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## Protracted Conflicts

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# TABLE OF CONTENTS

<b>IT IS NECESSARY TO CREATE MESSAGES WITH THE IMAGE OF UKRAINE</b> .....	3
<i>Interview with Anna Romanova</i>	
<b>NATION BRANDING: IS IT ONLY ABOUT TOURISM?</b> .....	6
<i>Hanna Shelest</i>	
<b>NATION BRANDING: GLOBAL TRENDS AND UKRAINE'S CHALLENGES</b> .....	13
<i>Vasyl Myroshnychenko</i>	
<b>NATION BRANDS AND THE CASE STUDY OF UKRAINE</b> .....	21
<i>Katarzyna Rybka-Iwańska</i>	
<b>THE POWER AND THE LIMITS OF COMMUNICATIONS: CASE OF REFORMS IN UKRAINE</b> .....	29
<i>Anastasiya Nurzhynska</i>	
<b>COMBINING HARD AND SOFT POWER: HOW TO ALTER THE ATTITUDE TOWARDS UKRAINE</b> .....	36
<i>Lesia Kuruts-Tkach</i>	
<b>UKRAINE'S IMAGE OF "IN-BETWEEN-NESS": BAD LUCK OR LACK OF POLITICAL DETERMINATION?</b> .....	42
<i>Nadiia Bureiko</i>	
<b>EU VALUE PROMOTION AND THE 'ASSOCIATED' EASTERN NEIGHBOURHOOD: STATE OF THE ART, LEGITIMACY CHALLENGES, AND PROSPECTS FOR THE FUTURE</b> .....	50
<i>Maryna Rabinovych</i>	

# NATION BRANDS AND THE CASE STUDY OF UKRAINE

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***The aim of the article is to present theory and practice of national branding, with Ukraine – not included in typical branding reports – as a case study. Theoretical background to the concept of national branding is presented in the first section of the article. The second part is focused on key international branding indexes and shows the differences and similarities among them, as well as their flexibility in responding to theory. The third part of the article is focused on the picture that one may draw about Ukraine and its image and brand from various international rankings that serve as a substitute for branding surveys.***

## Introduction

Observations and reflections from a lecture on nation branding the author gave in spring, during a public diplomacy course, served as an inspiration to this article.<sup>1</sup> The author's students were representing a dozen of developing countries from three continents. The idea was to conduct a lecture on nation branding and show how students' respective countries performed in various branding indexes. The majority of the countries, however, were not represented in these surveys. This observation was a proof that the branding indexes (and some others, too) focused mainly on developed, and mostly Western, countries.

Therefore, it was assumed that if analysts, diplomats, and investors wanted to conduct a research on the brand of any developing country, they needed to use the data collected in other reports.<sup>2</sup> The surveys

that the author found most representative covered both the politics and the economy of countries. Branding reports put more emphasis on economic factors, meaning that political situation in developed countries was perceived as to a large extent set.

## Theoretical Background

National branding is a fascinating and multidisciplinary field of expertise. There is not much theory here, but it provides for a plethora of practical examples from all over the world of how countries try to build their national brands and of how these brands are ranked and perceived. In this article the following definition, proposed by Keith Dinnie, is chosen to set the scene: The nation-brand is "the unique, multi-dimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all of its target audiences", which puts a lot of

<sup>1</sup> More on the public diplomacy course can be found on SlideShare: [<https://www.slideshare.net/KatarzynaRybkaIwaska>]

<sup>2</sup> My article on top international reports and surveys is, where many more indexes can be found, is available here: [<https://www.linkedin.com/pulse/my-top-20-country-rankings-avalanche-links-katarzyna-rybka-iwa%C5%84ska/>]

emphasis on the perception of a country in the eyes of various public opinion groups and stakeholders.<sup>3</sup>

There is a crucial expert and theorist, Wally Olins, who broadly contributed to marketing studies and political discussions on the national branding, which have been fundamental for shaping new concepts since the 1980s. W. Olins introduced key elements to both theoretical and practical discussions.



