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BUDGETING OF STATE FOREIGN VISITS: THE CASE OF UKRAINIAN HEADS OF STATE VISITS

The paper analyzes the state budget expenditures on foreign visits of Ukrainian heads of state, starting from the presidency of the second President Leonid Kuchma and concluding with the acting President Petro Poroshenko. All foreign visits have been considered by types. During the period under study the public spending per one presidential visit increased significantly. Reasons behind this increase are outlined, including objective, subjective and also those related to elections.

Keywords: diplomatic contacts; state visits; state budget; Ukraine.

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БЮДЖЕТ ДЕРЖАВНИХ ЗАКОРДОННИХ ВІЗИТІВ: НА ПРИКЛАДІ ВІЗИТІВ УКРАЇНСЬКИХ ГЛАВ ДЕРЖАВИ

У статті проаналізовано видатки державного бюджету на закордонні візити голів держави, починаючи з другого Президента Леоніда Кучми та закінчуючи чинним Президентом Петром Порошенком. Всі закордонні візити було досліджено за типами. Протягом періоду дослідження видатки в перерахунку на один візит суттєво зросли. Проаналізовано причини цього явища – об'єктивні, суб'єктивні, а також ті, що пов'язані з передвиборчими кампаніями.

Ключові слова: дипломатичні контакти; державні візити; державний бюджет; Україна. *Форм. 1. Рис. 1. Табл. 3. Літ. 10.*

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БЮДЖЕТ ГОСУДАРСТВЕННЫХ ЗАРУБЕЖНЫХ ВИЗИТОВ: НА ПРИМЕРЕ ВИЗИТОВ УКРАИНСКИХ ГЛАВ ГОСУДАРСТВА

В статье проанализированы расходы государственного бюджета на зарубежные визиты глав государства, начиная со второго Президента Леонида Кучмы и заканчивая действующим Президентом Петром Порошенко. Все зарубежные визиты были исследованы по типам. В течение исследуемого периода расходы в пересчёте на один визит существенно возросли. Проанализированы причины данного явления – объективные, субъективные, а также имеющие отношение к предвыборным кампаниям.

Ключевые слова: дипломатические контакты; государственные визиты; государственный бюджет; Украина.

Introduction. Political and economic changes in today's world, dynamic development of science, communications, technology and international trade are the main factors that increase mutual dependence of all countries. These factors motivate or even force them to cooperate with each other at the common world stage. One of the most popular and important tools which helps different countries communicate are state visits of leading persons, such as head of state, head of government, monarchs etc. In general, we should distinguish few types of visits: visits by heads of states and governments, official delegations or diplomatic visits. All these types of visits are the most important tools to establish, maintain and develop certain relations with representatives of a country, both official or business.

Statesmen visit is the highest form of communication (diplomatic contact). Such a meeting shows the qualitative state of political, economic, social and humanitarian

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relations between a host and a visiting country (Nitsch, 2007). Head-to-head meetings or summits, where heads of states and governments participated, are the form of highest bilateral or multilateral relations. During such visits large-scale foreign policies and foreign economic relations are discussed, specific further steps in mutual relations are developed.

Diplomatic protocol of state visits is different across the countries. In general, it depends on the form of government, cultural and national traditions. Somewhere it can be simplified or more luxuriant. However, reception ceremonial of foreign guests and delegations at the highest level is always consistent with the rules of international courtesy (Sahajdachnyi, 2006).

In the historical context we need to highlight that state visits as a form of diplomatic activity is always developing. Before the World War II state visits did not play an important role as they are playing today. Those days visits were a quite rare events and more like protocol ceremonies than real political or economic negotiations. Leaders of some countries started visiting Ukraine even before it comes independent. Hungarian president A. Goncz had visited Ukraine in the middle of 1990. Turkish president T. Ozal had visited Ukraine close to its independence proclamation in 1991 (Smolij, 2006). Ukrainian heads of state had started visiting foreign countries after the proclamation of independence in 1991 and further establishment of national foreign policy (Sidak, 2008).

