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# Inside Ukraine

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# The Government Policy

Despite the fact that the pro-Russian separatists signed the Minsk protocol on peaceful settlement of the conflict in Donbas, they do not adhere to the truce and continue to attack positions of ATO forces, though these attacks are less intensive. In addition, they are making major efforts to provide the so-called republics with institutional attributes of autonomy. Thus, the truce in Donbas is extremely shaky. Active confrontation can be easily resumed if Russia gives a corresponding order to militants.

Petro Poroshenko put at stake his own rating in order to push through the idea of his peace plan. However, conditions of Minsk Memorandum contain provisions that will be ignored by both sides of the conflict. Thus, this document cannot be considered as a mechanism for long-term solution to the

conflict, but as a method to temporarily freeze it. The lack of public explanations from the President regarding the need to sign the Minsk protocol and to adopt corresponding draft laws has become the main information failure of the President's administration.

Some representatives of the government use the statements on reform implementation in order to improve pre-election positions of their political forces. In particular, Arsen Avakov presented the concept of MIA reform, prepared in collaboration with civil experts. The concept contains a number of positive changes, but does not envisage radical renewal of MIA staff. The fact that the government is going to be changed after election casts doubts on the possibility to start reform implementation in accordance with the announced strategy.

## Shaky truce in Donbas



The problem of the Minsk protocol and presidential Donbas initiatives is not only the vagueness of statements in these documents, but the lack of explanation from the President on inevitability of such decisions due to the situation at the front. While communication of the President at foreign policy level is very effective, President's information policy

Public communication of the President as regards peaceful initiatives suffered a complete fiasco

at the domestic political arena suffered a complete fiasco. Petro Poroshenko tried to remedy the situation and organized an interview with leading journalists on September 20, 2014. In addition, he announced a full-scale press conference to be held on September 25. It is quite positive that the President took into account the experts' criticism on establishing effective communication with citizens, but the laws of 16 September and the Minsk protocol remain information failures of the President's administration.

On September 19, 2014, representatives of the OSCE, Ukraine, Russia and pro-Russian Donbas rebels have signed the Memorandum on the implementation of the Minsk protocol. Unlike the latter, the Memorandum is more specific, but raises a number of new questions to the Ukrainian government.

First of all, the document specifies the area controlled by rebels, as of September 19, not as of September 5, when the protocol was signed in Minsk. The separatists have greatly expanded the territory under their control over the past two weeks. For instance, ATO forces retreat from Lutuhyne in Luhansk region, shifted the front line 50 km to the north, and dozens of small settlements happened to be under control of separatists. The main motivation was the menace of encirclement for Ukrainian troops. However, criticism is caused by the fact that ATO command does not comment on changes to the map and does not explain the need for such a step.

Such problems could have been avoided if the Minsk protocol and President's laws on Donbas status contained a clear list of settlements controlled by separatists. This red line was not drawn, and, as a result, these boundaries remain open to speculations.

There are no specific borders of the area controlled by separatists

Similarly, after the signing of Memorandum on September 19, ATO forces left Zhdanivka, Rozivka, and Yunokomunarivsk arguing that the front line needs to be aligned. Following this logic, Ukrainian troops are likely to leave Debaltseve, which is an important transportation hub on the border of Donetsk and Luhansk regions and is now controlled by Ukrainian forces. Throughout the period of the so-called truce, separatists continue to intensively attack ATO forces in this town, and a window of opportunity for retreat is closing. The only point that gives hope that Debaltseve will remain under control of official Kyiv is that, according to the OSCE map (annex to the Memorandum), this town is situated on the territory not controlled by separatists.

However, it is unlikely that the Memorandum will be implemented. The document stipulates that both sides should take back artillery and heavy military equipment 15 km from the contact line as of September 19. Thus,

It is unlikely that the Minsk memorandum will be completely implemented

a 30-kilometer buffer safety zone should be established. However, this condition means that the separatists will have to withdraw all heavy weapons from Donetsk, Luhansk and Horlivka and Ukrainian artillery will have to leave Mariupol. There are some doubts that at least one of the parties is going to fulfill this condition completely.

Retreat of the Ukrainian artillery from Mariupol will be possible only after Russians' withdrawal of heavy weapons from the south of Donetsk region, as a group of their troops near Novoazovsk is a direct threat to Ukrainian troops in Mariupol. Mopping-up the south of Donbas from heavy weapons and all foreign armed groups can be also found among nine points of the document signed in Minsk.