***national branding is outwards-oriented, whereas (re) shaping the national identity focuses on the inwards dimension, mainly on the creation of national community and unity national branding is outwards-oriented, whereas (re)shaping the national identity focuses on the inwards dimension, mainly on the creation of national community and unity***

He stated that nations “have always tried to create and modulate their reputations in order to create domestic loyalties and coherence and promote their own power and influence in neighbouring countries”.<sup>4</sup> All W. Olins, in his humble perception, has done, was to use the term “branding” and marketing techniques to explain the activities in the field.

According to his theses, nations continue to shape and reshape their identities (a notion much broader than an image) and to rebrand (a notion much closer to an image and marketing). Both processes are important, although they address different dimensions. Largely, national branding is outwards-oriented, whereas (re)shaping

the national identity focuses on the inwards dimension, mainly on the creation of national community and unity (these processes naturally influence each other). They need to adapt and to project this real change symbolically to all the audiences with whom they relate, outside and inside of a country. For example: The Dutch East Indies became Indonesia, its capital Batavia was renamed and became Jakarta, a new language, Bahasa Indonesia, was developed.

Another element introduced by W. Olins was focused on building competitive advantages, i.e. on three areas of competition among nations and countries, not only over political influence, but especially over their economic leverage. The first area was devoted to exports and trade. For example, cars (Mercedes, Audi, BMW, VW) are Germany’s premium exports good. It provides for some advantages, because everything close to engineering gets credit: Companies such as Siemens, Bosch, Braun, Miele benefit from the motor industry prestige. It does not make it easier, however, to be connected to the German national branding when it comes to other labels such as Jil Sander, Hugo Boss, Nivea, or Allianz, which do not match the engineering portfolio.

Thus, as Wally Olins describes, if the nation’s leading brands represent a narrow, well-defined sector, they may flourish, but other brands may face more challenges in building their international leverage. Often they will not put any emphasis on their country of origin.

Another area of image competition between states are foreign direct investments (FDIs), as well as pulling talents and creative manpower from all over the world, what is “influenced by local legislation, tax breaks, regional funding,

<sup>3</sup> K. Dinnie, et. al. *The Relevance, Scope and Evolution of Nation Branding* [in:] K. Dinnie (ed.), *Nation Branding: Concepts, Issues, Practice*, Elsevier Ltd. 2008, p. 15.

<sup>4</sup> W. Olins, *Making a National Brand*, [in:] J. Melissen (ed.), *The New Public Diplomacy: Soft Power in International Relations*, Palgrave MacMillan 2005, p. 170.


education level of employees<sup>5</sup>, government attitudes, transport infrastructure, and many more. These various factors make the competition somehow hard-core, expanding well beyond PR activities. Marketing, however – and successful campaigns aimed at making a place fashionable to invest in – plays its role, too.

The third area of competition is tourism, where countries compete over the numbers of people that come and visit. But this sphere is complex. For instance, there is a danger of getting large numbers of tourists that a country cannot effectively handle and cannot provide with a reasonable standard of leisure. This may cause damage in the sphere of image and branding. Moreover, the majority of countries compete through very similar claims of having the best views, the most convenient tourist resorts, the whitest beaches, and breathtaking sightseeing opportunities. It is not easy, but it is necessary to find a niche, to differentiate, to be unique if a country is to achieve success in the field.<sup>6</sup>

If just these three economic dimensions were to be taken into account, they would have already formed a complex mosaic of challenges for countries that want to take care of their branding and international standing. Yet, the field of national branding reaches further than the economic rivalry. The efficient branding programme has to take into account also other public diplomacy fields, including cultural, sports, economic, arts, digital, youth, and many other endeavours. As there are many different stakeholders when it comes to the senders of the branding message, there are also many, maybe countless, addressees.

As W. Olins underlined, launching and managing a national branding programme is more complex, sophisticated, and long-term than managing a similar (in name) programme for any company. It requires the engagement of many more actors (from government, business, and society circles) and all of them should feel the “all hands on deck” principle.

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It also takes years to see the results – and they still may not be tangible. Moreover, “politicians like quick results that get them votes and that is why so many national branding programmes are taken up enthusiastically and then dropped”<sup>7</sup>. Maybe one of the reasons for this failing enthusiasm, motivation, and discipline is an endless and tiring competition. As Philip Seib quotes two moguls, Pete Cashmore of Mashable in his “The Future of Diplomacy” – “content is not a scarce resource; attention is a scarce resource” and Charles Firestone of the Aspen Institute – “the ability to get attention is a real asset, as attention is the real scarcity with the overabundance of information”<sup>8</sup>.