In various countries visits classification is different, as it depends on national traditions and legislation of a host country. Diplomatic protocol and diplomatic practice in Ukraine, for example, distinguish further types of visits: state visit, official visit, working visit, travel (passing) visits etc. In this paper we will concentrate mostly on state, official and working visits as these types of high-level communication are most important and productive in terms of developing political, economic, social and humanitarian relations.

The purpose of this paper is to analyze state budgeting of foreign state, official and working visits of Ukrainian presidents, from Leonid Kuchma to the acting head of state Petro Poroshenko.

Data and methodology. In this paper we analyze Ukrainian foreign activity budgeting, hence expenditures on foreign visits (state, official or working visits) of Ukrainian heads of state are examined. In our analysis we handle the dataset for 20 years, the observation period is from 1995 to 2014. We start with the presidency of the second head of state L. Kuchma and conclude with the acting president P. Poroshenko, who is serving since 2014. In our analysis we use binary counting, it means that we don't count two or more visits to the same country in one year.

To fulfill the purpose of this paper the official websites of Ukrainian government were used. Data for budget expenditures on state visits during each observation year were obtained from the Act on State budget of Ukraine (Supreme Council of Ukraine, 2015). All data on budget expenditures are represented in Ukrainian national currency – hryvnia (UAH). To make our analysis more precise all expenditures from currency fluctuations we transform all values from national currency into US dollars using historical average exchange rates for the observation period 1995–2014. To make this calculation we obtained all necessary historical average USD to UAH exchange rates from the United Nations Council on Trade and Development data-

base of annual exchange rates (UNCTAD statistics, 2015). Calculations on expenditures for each year were carried out as follows:

$$E_t = \frac{Eu_t}{r_t}, \quad (1)$$

where E_t is the expenditures in USD during the observation period t ; Eu_t represents expenditures in UAH in time t ; r_t is the annual exchange rate in time t .

In order to make our analysis more valid we use only official foreign visits and ignore other types of visits, such as unofficial visits, travel or passing visits, private visits, visits on the highest level in the case of state funerals etc. These kinds of high level visits, with the exception of unofficial visits, are important too, but they do not encourage political and economic relations to the same extent as official visits do. In our analysis we encompass only official visits like state visits, official visits or working visits. Such types of high-level communication are the most important and productive in terms of developing political, economic, social and humanitarian relations. States visits assume arrival ceremonies that include performance of national anthems of the two nations, a review of honor guards, and full military honors. State visits reflect the highest level of hospitality, honor and formality in relations between nations. An official visit is when high-ranking officials (cabinet level to head of government) are invited to visit another country by its government. Honors are given if the foreign official is the head of government, but not so for cabinet-rank officials. Both these type of visits require a host country invitation and this host country pays for accommodations and expenses of the official delegation. For working visits no invitation is necessary. A host country does not pay for accommodation or other expenses of the official delegation during the working visits.

All the visits at multilevel conferences and forums where counted as working visits unless there was an official meeting with the head of state of a visited country, then it was counted as an official visit to a particular country. A lot of times when Ukrainian president visited NATO, UN or EU conferences there have been many bilateral meetings, but these types of short meetings where not counted. Exception was if a visit at a multilateral conference resulted in a working or official meeting with the head of the state of a hosting country. For example, when visits to New York (where the UN headquarters is located) had resulted in bilateral meetings of presidents, we counted it only if that visit to the UN resulted in a bilateral meeting with the president of the USA (the same principle was also applied in the case of other multilateral conferences). Our aim was to pay attention mainly to bilateral contacts, specially planned and prepared, which in our view are more important for the development of bilateral political and economic relations.

