper to the Russian border and administratively belongs to the Kherson, Zaporizhia and Donetsk regions. The largest maritime, industrial and port city is Mariupol; one can also single out Berdyansk and Genichesk. The ethnic composition of the region is varied, there are Greeks, Turks, Russians, Armenians, cities with

typical post-Soviet population. Mariupol, with a population of half a million inhabitants, is the center of the steel industry, which provides a source of income for the population and a source of pollution to the environment. Fishing, fish farming and processing are developed in the region. The structure and specialization of the powerful agro-industrial complex is similar to that of the Black Sea region. The coastal zone is quite promising in both environmental and recreational respects, requiring development. Transport lines along the coast are complicated, *the construction of a transport corridor Reni-Mariupol* is of importance, *especially related to national security issues and protection of maritime borders in the Azov Sea, which is now militarily controlled by Russia.*

A change in transport infrastructure can contribute to the development of the region, which is promising in the field of AIC and tourism. The South has favorable climatic conditions and offers opportunities to develop autonomous energy from renewable sources (solar and wind) that may contribute to the settlement of these areas, the setting up of new energy-efficient businesses and job creation.

On the whole, if a belt road is constructed along the sea border and security is ensured the New South can be the driver of Ukraine's economic development in the context of European integration. The trends of development in the region are not only limited to the functioning of the southern gateway and transport corridor, but also include the development of AIC, tourism, new energy and reindustrialization based on the new technologies of old industrial cities. Access to the sea, favorable climatic conditions, which provide energy efficiency and transport capabilities are key to the development of the New South region.

#### Local communities of coastal areas:

##### Odessa region

- Reni – population – 20 000, mayor – S.Kolevysh.
- Izmail – population – 84 000, mayor – Andrew Abramchenko. (1940-1954 center of the Izmail region), ethnic composition - [Russians](#) — 43,7 %, [Ukrainians](#) - 38 %, [Bulgarians](#) — 10 % and [Moldovans](#) — 4,3 %.
- Kiliya – population – 21800, mayor – Maxim Pereverzev.
- Vylkove – population- 8 500, mayor – Gennady Trukhanov, ethnic composition 70 % — [Russians](#) , approximately 25 % — [Ukrainians](#), also [Romanians](#), [Moldovans](#), [Gagauz](#) and [Bulgarians](#).
- Tatarbunary - population -15 000, mayor – Victor Shvets.
- Bilhorod-Dnistrovskiy - population – 60 000, mayor – Igor Nanovskyy.
- Illichivsk – population – 70 000, mayor – Valery Hmelnyuk.
- Odessa – population – 1 000 000, mayor – Gennadiy Trukhanov.
- Yuzhny – population – 28 000, mayor – Volodymyr Novatsky, ethnic composition Ukrainians (65,9 %) and Russians (29,9 %), Gagauz (1,3 %), Belorussians (1,1 %), Moldovans (0,8 %), Armenians (0,3 %), Tatars (0,3 %).

##### Mykolaiv region

- Ochakiv – population –14 800, mayor – M. Kalynychenko.
- Mykolaiv – population – 495 032, mayor – Yu. Granaturov.

##### Kherson region

- Kherson – population - 324 666, mayor – Vladimir Mykolaenko.
- Skadovsk – population – 19 700, mayor – Alexander Gavrysh, ethnic composition: Ukrainians — 72,4%, Russians — 22,9%, Belorussians — 1,6%, Moldovans — 0,8%, others — 2,3%.
- Henichesk – population – 34 300, mayor – Kelbus Segey.

##### Zaporizhia region

- Prymorsk – population –12 200, mayor – Shapovalov Volodymyr Petrovych.
- Berdyansk – population –116 200, mayor – A.Bakay.

##### Donetsk region

- Mariupol – population – 458 533, mayor – Yuri Hotlubey.

### 1.3. The mission of the «New South» of Ukraine

Since 2014 South Ukraine has been operating under new conditions that make it impossible to continue with the previous development path and require a rapid transition to new ways of development - *sustainable development of coastal areas and regional cooperation*.

Ukraine lost the Crimea as a result of annexation by the Russian Federation - an official strategic partner of Ukraine until recently but, at present - basically one side of the military conflict in Eastern Ukraine. The southern territory of the country is in the epicenter of a manipulative campaign entitled «New Russia», organized by the Kremlin. Claims to territorial integrity and sovereignty of Ukraine result in the suffering of the country's economy, an increase in social tensions primarily in the areas affected by the conflict and the adjacent southern areas of the state.

The local communities in the south of Ukraine granted the new government a high level of trust. But *if expectations of the communities are not met, one can expect rapid disillusionment, with a potential surge, which can have especially painful consequences particularly for the coastal territories of the country*. The electoral calendar leaves no time for political figures «to dawdle»: in 2014 there was a change of political regime and a «reboot» of central government; a re-election of local authorities is planned for 2015.

