

Ukraine: 5 days in September.

In Lv'iv on the morning of my departure I attended the funeral of one of the casualties of the "anti-terrorist operation" in Donetsk. Loudspeakers relayed polyphonic chant from impressively hirsute Orthodox clergy to a cluster of old women and an honor guard, smoking furiously and in no mood to be photographed, waiting to transport the hearse the short distance from the altar to a waiting ambulance. The church itself, standing room only, was a mix of women, soldiers, icons, incense and the blue and gold flag of independent Ukraine. Since the start of hostilities in April Ukraine military losses exceed 1000 killed and 3500 wounded and are widely believed to be under-reported. Although hardly a rounding error when set against recent Russian conflicts this equals a quarter of US fatalities in a decade in Iraq and a multiple of British Army casualties during the Afghan campaign. Conscription was re-introduced in May, and the country is now seeing the third call-up of reservists. Half an hour's drive from the Polish border the effects of Putin's drive to rebuild the Soviet Union are already in evidence.

Lv'iv otherwise appeared prosperous, with its many bars, cafes and restaurants in the well preserved medieval town full of life on a Sunday evening, and the piazza in front of the opera house a buzz of family activity. My hotel was full, as domestic tourism switches away from the Crimea, but Germans and Poles were in evidence taking advantage of the bargains caused by the collapse of the hryvnia. Despite an ugly history of pogrom and ethnic cleansing, and more recently street demonstrations by the Ukrainian neo-Nazi party, Lv'iv had life and charm, and I was sorry to leave.

Odessa by contrast was run-down and deserted, with a motley crowd of several dozen enjoying the view from the top of the Potemkin steps on a barmy Saturday afternoon. The grandeur of the old city is apparent, but the place reminded me of Rangoon in the 1980's, with crumbling classical facades and rampant foliage, cobbled streets and antiquated trams. The taste for little dogs as fashion accessories has endured since Chekhov but Catherine the Great's statue looks out on a distinctly proletarian scene these days, facing a strip club and a Mexican restaurant. There had been trouble in Odessa earlier in the year, but I could sense no tension, and the only boorishness encountered was provided by a couple of fat Scottish Lotharios proclaiming the benefits of an independent Scotland.

In Kiev I appeared to be the only guest at the Grand Hyatt, although the flight from London was full and it took 40 minutes to clear immigration on the heels of a flight from Amman. After suitably depressing discussions on the political and economic outlook with one of the few surviving brokers (Dragon Capital, Peter Brobinsky, bobrinsky@dragon-capital.com) the highlights in Kiev consisted of a trip to Yanukovich's dacha, somewhat larger than Buckingham Palace and an icon of oligarch bad taste, complete with indoor boxing rings, bowling alleys, tennis courts, swimming pools, fake Tudor armour and its own chapel. The grounds are now the venue of choice for weddings parties. Having lounged on the presidential bed and thence driven to the Babi Yar memorial commemorating one of innumerable Nazi atrocities against the Jewish population the next stop was a visit to the makeshift memorials to the victims of the Maydan uprising in February. Photos of some of the posthumous heroes of the defiance that forced Yanukovich into hasty exile in Crimea are now billboards on the hoardings that mask the damage in the city centre, and feature on posters on the highway in from the international airport. This was a far bloodier and decisive revolution than that which toppled Yanukovich for the first time in 2004. After the muddled compromise that bought Yuschenko, disfigured in a Russian poisoning attempt subsequently perfected with Litvinenko's plutonium-laced sushi a decade later, the events of this winter have bought a far more

credible leader in Poroshenko to power with a clear mandate. Elections to the legislature due this month may produce similar results.

I went to Ukraine partly to satisfy my curiosity as to whether there was the unity and determination after a depressing decade of drift to confront Russian ambitions, and more prosaically to visit places such as Odessa that I feared would soon be effectively closed. With interest rates in excess of 30%, a 60% collapse in the currency and an economy contracting 10% there is as yet little point in considering an investment case, although shares in Warsaw-listed Astarta, in the agriculture sector, are worth watching. I also believed before I went, and have not changed my view since, that the future of Ukraine has ramifications that are more important than most commentators appear to recognize. What can be gleaned from a handful of conversations and five days of observation is arguably of little value, but I was impressed with the fierce patriotism everywhere apparent, which the experience of this spring's events in Kiev and the cynicism of Russian activities in the east has fanned. With a population of 45 million, Ukraine is a sizable adversary, and while Serbia and Belorussia still bathe in the glow of Slavic unity, it is clear that there is now a complete rupture between these two erstwhile fraternal nations. The EU accession agreement, delayed but nonetheless ratified, will continue to keep Ukrainian ambitions to evade Russian economic domination a persistent goad to Putin's megalomania. And while NATO may balk at unilateral assistance it is clear on the principal of hanging together or being hanged separately, that Poland and other individual NATO nations are likely to extend bilateral military assistance. Whether or not Ukraine is formally a member of the EU or NATO, she is now the trip wire. That we are in the early stages of a covert "hot" confrontation with a nuclear-armed ex-member of the G8, run by a man who is demonstrably not a rational actor, is to my mind a far scarier scenario than those to which the markets are currently reacting.

Nick Harbinson.