Foreign visits by Ukrainian heads of state. Ukrainian heads of state have travelled quite a lot. Many state visits have been realized during the presidency of Leonid Kuchma, who has been on the one hand longer in the office, but on the other hand it was the time when diplomatic contacts were first time established and the diplomatic service has been built from the ground zero. The second Ukrainian president L. Kuchma had about 128 foreign visits during his first and second terms (Table 1). Throughout his first term L. Kuchma made about 62 foreign trips, as compared to 66 foreign visits during his second term, 1999 to 2004. In this period, the chronology

of bilateral contacts was based on the establishment of a diplomatic mission in a selected country after a meeting of heads of governments or ministers of foreign affairs resulted in a state visit of the head of state. It was a time when international contacts were established with European countries, also a lot of visits were made to former soviet states.

Table 1. Foreign visits by Ukrainian heads of state, author's processing of the data from foreign representative offices of Ukraine and online news

	All visits (1995–2014)	L. Kuchma (1995–2004)	V. Yushchenko (2005–2010)	V. Yanukovich (2010–2013)	P. Poroshenko (2014–...)
1995	18	18	0	0	0
1996	15	15	0	0	0
1997	14	14	0	0	0
1998	9	9	0	0	0
1999	6	6	0	0	0
2000	13	13	0	0	0
2001	10	10	0	0	0
2002	19	19	0	0	0
2003	18	18	0	0	0
2004	6	6	0	0	0
2005	20	0	20	0	0
2006	13	0	13	0	0
2007	15	0	15	0	0
2008	17	0	17	0	0
2009	13	0	13	0	0
2010	14	0	0	14	0
2011	17	0	0	17	0
2012	12	0	0	12	0
2013	13	0	0	13	0
2014	8	0	0	0	8
Total visits	270	128	78	56	8

Note: column "all visits: includes state, official and working visits of all Ukrainian presidents, 1995 till 2014.

For instance, L. Kuchma has made 10 trips to Russian Federation (1 visit each year of his term) and only 4 visits to the United States during his two presidential terms. According to the types of visits L. Kuchma had made 98 state and official visits and 30 working visits (Table 2). One of the prominent features of working visits is the character of high-level contacts, which can be performed during multilateral negotiations or summits. As L. Kuchma had served two presidential terms, he is the leader by quantity of foreign visits among all Ukrainian heads of state.

If we take into consideration the average amount of L. Kuchma's foreign visits per presidential term, we can conclude that V. Yushchenko had made the biggest amount of foreign visits. This particular increase can be associated with radical changes in Ukrainian foreign policy, including its reorientation to European integration. During 2005–2009 V. Yushchenko had made about 78 foreign visits, that is 50 state and official visits and 28 working visits (Tables 1 and 2). Also we have found that V. Yushchenko had relatively less state visits and more official and working visits (Table 2). The quantitative side of the visits had changed upwards. From the qualita-

tive point of view, geographical destinations of state visits changed as well. The geographical structure of foreign visits of the president V. Yushchenko changed in comparison with L. Kuchma. V. Yushchenko visited much more Western states and much less Russian Federation. During this period the relations with Russia changed for the worse. Foreign trade declined and the trade on energy resources went through the natural gas crisis (Raneta and Kozhabaeva, 2013). All this had translated into worsening of political relations between Russia and Ukraine and had its reflection on the statistics of foreign visits. V. Yushchenko as a Western-oriented president of Ukraine also reoriented foreign political contacts to the West.

Table 2. Foreign visits of Ukrainian heads of state by the types of visit, author's processing of the data from foreign representative offices of Ukraine and online news

	State/official visits	State visits	Official visits	Working visits
1995	17	5	12	1
1996	13	6	7	2
1997	10	1	9	4
1998	8	2	6	1
1999	2	0	2	4
2000	9	1	8	4
2001	6	1	5	4
2002	16	0	16	3
2003	14	3	11	4
2004	3	0	3	3
2005	13	0	13	7
2006	8	2	6	5
2007	8	2	6	7
2008	13	0	13	4
2009	8	1	7	5
2010	8	0	8	6
2011	12	7	5	5
2012	8	0	8	4
2013	6	2	4	7
2014	4	1	3	4
Total visits	186	34	152	84