*Outlining the strategic positioning of the New South, one can not ignore a number of challenges that may hinder sustainable development of coastal Ukraine:*

- a large part of the coastal areas are in the risky farming zone because of the risk of drought, exacerbated due to climate change and so on;
- a decline in industry and maritime complex enterprises in small towns and villages, where the economic development of coastal areas is slowing down particularly rapidly and the quality of life of local communities is deteriorating;
- incomplete readiness to integrate such a number of «internal migrants», arriving from ATO areas;
- depreciation of social infrastructure, that do not meet the needs of local communities (even if taking into account the constant decrease in population numbers);
- obsolescence and low energy efficiency of most industrial assets;
- deficit of energy capacities <sup>1</sup>,
- unresolved issue of water supply and drainage systems;

For each of the three sub-regions such challenges can have a unique impact. Security for the southwest side of Ukraine is related to the issue of Transnistria. Moldova does not control the area of the state border, which is governed by the unrecognized republic, while the organizational, financial and management capabilities of Ukraine do not allow it to cope with this task on its own. The transport lines of Bessarabia – the Odessa-Reni highway and railway, which carry cargo to the port of Reni run through the territory of Moldova and the unrecognized Transnistria. No wonder that, in addition to a potential military threat coming from Transnistria, the sub-region's territorial communities suffer from illegal migration and smuggling.

Another equally important challenge facing the Danube-Dniester interfluvial sub-region is the lack of a reliable transport connection to other areas along the coast of Ukraine. This leads to «enclosure» of the sub-region and significantly limits the opportunities for inter-regional

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<sup>1</sup> For example, the Odessa region produces only 4% of its electricity on its energy-generating capacities.

cooperation within the framework of a single Ukrainian economic space. In the Black Sea region and the Azov Sea region the transport issues relate primarily to the road transport infrastructure between the coastal areas.

In addition, a considerable obstacle for the sustainable development of the Danube-Dniester interfluvial sub-region is power supply, namely - a full dependency on electricity supplies from the Moldovan Power Plant, which is located in the unrecognized Transnistria. Lack of attention to these and other problems of development of Ukraine's regions in recent years led to huge differences in the levels of development, population stratification by the level of income and "enclosure" of local communities within their administrative boundaries.

The outlined characteristics are sufficient to ***comprehend the need of a particular management format for the development of the Danube-Dniester interfluvial sub-region, the Black Sea region and the Azov Sea region. This need is further increased by the poor management practices of Kyiv, relevant regional centers and the separated from each other coastal districts and cities of the New South, as evidenced by the content and implementation of regional development programs, designed for the southern regions of Ukraine or individual local communities of coastal towns.***

The management practice on the development of the Danube-Dniester interfluvial sub-region is indicative. So far, no government or regional development program of the Ukrainian Danube has been fully implemented. For example, the integrated development program of the Ukrainian Danube for 2004-2011 was not completed in full. There is no clear plan for the implementation of the state target regional program of development of the Ukrainian Danube (in 2014-2017). Feeble is the implementation of the Strategic Plan for Enhancing Competitiveness and Economic Development of the Danube economic sub-region for the 2012-2020 period, developed by the Odessa Regional State Administration with the support of USAID.

***Further neglect of the aforementioned challenges and disregard for the need to optimize the management practices concerning sustainable development of the New South is risky for both the Danube-Dniester interfluvial sub-region, the Black Sea and the Azov Sea regions, and for Ukraine as a whole.***

First of all, the prospect of socio-political tensions aggravating along the coastal areas has not been ruled out. This is especially true for the Azov region, which directly borders territories in the East of the country, where the actual military conflict is unfolding. This may be reflected in the results of the upcoming local elections next fall (if the new parliament does not decide to hold them in the spring of 2015, for instance). Due to decentralization of power in 2014-2015, local councils, which are elected next year, will have broader powers and greater financial opportunities. Filling these powerful local councils by political forces with a destructive agenda could undermine the implementation of reforms, which were launched in Kyiv in 2014, and the Association Agreement with the EU.

Secondly, there is an urgent risk of the socio-economic situation in the South of Ukraine deteriorating, the slowing down of economic growth and a decline in the living standards of coastal area communities, especially in small towns. This threat is particularly relevant for the Danube-Dniester interfluvial sub-region (Bessarabia). One can not underestimate the risks of enclosed regional economies, focusing exclusively on the problems of their own survival, with no realistic chance of successful development, which is possible only under effective governance and inter-regional cooperation.

Consequently, the risks and challenges, faced by local communities of Ukraine's coastal areas require a broad discussion on the ways to achieve an integrated development of the Ukrainian South. The economic instruments for sustainable development of Ukraine's coastal areas are presented in the second section, and institutional - in the third section of this report.

Under such circumstances, *the coastal areas of the New South*, which until recently were on the margin of the attention of most Ukrainian reformers, *are becoming one of the subjects of the country's sustainable development and inter-regional cooperation under the state's new economic area framework, being formed right before our eyes*. Their sustainable development under the new conditions largely depends on the effective management of regional development and realization of the potential of interregional cooperation in the «New South» framework, which consists of three sub-regions (the Danube-Dniester interfluvium, the Azov Sea region and the Black Sea region) and the networks of local communities of Ukraine's coastal regions.

Despite all the difficulties, *the «New South» can and should become the region's driver of the association process with the EU and take full advantage of the unique opportunities, presented by the Agreement*.

The coastal strip of Ukraine is the most economically developed area among the southern parts of the state, and justified development priorities will form the basis for their strategic positioning on the regional and national scale.

