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1. Military Policy: Defence Budget 2011

23.12.10. The Supreme Council of Ukraine passed the bill "On the State Budget of Ukraine for 2011".

Comment: *The act stipulates that the Defence Ministry's budget in 2011 will amount to 13,585 billion UAH, including 11,375 billion UAH in the General Fund and 2,210 billion UAH in the Special Fund.*

At the same time, 571 million UAH (270 million UAH for the General Fund and 301 million UAH for the Special Fund) will be appropriated for procurement and modernization of armaments and military equipment.

See Annex to IAR DN 51/2010 for more information on distribution of State Budget allocations for the Defence Ministry in 2011.

2. Military Policy: Changes in Military Service

21.12.10. The Supreme Council passed the bill "On Amendments to the Law "On Military Duty and Military Service".

Comment: *This legal act amends the Law "On Military Duty and Military Service" where it concerns training of military specialists for the Ukrainian Armed Forces; concluding contracts for cadets in officer positions; an indemnity a servicemen pays to the state in case of an early termination of the first contract without any exonerative grounds; improved regulation procedures for a number of issues.*

The new version contains Part 10 Article XXV which takes into account the requirement that officers remain in service for five years upon their graduation from (training at) a higher military educational establishment. Otherwise the servicemen is obliged to recover the amount spend on his/her maintenance during his/her training.

3. UAF Reform: New Structures

23.12.10. According to the Chief of the General Staff, Colonel-General G.Pedchenko, two new functional structures will be established in the Ukrainian Armed Forces.

Comment: *Establishment of the new structures is stipulated by the draft of the new Strategic Defence Bulletin till 2015. The UAF will remain a three-Service structure that will include the Army (the reformed Army is to have 57200 personnel), the Air Force (42500 personnel) and the Navy (14000 personnel). The new added functional structures will be the Combat Duty Forces and the Special Operation Forces with the total strength of up to 5000 personnel. It is anticipated that these structures will have been established by 2013 as a separate branch with the following key tasks: carry out military reconnaissance; contribute to antiterrorist operations; destroy enemy economic and military facilities of key importance; countersabotage and counterterrorist operations.*

The new UAF structures will be generated from Special Task units and the Joint Rapid Reaction Force.

4. International Exercises: Antiterrorist Operation "Active Endeavour"

23.12.10. The Ukrainian Navy corvette "Ternopil" completed its mission in the Mediterranean where it contributed to the antiterrorist Operation Active Endeavour.

Comment: *While patrolling its designated areas of the Mediterranean, "Ternopil" examined dozens of civilian vessels and covered thousands of nautical miles. It will be recalled that "Ternopil" left Sevastopol for the Mediterranean on the 7th of November 2010 and started operating as part of the NATO OAE force in mid-November. During intervals between patrols ship officers and the boarding team took a specialized training course on planning, organization and execution of maritime interception. The aim of the operation is to counter terrorist within the area of operation in the Mediterranean by preventing illegal shipping on weapons and ammunition, transportation of people as well as other illicit activities with civilian vessels.*

Key tasks of the operation are patrolling and control of shipping in the area of operation.

It will be recalled that the corvette "Ternopil" also took part in the Operation Active Endeavour in 2009 (from 15.10.09 till 26.11.09).

5. Peacekeeping: Rotation of the 56th SHD

21.12.10. All servicemen of the 13th rotation of the 56th Separate Helicopter Detachment operating as part of the UNMIL have been redeployed to Ukraine.

Comment: *Throughout the six months in the African continent, Ukrainian crews of eight Mi-8 helicopters and three Mi-24 helicopters were transporting UNMIL personnel and cargoes, performed medical transportation, observation flights and patrolling in the AOR. Ukrainian helicopter crews have accumulated over 2100 hours of flying time, transported over 8000 passengers and 290 tons of cargo.*

6. International Cooperation: Ukrainian-Russian Relations

21.12.10. Delegations representing military agencies of Ukraine and Russia held their first working meeting in Sevastopol to discuss joint participation in a counter piracy operation.

Комментар: *The delegations discussed a possible format of UAF units' participation in a counter piracy operation.*

Russia suggests Ukraine's assigning a few special task units or marine units to operate aboard Russian Navy ships. In the course of the negotiations, the delegations discussed Rules of Engagement for the counter piracy operation as well as legal aspects of employing Russian and Ukrainian servicemen in this operation.

As reported by the mass media, the Russian Black Sea Fleet HQ have already drafted and passed on to Ukraine through diplomatic channels the Agreement between the Government of the Russian Federation and the Cabinet of Ministers of Ukraine on Counter Piracy Cooperation. The draft outlines, in particular, key areas of counter piracy cooperation, joint counter piracy actions to be taken in piracy-prone areas of the World Ocean as well as other aspects of joint efforts. The next such meeting to discuss these issues is scheduled for the second half of the first quarter of 2011 in Kiev.

7. International Cooperation: Ukrainian-Russian Cooperation

22.12.10. The Plan of Cooperation between the National Security and Defence Council of Ukraine and the Security Council of the Russian Federation for 2011-2012 has been signed in Kiev.

Comment: The document was signed by the NSDC Secretary, Raisa Bogatyriova, and the Security Council Secretary, Mykola Patrushev. The emphasis was on the need for coordination in such areas as counterterrorism, drug illicit drug-trafficking and organized international crime all of which pose a threat to international peace and security. The parties also discussed the agenda of the next International Meetings of High Representatives for Security scheduled for 2011. The next meeting of the Secretaries of the Ukrainian and Russian Security Councils is scheduled for 2011 in Russia.