V. Yanukovich has made 56 foreign visits during his incomplete (4 years of 5) presidential term, which ended up eventually in Ukrainian crisis (Skvrnda, 2015). V. Yanukovich made about 34 state and official visits and 22 working visits (Tables 1 and 2). Main V. Yanukovich's visits destinations were Poland, United States, Russia, and Kazakhstan. V. Yanukovich was often called in media as pro-Russian president but after examining the statistics of foreign contacts we did not found a radical change in the geography of foreign visits. V. Yanukovich had traveled more times to Russia, definitely a lot more than V. Yushchenko, from the statistical point of view the situation returned to the times of L. Kuchma's presidency.

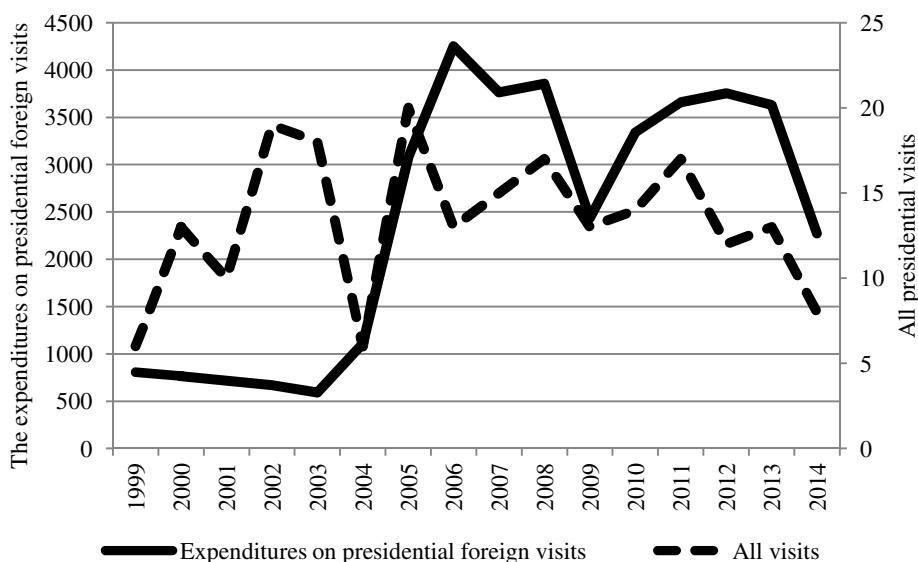
Current president of Ukraine P. Poroshenko had made about 8 visits during his first year of presidency. P. Poroshenko had travelled to Belarus, Canada, Poland, Singapore, United Kingdom and United States. He is the first Ukrainian head of state that had made a state visit to Australia. The main purpose of the trip to Australia was

negotiation with their Prime Minister on energy issues, including exports of coal and uranium to Ukraine. The geographical structure of P. Poroshenko's visits are affected by a very strong worsening of relations with Russian Federation and a new [repeated] reorientation of official foreign policy to Western countries. The statistics of foreign visits also confirms that trend. The common feature of P. Poroshenko's presidency is a relatively big number of working visits, which are financially demanding for a host country than state or official visits.

Foreign visits budget. During the studied period Ukrainian presidents accomplished almost 300 visits in different countries. From the budgetary point of view expenditures on each visit increased over time. Between 1999 and 2014 presidential administration had received more and more budgetary funds for its activities. Expenditures on presidential administration rose more than 3 times, from 8 mln USD in 1999 to 25 mln USD in 2014 (Table 3). During V. Yanukovich's presidential administration budget increased to almost 43 mln USD in 2012 and 38 mln USD in 2013. However, the upturn in budget expenditures on presidential administration and foreign visits had not transformed into bigger number of foreign visits (Table 3). On average, Ukrainian presidents made about 13 visits annually. The budget on presidential foreign visits had raised 2.7 times during the examined period. This could be explained by the shift from state and official visits (the receiving country pays) to bigger numbers of working visits (the visiting delegation pays). The described trend can be seen in Figure 1. Another interesting observation, also in Figure 1, is the cyclical five-year character of budget expenditures and in the number of visits. This can be explained by the elections periodization, when the foreign activity diminishes and domestic policy becomes the priority.