The coastal land of the Odessa region has the most developed maritime economy complex and the most promising tourism-recreational potential, that could become the basis for the development of a fully-fledged tourism cluster, that would embrace green, ecological, historical, recreational, extreme tourism. In particular, Vylkove, otherwise known as «Ukrainian Venice» has big potential for the development of eco-tourism and fishing in the Danube river, Delta's lakes and the Black Sea. Brilliant opportunities for the development of the hotel business in compliance with European standards are open to Ovidiopol, with 100% level of gasification and a relatively high level of foreign investment appeal (10% from the volume of foreign direct investments in the Odessa region). The development of tourism infrastructure in the Odessa region should be brought in conformity with the directions of the implementation of interregional cooperation in the single Ukrainian economic space framework, as well as the opportunities presented in the process of implementing the EU Danube Strategy. Bessarabia, including the city of Izmail, has great prospects for the development of alternative energy. Considering the annexation of the Crimea, the potential of solar energy in Bessarabia became a priority for Ukraine.

The Kherson region has great potential for the development of high-tech agriculture with a high share of irrigation farming and innovative technologies of processing agricultural products. The Kherson region is the only region that belongs both to the Black Sea and the Azov Sea sub-regions of the New South. This allows it to take advantage of the multi-vector sustainable development in accordance with the priorities of inter-regional cooperation in the framework of each of the sub-regions.

Melitopol became the center of best practices in local governance among all Ukrainian communities, the socio-economic development strategy of which was awarded by the Ministry of Regional Development of Ukraine. Managerial success is as important for sustainable development as an area's economic progress. The effective management practices of Melitopol make this city one of the leaders of the Azov Sea region.

Mariupol - is not only the defensive line of coastal Ukrainian, but also a role-model of effective and transparent social partnership between local authorities and businesses. This practice, which was formalized through signing a corresponding contract last year, should be extended to other coastal cities (primarily industrial and agro-industrial).

## **SECTION 2. THE SOUTH OF UKRAINE IN NEW SECURITY REALITIES: CHALLENGES AND STRATEGIC POSITIONING**

Ukraine's loss of the Crimea revealed an interesting pattern: we witnessed the clear manifestation of the Black Sea-Azov Sea coastline, which runs from the Danube region to Mariupol (and on to Novoazovsk). An image of a vast coastal zone emerges, which is also a so called «New South» natural defence line, including the Odessa, Mykolaiv, Kherson, Zaporizhia, Donetsk regions. At present, trapped in the Ukrainian-Russian conflict, the Ukrainian South finds itself under new security circumstances. This area has become more vulnerable, due to the militarization of the Crimea, at the same time, it will acquire a new meaning in terms of its value to national defence, national security policy.

The following negative *factors*, determining the vulnerability of southern areas can be singled out:

- proximity to the Crimea annexed by Russia, its militarization;
- preservation of the «Soviet» identity, pro-Russian sentiments among the majority of the population;
- transformation of the single Black Sea-Azov Sea economic space due to the war;
- ineffective state regional policy, the lack of horizontal connections.

### **2.1. A general characteristic of military threats**

*The Crimea, as the base of armed aggression in the South of Ukraine.* Back in 2009, the Russian military leadership considered it acceptable to blackmail Ukraine with war in the Crimea, which was in the process of choosing its vector of development. Russia made no secret of its interest in the industrial capacities of Mykolaiv, Dnipropetrovsk for the implementation of its military construction plans. «And do not assume that it can be avoided. As part of the US policy towards Russia in the Black Sea, it is quite possible»<sup>2</sup>.

Given the «NATO», «American» fears of Russia's political elites, who perceive the events in Ukraine solely as US ploy, the Crimea will be used as a military base, rich in nuclear weapons. It has already been decided that by 2016 carriers of nuclear weapons - strategic bombers Tu-22M3 and tactical complexes «Iskander-M» that can shoot high-precision missiles R-500 with nuclear warheads are to be placed in the Crimea (urban-type settlement Hvardijske)<sup>3</sup>. Hitherto, modernization of the military base infrastructure is to be carried out.

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<sup>2</sup> M.F.Vakkaus «On the Military-Political Basis of the Methodology For Building Up and Employing the Russian Armed Forces», Military thought No. 6, June 2009, pp. 60-66

<sup>3</sup> <http://www.kommersant.ru/doc/2593577>

In addition, experts estimate (Andrei Klimenko, Black Sea News), the grouping of Russia's armed forces on the peninsula already comes up to 40 thousand people<sup>4</sup> (obviously, the total number of Ground Forces and the Navy). Aviation regiments, regiments of coastal defense, missile units, rocket and space forces are relocating to the peninsula. A massive militarization process of the Crimea is taking place, with it being made into the most powerful, versatile Russian military base in the center of the Black Sea region.

Thus, there are immediate risks of military aggression against Ukraine in the southern areas; the likely targets are the enterprises and ports of Odessa, Mykolaiv, Kherson. Aggressive military presence of Russia threatens peaceful merchant shipping in the waters of Ukraine, reduces economic ratings, transit value and investment appeal of the state.