In addition, the Memorandum provides for imposing a ban on the use of combat aviation, including drones, by any party, except for the OSCE. It also envisages a ban on planting minefields. The OSCE representatives will control the implementation of the Memorandum. The number of OSCE monitors will be increased to 350 persons allocated to 5 sectors.

The NSDC does not comment on this, but the water lines were chosen as the borders of the territory under control of separatists. In Luhansk region, a significant part of the imaginary border runs along the Siverskyi Donetsk river, and in Donetsk region — the Kalmius river. On the one hand, it makes easier to control a dividing line between the territories controlled by Kyiv and separatists, and does not require a large number of additional engineering structures. On the other hand, it evokes historical analogies when the countries were divided by rivers as a result of wars.

Nevertheless, hopes for a lasting peace are premature. Pro-Russian separatists continue to receive support from Russia. In addition, separatists continue attacking ATO forces during the truce and build up their so-called republics institutionally. There were a number of reports about massive issuance of Russian passports, intentions to have their own currency and to conduct election of the "head of the republic" and "parliament" on November 2, 2014. It should be noted that the law on special order in local self-governance in certain districts of Donetsk and Luhansk regions, which is a part of Poroshenko's peace plan, envisages only local election to be held on December 7, 2014.

Separatists are building up their "republics" institutionally

# Reform of MIA in Facebook

On September 18, the Minister of Internal Affairs Arsen Avakov presented the “concept of the MIA reform” in social networks. The concept was prepared in cooperation with experts’ public council headed by Yevhen Zakharov. This reform is one of the most urgent in Ukraine, as it will allow rebuilding trust to the public authorities, increasing the sense of security under the conditions of constant Russia’s attempts to destabilize the internal situation in Ukraine and, in comparison with other reforms, requires less time for its implementation. However, the Interior Minister is included in the list of Arseniy Yatsenyuk’s “People’s Front” party. That is why his desire to speed up the presentation of the concept is associated with the beginning of the campaign. Even if the current Cabinet of Ministers approves this text, it will not be able to further proceed with the concept implementation and the text will be inherited by the next government.

Announcement of the MIA reform as a PR move on the eve of elections

Although, according to the concept authors, the functions of the ministries have been reduced, except for law enforcement activities, Ministry of Internal Affairs will be responsible for protection of the constitutional order and territorial defense, immigration service, state border protection and fire and rescue service. Thus, the structure of the Ministry of Internal Affairs will include police, National Guard, State Migration Service, State Border Service and State Emergency Service. It is similar to the structure of the Ministry of Internal Affairs in Poland. At the same time, authors of the Georgian reform, which is considered to be one of the most successful in post-Soviet countries, separated fire service and migration service from the MIA.

The reform presented by Arsen Avakov envisages the transfer of Directorate for Combating Organized Crimes to the Security Service of Ukraine and Department for Combating Economic Crimes — to the State Fiscal Service. The concept stipulates the elimination of veterinary police, transport police and police for juvenile affairs. Although demilitarization of the MIA is one of the principles of the reform, the National Guard and Border Service, remain powerful paramilitary units within the Ministry.

Extremely positive idea is a separation of political and administrative positions at the ministry level. The Minister will carry out political functions, while heads of departments are professional employees in their respective fields. Currently, when the Minister is changed, all the vertical of command up to the regional units should also be changed. It significantly affects the efficiency of the system and its professionalism.

Separation of political and administrative positions is a positive idea

The number of police officers will be reduced from the current 376 per 100 thousand people to 300 police officers per 100 thousand people, i.e. by 20%. Such 20% reduction by 20% took place in Russia as part of the police reform, but such a step did not bring qualitative changes in police forces. It is important to change the very principles of the functioning of law enforcement system and provide preventive measures of power misuse, but not to manipulate with the number of employees.

In addition, considering opposition of law enforcement agencies to the correspondent changes, authors of the strategy argue reduction of the number of law enforcement officers will be conducted in few stages and within a few years. The laid-off employees will be able to get a new profession.

Developers of the strategy were concerned about resistance of the system

At the same time, if re-attestation is conducted according to the law on lustration, thousands of law enforcement officers are subject to dismissal.

According to the concept, State Motor Vehicle Inspectorate and patrol service will be merged into the traffic police, which will not deal with the issue of driving licenses and vehicle registration anymore. Those were some of the most corrupted spheres of activity. In order to reduce a level of corruption, it is also proposed to increase the use of means of traffic control. Implementation of electronic record-keeping is also aimed at reducing corruption risks.

At the local level, municipal police is to be established. It will have dual subordination: Ministry of Internal Affairs and local authorities. Municipal police will deal exclusively with public order and control of cities’ accomplishment. However, there is a question

whether a dual subordination of this institution will enable it to effectively perform its functions.