Therefore, according to Simon Anholt, “[b]rand management should be treated as a ‘component of national policy’, never as a

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<sup>5</sup> W. Olins, *Making a National Brand*, [in:] J. Melissen (ed.), *The New Public Diplomacy: Soft Power in International Relations*, Palgrave MacMillan 2005, p. 175.

<sup>6</sup> L. de Chernatony, *Adapting Brand Theory to the Context of Nation Branding*, [in:] K. Dinnie (ed.), *Nation Branding: Concepts, Issues, Practice*, Elsevier Ltd. 2008, p. 19.

<sup>7</sup> W. Olins, *Making a National Brand*, [in:] J. Melissen (ed.), *The New Public Diplomacy: Soft Power in International Relations*, Palgrave MacMillan 2005, p. 178.

<sup>8</sup> P. Seib, *The Future of Diplomacy*, “Polity Press”, 2016, p. 36.

'campaign' that is separate from planning, governance or economic development. [...] If brand management is put into a silo of 'communications' or 'public affairs', there is little it can do. But when it informs policy-making and becomes implicit in the way the country is run, it can dramatically accelerate change"<sup>9</sup>.

## Key Branding Indexes

Wally Olin's categorisation is a basis for branding indexes. Although, if sticking to theory, they should treat economic leverage as a foundation, they all have their own perspectives and angles, put emphasis on different elements of the typology, and add their own ones, if only they find them suitable.

There are four internationally acknowledged national branding indexes that should be taken into account in any analysis of a country's image. One should note, however, that when a country is assessed by its peers or by investors, many other indexes are taken into consideration and have an impact on a general assessment. The next section of the article will show what picture of Ukraine stems from many other international indexes. Here, the author will focus on the shape and perspectives of key branding indexes.

The first index to be assessed is the Anholt-GfK Nation Brands Index.<sup>10</sup> It is composed of a hexagon constructed by a well-known expert in the field, Simon Anholt (quoted above), in 2000. Six categories that are tackled in the index are: governance, exports, tourism, investment and immigration, culture and heritage, people. It is clearly visible that the economic leverage is not enough to perform

well in this index. The magnetism, "power to attract people", "the population's reputation for competence, openness and friendliness", "appreciation for [a country's] contemporary culture" – these descriptions prove that nation branding is closely interlinked with the notion and concept of soft power.

It is also clear that when it comes to branding, it is not the real situation that matters the most, but the perception and assessment of it. On the other hand, as Jian Wang writes in his article, "as the contemporary communication ecology has become decidedly transparent, the content and expressions in a nation-branding program can easily be questioned and contested. So the potential loss of trust as a result of gross misrepresentation is incalculable and can be very difficult to recover. That's why the incentive for credible and authentic branding outweighs that for exaggeration and propaganda"<sup>11</sup>.

There were 50 nations measured in the latest edition of the index. A large percentage of developing countries were left out. The survey is focused mainly on developed countries. The Top 10 is composed of Western countries (Japan included) and there are no newcomers in comparison to 2015. All of the Top 10 countries, however, have lost points in various categories. The growing global scepticism towards their accountability was visible.

The second index is named Brand Finance – Nation Brands<sup>12</sup> and takes, naturally, a more economic perspective, stemming from the GDP growth, trading conditions, and statistics, but also some societal, political, and governance factors. For instance, in 2016

<sup>9</sup> S. Anholt, *From Nation Branding to Competitive Identity – The Role of Brand Management as a Component of National Policy*, [in:] K. Dinnie (ed.), *Nation Branding: Concepts, Issues, Practice*, Elsevier Ltd. 2008, p. 23.