***Evaluation of military threats by region.*** Given the predominantly geographic nature of the organization of some southern regions into a single «New South», the main military threats can also be systemized geographically. Considering the areas with presence of military forces and capabilities of the possible enemy - the Russian Federation, and Russia's obvious priority intentions to continue with their efforts of destabilizing the region and depletion of the Ukrainian state as a whole, military threats should be viewed in three main groups:

- the Coastal-Crimean direction along the northern coast of the Black Sea, from Izmail to Henichesk.
- the Transnistria direction along the border of Ukraine with the unrecognized Transnistrian Moldovan Republic (TMR).
- throughout the region, especially in locations of military units and the concentration of important defense and other strategically important sites.

Accordingly, the prospects for further development of the «New South» and safety assurance from aggressive military encroachment by the Russian Federation should be viewed with the main characteristics of the aforementioned groups of military threats in the context of socio-economic and political peculiarities of the region.

The main military threats in the Coastal-Crimean direction is posed by the ground troops of the Armed Forces of the Russian Federation on the temporarily occupied territory of the Crimea. This concentration may carry out offensives from the Crimea to the south of the Kherson region independently or simultaneously with the onset of the Russian-separatist forces in the area of Mariupol toward the Crimea or in another direction. Such possible offensives of RF Ground Forces from the territory of the Crimea are likely to be carried out by missile troops, aviation and air-borne units.

To that end, units with about 30 thousand manpower (military land forces), with up to 500 armored combat vehicles of various types and tanks, up to 200 artillery units, over 100 combat aircraft and around 100 combat and transport helicopters have been amassed on the territory of the Crimea.

In addition, a potential threat can be posed by warships and Marines of the RF Black Sea Fleet, which in cooperation with aviation and airborne units from the territory of the Russian Federation can carry out air assaults in the south of the Mykolaiv and Odessa regions. Most likely - with simultaneous diversionary activities from the territory of PMR and intensification of military actions of separatists and occupation troops of the Russian Federation in southern Donbas.

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<sup>4</sup> [http://www.ukrinform.ua/ukr/news/rosiya\\_peretvoryue\\_\\_krim\\_na\\_viyskovu\\_bazu\\_\\_\\_ekspert\\_1982487](http://www.ukrinform.ua/ukr/news/rosiya_peretvoryue__krim_na_viyskovu_bazu___ekspert_1982487)

Russia has already amassed around 3 thousand military personnel and approximately 50 armored vehicles on the territory of PMR. Such forces are not adequate for carrying out offensive actions against Ukraine independently and these troops will most likely play a supporting or distracting role, if Russia expands its aggression from the territory of the Crimea. In addition, one can predict, with a high level of certainty, the use of PMR territory for the stationing of reconnaissance and sabotage groups to strike Ukrainian troops and infrastructure from the rear.

Moreover, it cannot be ruled out, that if aggression against Ukraine is intensified, support to Russian troops will be provided by DNR separatists, who could potentially mobilize up to 20 thousand manpower, armed with tanks, armored combat vehicles, artillery and helicopters.

## **2.2. Terrorist threats**

***Cause of threat.*** It is quite clear that while Putin and his administration are in power in the Kremlin, Russia will not abandon its aggressive military attacks on neighboring territories, which they try to control at any price. Currently, the policy of the Russian leadership is clearly aimed at restoring Russia's greatness to that of the Soviet Union, with additional external signs of the Russian Empire. That is why the events, which are taking place on the territory occupied by separatists and Russian troops in the occupied South Donbas, can be viewed as preparation of a base to expand aggression at a convenient point in the future to other areas, including the «New South». They will set everything up for such a convenient time, sending in their reconnaissance and sabotage groups, agents, corrupting the political process in Ukraine in order to weaken the central government and run a scheme similar to the one which succeeded in February this year, when, after the Maidan events, the new Ukrainian government was not given enough time to consolidate and this was used for the occupation of the Crimea and the deployment of separatist activity in South Donbas.

At present, a similar scenario is the most likely one, because control of the Azov Sea on the eastern side of the «New South» region grants control over the passage of goods from Russia to the Crimea. Without a supply of goods in sufficient amounts through Ukrainian land one can expect a humanitarian catastrophe in the Crimea. Russia will find it very difficult to avoid this catastrophe, due to the high cost of supplies being brought in through the Kerch Strait or the construction of a bridge or tunnel. Therefore, plans to create a corridor - either bypassing Mariupol, or through its annexation – are probably still valid. The most likely scenario - at first by destabilizing the economic and political situation in Ukraine, the active usage of sabotage operations primarily in the south of Ukraine and creating chaos among the local population and a sense of lack of a strong government – as events unfolded in February. And in the future – using the regular Russian army and gangs of terrorists.

A number of factors contribute to the implementation of the latter scenario in destabilizing the political situation. Namely, the preservation of a post-Soviet consciousness among the masses, commitment to Russian and Soviet traditions, ideology, lack of clear orientation at the project of national development or European values. This is due to the history of development of the southern areas during tsarist Russia and the Soviet era. Southern regions were the electoral patrimony of communists, industrial and agricultural barons.

***Political projects.*** The Russian Federation implemented a significant number of political, cultural, religious projects in these parts, all aimed at supporting Russia («Russian World»,

federalization project). Funds were invested in the publication of printed materials, holding public events. In addition to CPC and the Progressive Socialist Party of Ukraine, which received financial assistance from the Russian Federation and had some electoral support in the south, one can single out: the «Motherland» party (S.Markov, Odessa), Union of the Left (V.Volha). The Slavic Union, «Native Forum» (Zaporizhia, Mykolaiv), «Movement for the Revival of Donbas», PO «Dozor»/«Patrol» (M.Bilchak) have been active since 2010.