Table 3. Expenditures on foreign visits, extracted from the Act on State budget of Ukraine, 1999–2014

	Expenditures on presidential foreign visits, ths USD	Presidential Administration budget, ths USD	Expenditures on presidential foreign visits to presidential Administration budget ratio, %	All visits
1999	804.8	8004.5	10.1	6
2000	765.3	9270.7	8.3	13
2001	716.1	4368.5	16.4	10
2002	669.3	9958.8	6.7	19
2003	592.3	8587.9	6.9	18
2004	1109.2	7447.7	14.9	6
2005	3078.0	11687.8	26.3	20
2006	4251.8	18679.3	22.8	13
2007	3762.4	22887.0	16.4	15
2008	3854.0	28931.5	13.3	17
2009	2436.1	14692.5	16.6	13
2010	3342.7	15200.2	22.0	14
2011	3658.8	25006.6	14.6	17
2012	3754.2	42868.1	8.8	12
2013	3628.2	37789.5	9.6	13
2014	2271.4	25055.7	9.1	8



Note: expenditures on foreign visits are in this USD.

Figure 1. Expenditures on presidential foreign visits and all visits statistics, author's processing of the data from foreign representative offices of Ukraine, online news and the Act on State budget of Ukraine

The main tendency was increasing expenditures on presidential administration, foreign representation and foreign presidential visits. Expenditures on presidential foreign visits to presidential administration budget ratio have been on average 14% (from about 9% to about 20% in different years).

Dividing the total budget by the number of visits we can speak about average expenditures per visit. These numbers vary from 130 ths USD per visit in 1999 to 310 ths USD in 2012. It is obvious that there has been a rising trend in costs per visit during the studied period. On average, every visit became more expensive in about three times. At some extent it could be explained by the objective trend of the rise in working visits financed by the visiting delegation. Other objective argumentation could be the rising costs (inflation), for example, on fuel used for interstate and inter-continental flights of the presidential plane. Subjective reasons can be seen in high level of corruption and infective governance. As for corruption, Transparency International had ranked Ukraine 142nd of 175 countries within corruption perception index 26 (Transparency International, 2015). For example, the Democratic Republic of Congo's corruption perception index is 22, and Norway's is about 86 of 100 – which is basically zero level of corruption.

Conclusions. Ukrainian heads of state have travelled quite a lot for state visits, as one of the most popular type of diplomatic contact, is quite productive in terms of generating basics for further political, economic and social relations. In this paper we have performed the analysis of the expenditures on state, official and working visits of Ukrainian heads of state. In our analysis we handle the dataset for 20 years, therefore the observation period was from 1995 to 2014. We started with the presidency of the

second head of state L. Kuchma and concluded with the acting president P. Poroshenko, who started to serve his term in 2014.

During the studied period Ukrainian presidents had almost 300 visits in different countries. From the budgetary point of view expenditures on each visit had increased over time. These numbers vary from 130 ths USD per visit in 1999 to 310 ths USD in 2012. It is obvious there has been a rising trend in costs per visit during the studied period. On average, every visit became more expensive in about 3 times. To some extent it could be explained by the objective trend of rise in working type of visits financed by the visiting delegation. Other objective argumentation could be in the rising costs (inflation), for example, on fuel used for flights. Subjective reasons can be seen in corruption rate and ineffective governance.

Another interesting conclusion concerning budget expenditures is its cyclical five-year character. Five-year cycles can be explained by the elections periodization. Obviously, when foreign activity of heads of state diminishes and domestic policy becomes the priority, expenditures on foreign visits have a tendency to decrease.

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