<sup>10</sup> "The Anholt-GfK's Nation Brands Index", [<http://nation-brands.gfk.com/>]

<sup>11</sup> J. Wang, *Nation Branding Reconsidered*, USC Center on Public Diplomacy, 12 June 2014 [<http://uscpublicdiplomacy.org/blog/nation-branding-reconsidered>]

<sup>12</sup> "The Brand Finance's – Nation Brands", 2017 [<http://brandfinance.com/knowledge-centre/reports/brand-finance-nation-brands-2017/>]



the report highlighted the strengthening of the nation state and juxtaposed it with the value of openness, the exchange of ideas, as well as trends in international and global trade that followed this political tendency. This year it underlines especially “the gradual shift of the global centre of gravity from West to East” and puts an emphasis on the rise of China and a closing gap between the US and China. The US leads the ranking, but grew only by 2%, whereas China grew by 44%. The competition of national brands over their political and economic leverage becomes global as not only Asian but also African and Latin American countries want to have their say in it.

Also, the level of corruption, analysed mainly through the Transparency International’s Corruption Perceptions Index, is broadly taken into account. It influences, for instance, the list of Top 10 Strongest Nation Brands in 2016, led by Singapore – “the cleanest country in Asia”. What is also interesting about Singapore’s leading position is its “superb public transportation system” and “a high quality education system based in English”. The extraordinary result in the category “People and Skills” helped Singapore dominate the Top 10 Strongest Nation Brands also in 2017.

The third index is titled Country Brand Index – Future Brand<sup>13</sup> and is focused mainly on consumer perceptions across several dimensions: awareness, familiarity, associations, preference, consideration, and decision/visitation. From the perspective of this article, the associations dimension is most interesting as it covers factors such as value system, quality of life, business potential, heritage and culture, tourism, “made in”. The authors of the report claim that not all countries can qualify as brands.

According to their methodology, only 22 out of 75 countries taken into account qualify as “country brands”, which means they have clear competitive advantages. The Top 20 is dominated by developed and/or Western countries, while the United Arab Emirates occupied the 19<sup>th</sup> position. The results of the report support some remarks mentioned above. Brands associated with Germany by respondents are: Mercedes-Benz, Bayer, VW, Audi, Lufthansa, Siemens, Porsche BMW, but also Adidas. The newest version of the report is devoted to the years 2014-2015. Ukraine was listed as 74<sup>th</sup> in the ranking, but no analysis was provided.

The fourth ranking does not have “branding” or “brand” in its name, but certainly covers the issue: a comprehensive study titled The Soft Power 30: A Global Ranking of Soft Power 2017<sup>14</sup>, with the latest edition published by Portland Communications in July 2017. It focuses on a broad issue of public diplomacy and soft power, where (as stated above) national branding is just an element of the whole picture. The authors of the survey propose an analytical framework divided into objective (government, digital, culture, enterprise, engagement, education) and polling (cuisine, tech products, friendliness, culture, luxury goods, foreign policy, liveability) data. Perception, a key factor in branding, matters especially in the latter, polling part of data. Even though it is authored by a communications company, the report covers broadly last year’s political events and trends, which to a large extent are the point of departure to any further analysis in the survey. Just like all the other reports, The Soft Power 30 is dominated by Western countries. Some positions may be quite surprising though: China on the 25<sup>th</sup>, the Russian Federation on the 26<sup>th</sup>, and Turkey on the 30<sup>th</sup> position. Ukraine is not covered in the report.

<sup>13</sup> “The Future Brand’s Country Brand Index 2014-2015” [<https://www.futurebrand.com/uploads/CBI2014-5.pdf>]

<sup>14</sup> “The Soft Power 30. A Global Ranking of Soft Power”, 2017 [<https://softpower30.com/wp-content/uploads/2017/07/The-Soft-Power-30-Report-2017-Web-1.pdf>]

## Ukraine's Performance in International Indexes

Taking branding as a point of departure, it needs to be stated that Ukraine was tackled in the Brand Finance – Nation Brands in its 2016 edition – but not in the newest one. In 2016, it was ranked 4<sup>th</sup> in the 5 Best Performing Nation Brands category. As it was written in the study, the country's economy was well balanced in the conditions of war with Russia over the Donbas and the annexation of Crimea. On the other hand, it was stated that this quite a good performance stemmed from recovering from the dark years of 2014-2015. It is often easier to advance from very low positions than from the higher ones. According to the authors, this proved to be one of the major challenges for the future of Ukraine, especially because it desperately needed an increased international investment. Lack of sustainable FDIs has been hampering the development of the country from the very first day of independence following the Soviet Union's collapse.