It is worth noting the success of similar projects that were unfolding *in the Crimea* – «Russian Bloc» (H.Basov), «United Rus» (former Putin's Politics Party A.Botva, A.Remenyuk), «Russian Unity» (S. Tsekov, C .Aksonov), «Union» (L.Mirimskyy).

The clergy of the Ukrainian Orthodox Church of Moscow Patriarchate actively supported Russian anti-Western, anti-national rhetorics, implementing the «Russian World» project (of particular note is Metropolitan Agathangel of Odessa and Izmail). Their propaganda resulted in anti-Ukrainian sentiment among believers. Subsequently, this was manifested during the events in the Crimea and in the East.

Russian and pro-Russian media, Russian cultural content has always had and will continue to have a significant effect on the minds of citizens.

Optimistic reports of project managers greatly exaggerated the assessment of pro-Russian sentiments in the southern regions. Breaking out in Donbas, the «New Russia»/«Novorossiya» project was caught up in military confrontation and did not spread to the rest of the areas.

**«New Russia»/«Novorossiya» project.** It should be noted that for the full implementation of the «New Russia»/«Novorossiya» project an extensive network of sabotage and subversive activities was obviously required, to destabilize the situation in large cities. After the annexation of the Crimea, the next region «in line» was Odessa. On May 2, 2014 a provocation unfolded, inspired by pro-Russian forces, resulting in 48 lost lives. However, the incident did not lead to mass disruptions in Odessa. Shortly afterwards, on May 6-7, DPR terrorists took control of government buildings in Mariupol. Within a few days they were driven out by troops of the National Guard and the Azov battalion. The terrorists did not receive support from the local population. The majority of Ukrainian citizens do not identify themselves as part of the virtual project, they were not ready to engage into a civil war under unclear slogans and with an odd purpose. A skeptical attitude towards any political project, inspired outside the region, focused on finding solutions to native or local problems, traditional socio-political inertness – all that and more prevent and will continue to prevent the development of nationally-oriented political projects<sup>5</sup>, and became an obstacle for the Russian «Novorossiya» as well.

The fiasco of «Novorossiya» in Donbas, which resulted in loss of civilian lives and a humanitarian disaster, was a warning for politicians and the population of the South. Subsequent events – the setting up of anti-tank fortifications in Mariupol, roadblocks near Odessa, activation of patriotic sentiment in southern regions evidence the impossibility of implementing the pro-Russian state project in the near future.

Meanwhile, the territory of the «New South» is full of Russian agents. Odessa, Mykolaiv, Kherson, Mariupol remain likely targets for subversive activities, terrorist attacks.

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<sup>5</sup> Evidenced by the low turnout to 10.26.2014 parliamentary elections in the southern regions.

### 2.3. Criminal threats

Among other negative factors, that will contribute to the destabilization of the «New South» one should single out *the spread of organized criminal groups, unification of corrupted authorities, in particular, law enforcement and judicial officials with criminals.*

The crime situation in the territory of the «New South» is largely similar. If considering drug abuse – the Mykolaiv and Kherson regions are the most vulnerable (local raw materials - cannabis, opiates, pharmaceutical drugs, synthetic drugs). The percentage of drug addicts from the total population of the Mykolaiv region exceeds the average figure by almost twice.

The whole south of Ukraine, particularly the Odessa region, is a potential transit zone for the smuggling of drugs to Europe from Asian ports, including Turkey. The region is criminogenic in terms of *prostitution* expansion, which is promoted by the presence of ports. *The 2011-2012 figures in Mykolaiv, for instance, exceeded the average figures for Ukraine.*

In terms of crime, it is worth mentioning the *growing crime rate phenomenon (number of crimes per 100 thousand population) from West to East - from below average to high:* the Odessa region (775), the Mykolaiv region (1151), the Kherson region (1243), the Zaporizhia region (1537), the Donetsk region (1375). Since crime is mostly of urban character, most -  $\frac{3}{4}$  of crimes are recorded in cities, 45% of which are in regional centers<sup>6</sup>. The growing crime rate in 2009-2011 is conditioned by the deteriorating economic situation. It is known, that a 1% increase in unemployment leads to an increase in crime by 5%.

Over the 2012-2013 period, the Mykolaiv region witnessed a number of high-profile crime cases: the rape and murder of Oksana Makar; raid attacks on the Kornatski Agrofirma with the use of firearms; the «Vradieyvka case». These incidents revealed corrupt amalgamation and the mutual cover-ups by law-enforcement, judicial officials with local business elites, political authorities of the region.

Ports, customs promote the spread of corrupt «dealings» among regulatory and law-enforcement agencies, the commercialization of law-enforcement activity, association with criminal authorities. There are numerous schemes of smuggling food products (in particular, meat from disadvantaged countries), all sort of illicit trafficking (drugs, currency values, hijacked cars, weapons). The poor ability to control the coastline promotes the entering of banned items outside of customs checkpoints.

All areas adjacent to the sea have widespread poaching, which is also thriving due to the «protection» provided by police. Boats of poaching brigades are often used to transport weapons to Ukraine, as well as reconnaissance and sabotage groups.