8. Conversion Challenges: Melange Disposal

22.12.10. The third cycle of implementation of the Additional Agreement to the OSCE-Ukraine Project concerning disposal of melange (liquid propellant) stored at military unit A1642 near Radehiv district centre commenced in the Lviv region.

Comment: November 2009 saw the beginning of the practical implementation of the project in the framework of the contract between the Ukrainian Defence Ministry, the OSCE and a Russian consortium consisting of three companies (the scientific production firm closed joint stock corporation "Technoazot" and the state-run federal enterprises "Sverdlov Plant" and "Biisk Oleum Plant") that won the open international tender for melange disposal in Ukraine.

615 tons of propellant was removed from Radehiv and sent to Russia during the first two cycles of implementation of the Additional Agreement to the Ukraine-OSCE Project.

The removal of liquid propellant from Radehiv is to be completed in the first half of 2011.

9. Military Equipment and Defence Industry: Procurement of Special Equipment

The Ukrainian Defence Ministry bought 46 fire-engines from the Pryluky Fire-fighting and Special Engineering Plant "Pozhspetsmash" (Chernigiv region).

Comment: The Defence Ministry bought 24 fire-extinguishing tankers on the KamAZ truck platform and 22 fire-extinguishing tankers on the KrAZ platform. The contract was signed on the 21st of December. The total value of the contract is 65617000 UAH.

The cars will be delivered to military unit A0598 in Starokostiantyniv (Khmelnytsk region).

10. Military Equipment and Defence Industry: R95 Engines Repair

In 2011, the open joint-stock corporation "Motor Sich" will start repairing R95 engines in Russia. This statement was made by the Chairman of the company's Board of Directors, Viacheslav Boguslaiev.

Comment: "Motor Sich" is preparing a manufacturing area in Russia for repair of R95-300 engines. In 2011, the new Russian manufacturing facilities will start repairing engines used for a cruise missile power plant.

Previously, Mr Boguslaiev said that in the first quarter of 2011 "Motor Sich" intended to start an establishment in Dubna to service missile engines for the Russian Defence Ministry. The project investments amounted to \$5 million.

The bypass one-shaft engine has the maximum thrust of 300-500kg. The specific fuel consumption is under 0,8kg per thrust kg. The weight is 90-105kg. Maximum operating altitude – up to 6km.

It is a turbojet, one-shaft bypass engine. It is equipped with an electronic automatic control system, a built-in 4kW electric generator, and an autonomous oil system.

The new engines are to be mounted on Russian cruise missiles. Besides, such engines can be mounted on non-recoverable guided missiles and unmanned aerial vehicles.

Distribution of the State Budget Allocations for the Ukrainian Defence Ministry in 2011

thousand UAH

Classification Code	Item	General Fund	%	Special Fund	%	Total
2100000	Defence Ministry	11 375 277,0	83,7	2 209 623,0	16,3	13 584 900,0
2101000	Defence Ministry Apparatus	11 375 277,0	83,7	2 209 623,0	16,3	13 584 900,0
2101010	UAF Management and Military Control	209 948,3	97,9	4 581,1	2,1	214 529,4
2101020	UAF Personnel Support	8 550 826,6	95,3	424 121,1	4,7	8 974 947,7
2101070	UAF communications, establishment and development of command posts and automated command and control systems	101 851,5	68,6	46 627,1	31,4	148 478,6
2101080	Medical treatment, rehabilitation, and sanatoriums UAF personnel	660 917,5	70,0	283 708,0	30,0	944 625,5
2101100	Retraining for officer positions, professional development and retraining of officers and civil servants, basic military training	628 467,6	84,7	113 811,2	15,3	742 278,8
2101110	Mobilization and recruitment for the UAF and other military formations	5 450,0	55,5	4 368,0	44,5	9 818,0
2101140	UAF reform and development	168 516,6	46,4	194 953,7	53,6	363 470,3
2101150	Procurement and modernization of armaments and military equipment for the UAF	270 000,0	47,3	301 225,0	52,7	571 225,0
2101160	Applied research in the national military defence area	80 000,0	46,0	93 729,0	54,0	173 729,0
2101170	Reconstitution of combat potential, repair and maintenance of armaments and military equipment	150 000,0	37,0	255 202,0	63,0	405 202,0
2101180	Construction and major overhaul of military facilities	50 705,8	60,4	33 283,5	39,6	83 989,3
2101190	Construction (procurement) of housing for servicemen	200 000,0	37,4	334 665,0	62,6	534 665,0
2101200	Survivability and explosion and fire safety of arsenals, depots and storages for armaments, missiles and ammunition of the UAF	44 353,0	71,6	17 563,4	28,4	61 916,4
2101210	Disposal of conventional ammunition and liquid propellant components	120 820,0	57,4	89 578,0	42,6	210 398,0
2101230	Participation in international peacekeeping operations	125 124,0	100,0			125 124,0
2101240	Implementation of international military agreements	8 296,1	66,9	4 096,9	33,1	12 393,0
2101340	Protection of key state facilities			6 210,0	100,0	6 210,0
2101350	Social and professional adaptation of retiring servicemen			1 900,0	100,0	1 900,0