Even though this report focuses primarily on financial factors, it underlines also the fact that Ukraine remains highly vulnerable to hybrid warfare and information attacks, also due to the resistance in the Ukrainian government towards the development of a communications strategy and tools.

As for other reports, more focused on the economy, the Heritage Foundation, one of the leading conservative think tanks in the US, annually publishes The Index of Economic Freedom<sup>15</sup> that in 2017 gave Ukraine some credit for recent reforms. The rating of Ukraine grew in the majority of

categories, including government integrity, government spending, and trade freedom. The most common word, however, used to describe the economy of Ukraine was “fragile”, meaning that no positive trend and no progress in Ukraine have yet been fully sustainable.

Staying close to the economic factors, one should take notice of the World Economic Forum's Global Competitiveness Index<sup>16</sup>, with its latest edition published in September 2017. Ukraine was ranked 81st (an upgrade from 85<sup>th</sup> in the previous edition). It performed badly when it came to institutions (118<sup>th</sup>), macroeconomic environment (121<sup>st</sup>), goods market efficiency (101<sup>st</sup>), and financial market development (120<sup>th</sup>). However, when it came to “softer” indicators, the situation was quite good and the positive trend was noticeable: health and primary education – 53rd, higher education and training – 35<sup>th</sup>, market size – 47<sup>th</sup>, innovation – 61<sup>st</sup> place.

In World Economic Forum's Global Human Capital Report 2017<sup>17</sup>, Ukraine scored even better and took the 24<sup>th</sup> position (out of 130 ranked countries). In the “capacity” section of the report's typology Ukraine ranked 5<sup>th</sup> due to its high scores in literacy and numeracy, as well as primary, secondary, and tertiary attainment rates.

These positive human capital trends were confirmed in the Global Innovation Index<sup>18</sup> published by Cornell SC Johnson College of Business, INSEAD Business School, and the World Intellectual Property Organisation. Ukraine was ranked 50<sup>th</sup> (out of 127 ranked countries). When it came to “hard-core” categories, it performed badly: institutions –

<sup>15</sup> *The Index of Economic Freedom*, The Heritage Foundation [<http://www.heritage.org/index/country/ukraine>]

<sup>16</sup> *Global Competitiveness Report 2017-2018*, The World Economic Forum, 26 September 2017 [<https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>]

<sup>17</sup> *Global Human Capital Report 2017*, The World Economic Forum [<https://www.weforum.org/reports/the-global-human-capital-report-2017>]

<sup>18</sup> *Global Innovation Index 2017* [<https://www.globalinnovationindex.org/>]

101<sup>st</sup>, infrastructure – 90<sup>th</sup>, market sophistication – 81<sup>st</sup> place. However, when it came to softer categories and human capital (especially among the young generation), some countries might have felt jealous of Ukraine's results: human capital and research – 41<sup>st</sup>, knowledge and technology outputs – 32<sup>nd</sup>, creative outputs – 49<sup>th</sup> position.

Another confirmation of high possibilities in Ukrainian human capital can be found in the 2017 edition of The Global Talent Competitiveness Index: Talent and Technology<sup>19</sup>, published jointly by INSEAD, the Adecco Group, and the Human Capital Leadership Institute. The general performance of Ukraine was lower than average – the 69<sup>th</sup> place out of 118 ranked countries. However, Ukraine performed very well in particular categories (and there are 65 indicators in the report), such as: “relationship of pay to productivity”, “migrant stock”, “tertiary enrolment”, “tertiary education expenditure”, “technicians and associate professionals”, “ease of finding skilled employees”, “availability of scientists and engineers”, “workforce with tertiary education”, “senior officials and managers”.

The above-mentioned Transparency International's Corruption Perceptions Index<sup>20</sup> is probably the most often quoted report when it comes to Ukraine. As long as Ukraine does not jump over Russia in this report (and the trend proves truly sustainable), both the economy and the international image of the country will remain weak. In the latest, 2016 edition of the index, both countries occupied a poor 131<sup>st</sup> place with 29 points, worse than the average for Eastern Europe and Central Asia and much worse in comparison to the

EU and Western Europe category, where Bulgaria had the worst result – the 75<sup>th</sup> position (globally) and 41 points.