Representatives of crime and corrupt police alike are potential allies of the enemy, who are easily recruited for the money and engage in subversive activities. This is evidenced by the bitter experience of the Donetsk and Luhansk regions.

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<sup>6</sup> O.G. Kulik Crime in Ukraine at the Beginning of the XXI Century. Kyiv, Inter Yurinkom, 2013, pp.17-21

## 2.4. A general evaluation of Ukrainian forces and security measures

**Armed Forces.** The basing system and determining the mission of the ground units of Ukraine's Armed Forces in the region need further elaboration and expansion. In particular, the presence of Special Operations Forces needs to be increased significantly, air defense ought to be enhanced, etc. Also, significant efforts are required to technologically equip areas most prone to the penetration of enemy's naval and air landings, sabotage and reconnaissance groups.

In addition, there is a need to complete the arrangements on staffing, providing equipment, training and deployment of *territorial defense* battalions, and turn them into a valuable force, able to carry out functions under the current legislation, in collaboration with various security agencies and local authorities. To this end, it would be reasonable to restore the potential and strengthen the role of the Society Promoting the Defense of Ukraine.

The capacity of the *Navy Armed Forces of Ukraine (VMSU)* are currently rather limited, after the withdrawal of staff, ships and educational institutions from the territory of the Crimea to Odessa. VMSU is not likely to have any tasks in the near future, apart from covering the coast and ports. Military sailors are not professionally prepared to provide anti-airborne defense on the coast. Therefore, without any radical changes in the organizational structure of the Armed Forces of Ukraine and other military formations, the role of the Navy Armed Forces of Ukraine will be quite limited in the years to come and focused solely on the long term.

It is quite another matter, if VMSU headquarters are defined as the key authority for conducting military control of the maritime border (both above the surface and underwater) with subordination of VMSU headquarters to the marine units of the State Border Service.

Given the nature of the threat, practically all units of every type and kind of troops of the Armed Forces of Ukraine within the «New South» region will require considerable reinforcement not only of manpower, but also modern methods of reconnaissance and fire damage. Thought should be given to the relocation of VMSU headquarters and core forces to Mykolaiv, which has relevant classified facilities, as well as a positive and respectful attitude towards military sailors.

Stationing of the *National Guard* units throughout the region will also be required. NG should be well prepared for action in military operations in cooperation with the Armed Forces against the armed aggressor, and in time of peace on its territory - in cooperation with the personnel of the Security Service of Ukraine (SBU) against terrorists and saboteurs.

**Special services.** In the environment, created after the launch of aggressive military action by the Russian Federation against Ukraine, given the experience, *SBU* requires significant strengthening of its overall capacity. First and foremost, the «New South» region calls for the strengthening of SBU counterintelligence and counterterrorism divisions as well as Military Intelligence (DIU).

**Police**, especially their leadership, must be purged of corrupt elements, units in areas adjacent to the sea should be reinforced. A stop must be put to the activities of organized criminal groups, their members - brought under control. Local police, the institute of elected "sheriffs" etc. have to be organized, for providing assistance to the population in maintaining public order, identifying subversive activities of the enemy.

The region accommodates a considerable potential of Ukraine's *defense industry*. In addition to powerful shipyards in the Mykolaiv region, the region quarters enterprises of aircraft maintenance, armored vehicles and other weapons. If aggression against Ukraine unfolds further,

these companies will probably become targets for missile and air strikes. It seems appropriate to conduct an integrated assessment of relocation issues and tasks of defense enterprises of all forms of ownership in order to prevent their destruction or capture by the enemy, as well as ensure their functioning primarily in the interests of national security.

The «New South» region is of strategic importance for the preservation of Ukraine's statehood. A consistent and purposeful strengthening of efforts is required to ensure the highest possible level of the country's defense capability in the south, to overcome foreign, internal political, economic risks and threats. With the purpose of effective decision-making on these issues a separate meeting of the National Security and Defense Council of Ukraine must be held. Its decision should include a complex of tasks, related to increasing the region's defense potential, the efficiency of intelligence agencies, security services.

The threat of further military aggression by the Russian Federation is preserved not only for Ukraine, but also for the entire region of Southern Europe and the Black Sea region. There is a need for closer interaction with Ukraine's potential allies and partners in the region, Ukraine must build up its efforts to strengthen its international security cooperation with the armies and secret services of other democratic countries.

### SECTION 3. STRATEGIC DIRECTIONS OF SUSTAINABLE DEVELOPMENT

#### 1) Realize the capacity of a maritime state.

- If there is a political will and a strategy of applying the potential of a maritime complex, Ukraine can maintain itself as a maritime state.

- It is of critical importance to provide improvement in the management of the marine industry. In particular, it is necessary to ensure the consolidation and coordination of ministries that carry out maritime activities and local authorities of coastal regions. Create a permanent **coordinating body - Maritime Collegium of Ukraine.**

- **recovery of merchant shipping under the Ukrainian flag.** Ukraine lost much of its merchant shipping, and the majority of existing Ukrainian vessels register in countries with more liberal tax regimes. The process of restoring the meaningful status of a maritime state should include legislative changes regarding a favorable legal regime of «using» the Ukrainian flag. In particular, it is necessary to develop and adopt the Law of Ukraine «On the Establishment of an International Register of Vessels of Ukraine»;

- a promising tool for the development and competitiveness of ports is **the creation of regional transport port-based clusters**, consolidating various enterprises, related to the handling and processing of cargo, cargo services, ships and ports, providing consultancy services, etc.;

- construction of an **Odessa-Reni** highway of state importance in the first phase (in the direction of Odessa-Ovidiopol-Belgorod Dniester-Monashi **with a bridge crossing across the Dniester Estuary**). This route will be of strategic importance for the development of the Danube port complex and the Bessarabia subregion as a whole; In the second phase - the construction of the highway along the coast on the **Odessa-Mariupol** segment, providing connection of coastal areas and their inclusion in the Common Economic Space of Ukraine.

## 2) Reindustrialization as the basis for sustainable development.

- Ukraine can count on the interest of the EU in further expansion eastward and placing labor-intensive production on its territory. In particular, we can talk about support given to AIC and the maritime sector, the recreational sector and large component assembly and assembly of home appliances.
- accommodation of logistics centers of assembling and packaging of goods of the Asia-EU transit, and localization of equipment production for the agricultural sector;
- the use of scientific and technological capabilities and human resource capacities of the old industrial centers of the Ukrainian Black Sea region to implement government programs in the defense industry sector and meet the needs of the Armed Forces;

## 3) Transit potential and development of the transport-and-logistics sector.

- The transport-and-logistics system of Ukraine is in crisis, and the way out should be sought through implementing a number of internal measures, aimed at improving the transport-and-logistics potential of Ukraine, as well as finding a possibility to *include Ukraine in the international transport corridors of the Black Sea region*;
- Development of the transport-and-logistics capacity of coastal areas should include changes in several directions: the reconstruction and development of port infrastructure, special legal regime in the operation of port and port areas, special pricing for logistic chains, the development of logistics centers in port areas;
- Also, the development of Ukraine's economy and strengthening trade relations with the EU, Turkey and Asia Pacific countries are factors that will contribute to the development of the transport and logistics potential of Ukraine.

## 4) AIC and development of the export potential.

The main focus of development and increasing added value and competitiveness of AIC in the region of the coastal South are:

- development of transportation infrastructure, improvement of energy and water supply;
- *development of companies producing on a large scale, including vertically integrated holdings, engaged in manufacturing and marketing of products and have control over the complete value chain*, especially in the sugar industry, pig-breeding and poultry farming;
- *stimulation of agricultural cooperation of the small and medium-sized businesses in the sector, development of private and cooperative enterprises in agro-service, processing and marketing of goods, creation of agro-industrial clusters with the use of the region's raw materials*. Measures at the local level - the creation of farmers' councils with local executive bodies. At the national level - changes in legislation on the status and taxation of co-operatives;

- state support *to the wine industry, promotion and certification of products in international markets, promoting clustering in the chain: wine-growing – wine-making - wine tourism;*
- *production of eco-friendly food and products with high health-improving qualities among vegetable and cereal crops. Implementation of organic farming for the production of environmentally friendly products.*

**5) Development of the «green economy» and the formation of new points of growth and employment.**

After losing control of the Crimea *the South has become the base for the development of the «green economy»* and such industries, which is made possible through the availability of renewable resources due to the unique climatic potential: viticulture and gardening, tourism and recreation along the coastline, the development of fisheries and aquaculture, solar and wind energy.

**6) Tourism and the «New South» cultural platform.**

The Southern regions concentrate the bulk of the tourism-and-recreational potential of Ukraine, which includes a significant number of health-recreational as well as health-care institutions; a developed network of cultural institutions (museums, theaters, etc.), historical and architectural monuments, marine and estuary beaches, unique therapeutic mud deposits (Kuialnyk Estuary), mineral water, protected landscapes. The annexation of the Crimea revealed the value of the coastal areas as the state's major tourism-and-recreational region. This creates new opportunities for the development of the sector and requires the implementation of measures aimed at increasing its appeal to Ukrainian and foreign tourists, renovation and expansion of the tourism and socio-cultural infrastructure.

At present, the coastal regions are facing the following problems affecting the development of the sector: deplorable state of municipal infrastructure (water supply and sanitation, energy supply), reduction of drinking water, a significant semi-legal and illegal segment of tourism-recreational services, unregulated processes of land privatization, irresponsible/inconsistent spa building, leading to excessive burdening of communication, lack of integrated development plans for natural resort areas, proximity of coastal areas to potential conflict zones, etc.

Cooperation of coastal regions under the «New South» project can give additional impetus to the development of the tourism-and-recreation sector, namely - concerning joint efforts to create tourism infrastructure, a single information and image policy, creation of integrated travel tours / routes, a single cultural space and conducting cultural festivals, and more.

**Diversification and development of new types of tourism.** Given the unique climatic, geographic and cultural conditions and developed agriculture and viticulture, the coastal regions have significant opportunities for the diversification of tourism and recreation. That is, in addition to traditional forms of tourism (beach holidays), there is potential to intensify the development of specialized tourism - green, wine, health care, sports, ethnographic,

environmental, growth of the cruise segment of the tourism industry. It is necessary to develop and implement new tours, that combine elements of leisure and travel.

In addition, it is important to expand the range of the resort-and-recreation services of spa facilities through health care (diagnosis, prevention and treatment) with extensive use of recreational and therapeutic resources.