In the circle of rankings that take both the economic and political angles, the Freedom House's Freedom Index<sup>21</sup> should also be taken into account. In the latest edition of the report, Ukraine ranked as partly free. The recovery from a tremendous turmoil of 2014 and the struggle and efforts in the field of conflict with Russia were acknowledged. However, the failure in implementing a grand anti-corruption reform, as well as a solid and overwhelming position of oligarchs in politics and economy, with the addition of the attacks on the press, made the performance much poorer than it could be. This confirmed the results of the Corruption Perceptions Index.

When it comes to more global, UN reports, one should take into account the Human Development Report annually delivered by the UNDP, one of the most comprehensive reports that serve as a point of departure to many analyses. It includes 122 indicators devoted primarily to living conditions, divided into bigger categories such as health, education, inequality, poverty, as well as work/employment/vulnerability, trade and financial flows, and environmental sustainability.

Together with Armenia, Ukraine is positioned at the 84<sup>th</sup> place out of the 188 countries ranked in the Human Development Index (the most important part of the Human Development Report). In the years 1990-2015, Ukraine made quite a modest progress in the index (a 5.2% increase in points), for instance: life expectancy at birth increased by 1.3 years and expected years

<sup>19</sup> *The Global Talent Competitiveness Index 2017* [[http://www.gtci2017.com/documents/GTCL\\_2017\\_web\\_r3.pdf](http://www.gtci2017.com/documents/GTCL_2017_web_r3.pdf)]

<sup>20</sup> *Corruption Perceptions Index 2016*, Transparency International [[https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016)]


<sup>21</sup> *Freedom Index 2017*, Freedom House [<https://freedomhouse.org/report/freedom-world/freedom-world-2017>]

of schooling increased by 2.9 years. What is important, “Ukraine’s GNI per capita decreased by about 31.9 per cent” in that time.<sup>22</sup> Ukraine ranks below average in the high human development group (where it is ranked), as well as below average for the category of Europe and Central Asia.

## Conclusions

Statistics serve only as a point of departure to and background for further analysis. They do not provide investors with enough answers to questions that come to mind if money is to be invested, if a plant is to be built, or if an R&D programme or unit is to be launched in any country. They do say a lot however and may prompt at least some answers.

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When it comes to the brand of Ukraine, a few observations stem from the above-mentioned data. First of all, the effort of the government to act and implement certain reforms in the times of conflict and turmoil is acknowledged. Second, there is a feeling that some years have been lost or at least the time was not used effectively. The grey zone and corruption stand still in Ukraine. And as long as corruption will be mentioned in any (and every) analysis of Ukraine, no tremendous change and a sustainable and long-lasting

advance in development will take place. Here we focus on development, much broader than the GDP growth. Development based on corruption will not prove sustainable and long lasting, even though the economic growth may be booming.

But third, every single survey devoted to (or at least mentioning) innovation and human capital highlights the great potential that lies in Ukrainian people, especially the young generation. This is good news, especially when the research on the future of work is concerned. Every report in this field underlines that in the age of artificial intelligence, robotics, and the Internet of Things, these are social and soft skills, as well as life-long learning and the open-mindedness of the students and labour force that will decide what the fate of a country will look like. Moreover, it is said that apart from the competition over exports, FDIs, and tourists, talent attraction is to mostly influence the national branding of tomorrow.<sup>23</sup> Therefore, if the government of Ukraine focuses on its people, on their education (from primary to tertiary), on their access to labour market and just salaries (which means also a grand anti-corruption reform and responding to demographic and migration challenges), they will build a national brand that Ukraine needs and can eventually obtain.

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<sup>22</sup> *Human Development Report*, UNDP [[http://hdr.undp.org/sites/all/themes/hdr\\_theme/country-notes/UKR.pdf](http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/UKR.pdf)]

<sup>23</sup> K. Dinnie, et. al., *Why Countries Engage in Nation Branding*, [in:] K. Dinnie (ed.), *Nation Branding: Concepts, Issues, Practice*, Elsevier Ltd. 2008, p. 17.