**Infrastructure development of the tourism-and-recreation industry.** To activate and increase tourist flows, it is necessary to improve transport accessibility of coastal areas, especially in the coastal zone, including auto- (extend highways), air, maritime connections. It is important to *restore marine passenger services* along the coast between coastal regions and between coastal towns, and river passenger traffic in the waters of the Danube and Dnieper rivers and their tributaries. Another main prerequisite for the development of the tourism-and-recreation sector and increasing its investment appeal – carrying out work on water supply and drainage systems, construction of filtration facilities in resort areas; address the issue of supplying energy to coastal settlements.

Development of tourism also includes development of the hotel industry - increase the number of health resort centers, hotels and set up mud-treatment resorts and treatment centers, that provide paid services; development of the entertainment infrastructure; development of the coastal cruise business.

Raising the standards of hotel services requires the reconstruction of the existing hotel base and the building of new hi-tech hotels, the creation of economic incentives to attract investment to the construction and commissioning of new hotels. For the development of the tourism industry, it is important to conduct an inventory of land in the coastal zone.

In order to improve the competitiveness of the tourism-and-recreation sphere thought should be given to the creation of recreation-and-tourism clusters in the coastal zone, combined with the development of environmentally friendly agriculture, to meet the demand of the region and that of the tourism sphere for high-quality-eco-products.

- The South of Ukraine calls for cultural reorganization and integration into Ukraine's single cultural and information space. Sustainable development of the ethno-culturally diverse «New South» region requires **a new platform of cultural and humanitarian development, creation of clusters of cultural industries and a creative economy**, its own information and cultural portal «New South» and a «Southern Dimension» TV channel.
- Creation of a single environment for the development of cultural clusters, with centers in the coastal cities of the Azov region (Mariupol, Berdyansk), the Black Sea region (Odessa and Mykolaiv) and Bessarabia (Reni and Belgorod Dniester).
- **The idea of a dialogue of cultures** and peaceful coexistence should be a component of the region's and its individual communities' new brand. The region's mission - become **a platform** for cultural cooperation and **dialogue of cultures not only within the Ukrainian Black Sea region, but also for the states of BSEC and of the Danube basin**;
- The new platform of cultural development should provide **equal opportunities** for the free development of local communities and **meet the cultural needs of individual minorities** (Bulgarian, Crimean-Tatar, Greek, Moldovan, Romanian).

## PRELIMINARY CONCLUSIONS

1. Implementation of Ukraine's marine potential, sustainable socio-economic development and security in southern Ukraine requires discussion and implementation *of a comprehensive policy of inter-regional cooperation of Ukraine's coastal regions, awareness and recognition of the need for a particular format of controlling the development of the three sub-regions - the Danube-Dniester interfluvium, the Black Sea and Azov Sea regions.*
2. The «New South» platform has to become a pillar of the southern vector of Ukraine's Euro-integration strategy and become **an alternative to the Russian «Novorossiya» project.**
3. The concept of the «New South» - is the first step towards developing a new *policy of inter-regional cooperation of Ukraine's coastal regions*, which is in compliance with the priorities of the State Strategy for Regional Development - 2020.
4. *Decentralization of power in Ukraine in 2014 - 2015 will allow to intensify inter-regional cooperation* in the coastal areas of Ukraine, primarily increasing the importance of cities and viable communities. But overcoming the «crisis of perspective» can only be achieved through consolidating the potential of separate communities and presenting a regional development platform.
5. **The concept of the «New South» aims to create a platform for dialogue and a common vision for a model of cooperation and collaboration between** city representatives and municipalities, that are located in the coastal strip of the 5 regions of Ukraine (the Odessa, Mykolaiv, Kherson, Zaporizhia and Donetsk regions).
6. **A special Agreement between the Cabinet of Ministers and the Union of the «New South» municipalities on the Priorities of Regional Development and Cooperation** could become an institutional incentive for sustainable development of the coastal areas of Ukraine.
7. **A key component of the «New South» Concept is a comprehensive assessment of threats to the coastal regions of Ukraine, connected with the militarization processes in the Crimea, which is initiated by the Russian Federation.** At present, **the development of a new South Coastal Defense concept**, which provides structural reforms in the security sector and **the creation** of structures similar to those of **Canada's or US Marine Corps**, which provides not only defense of the coast from vessels, aircraft, but also the defense of shelf, intelligence functions, contra of meteorological oceanographic factors, rescue operations of victims at sea and so on. It is clear, that security cannot be provided in the northwestern Black Sea region and reliable protection of Ukraine's Black sea region is impossible without **the development and implementation of measures (a state program) on the revival of the Navy Armed Forces of Ukraine.**
8. The formation of the «New South» region should be based *on the harmonization and unification of the interests of local communities in accordance with the reform of local*

*government based on government decentralization*. Coordination of forces will promote achieving cooperation and specialization, avoid competition, restore intra-regional relations characteristic of the south since ancient times and contribute to the region's sustainable development.

9. **The South of Ukraine can be a real driver to economic development, social stability of the state**, take full advantage of the unique opportunities from the Association Agreement with the EU. Further disregard of the aforementioned challenges and neglect of the need to optimize management practices for sustainable development of the New South is risky for both the Danube-Dniester interfluvium, the Black Sea and Azov Sea region, and Ukraine as a whole.

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