A number of special units, such as “Berkut” or “Hryphon” will be liquidated. Instead, a unified special rapid deployment unit with 1500 persons, just as American S.W.A.T., will be created.

Mandatory labeling of uniforms will facilitate identification of MIA officers. Civil society will be involved in conducting internal investigations in cases of violations of the law by police officers.

Selection and training of personnel will be conducted on a competitive basis and after a polygraph test. All current employees of the MIA are subject to total re-attestation under the law on lustration. However, this law has not been signed by the President yet and was supported by the parliamentary majority to increase the chances of some political forces in the upcoming election. Therefore, its implementation is quite doubtful because of the complexity and unfeasibility of the lustration procedure prescribed by law.

According to authors of the strategy, reform of the Ministry of Internal Affairs may last for eight years. However, to bring positive results, the reform requires a radical change in the functioning principles of law enforcement system. Change of the name, changes in subordination of various units to other departments and 20%-reduction in the number of personnel will not bring qualitative changes in the activities of the MIA. The key to these changes can only be radical renewal of all personnel of the MIA, when there will remain law enforcement officers not related to corruption and human rights abuses in the Ministry. These should be officers with a high level of professionalism. A system of combating corruption in the Ministry and an effective mechanism to prevent law enforcement officers' abuse should be created.

The key to successful reform is a radical renewal of all MIA staff

# Economic Situation

According to the August results, industrial production in Ukraine continues downward trend. Major reason is hostilities in Donbas, which destroyed infrastructure and production facilities, and unbalanced production chain. These factors negatively influence activities of numerous enterprises in related industries, located in other regions of Ukraine.

As a response to harsh criticism over deterioration in UAH standing, the National Bank introduced a number of changes in FX market. Some of them are intended to promote international business activities, while others — to regulate situation on FX cash market.

Russia is going to introduce import duties on Ukrainian goods due to Ukraine's implementation of the Association Agreement with the EU. The duties will concern more than 170 items of goods, which may cause Ukraine's losses in the amount of USD 1.5 bln.

Beside the trade war, Russia wants to destroy energy sector of Ukraine through destruction of energy stations and coal mines. Coal energy makes up a significant share of energy sector in Ukraine; therefore, its exclusion from the energy balance will significantly decrease Ukraine's capacity to put up with energy pressure from Russia.

## Ukraine's economy continues its fall



In August 2014 industrial production in Ukraine decreased by 21.4% yoy. In the previous month the figure was 21.4%. In general, in January-August 2014 the drop made up 7.8% yoy.

Mining industry fell by 27.4%. The biggest drop was observed in coal mining — by 60.4% yoy, caused by the fact that many Donbas mines stopped their work. Downward trend accelerated in processing industry as well — up to 19.2% in August in 2014 comparing to 12.7% in

**The biggest drop was observed in coal mining**

July 2014. The most significant deterioration took place in coke production (in August negative trend accelerated up to 50.2% yoy), machine manufacturing (-31%), metallurgy (up to 30% yoy) and chemical industry (-19.6%).

Major reason for such drop in industrial production was hostilities in Donbas, due to which production in Donetsk region fell by 60% in August 2014, in Luhansk region — by 85% (rough year-over-year estimates). Taking into account that industry in these regions is inter-related with companies in other re-

gions, especially in mining and machine manufacturing, destruction of infrastructure and production facilities in Donbas will negatively influence production level in other regions. In particular, logistic factor will have a considerable effect: destruction of transport infrastructure in ATO area has negatively influenced supplies of raw materials to other regions and subsequently — to production level there. These regions include Dnipropetrovsk, Zaporizhya and Kharkiv, where there are enterprises of processing, metallurgy and machine manufacturing industries.

Considerable drop in production was observed in many regions, including Kyiv. For the first eight months of 2014 industrial production in the capital dropped by 14% yoy.

Nevertheless, for the same period some regions experienced increase in this index. For instance, in Ternopil region the increase made up almost 50% yoy, while cumulative index for January-August 2014 increased by 12.3%. Similarly, comparing to August 2013, the index improved in Vinnytsia, Zhytomyr, Zakarpatya, Kyiv, Mykolaiv, Odesa and Kherson regions.

Some regions experienced increase in production

Situation in the agricultural sector is more optimistic. Due to good harvest of early grain crops, production index in agriculture increased by 8.5% yoy for January-August. Yield of early grain crops and

leguminous plants was significantly higher than last year. However, yield of late grain crops will be lower comparing to the previous year, which will be reflected in agricultural production level at the end of 2014.

Drastic hryvnia devaluation may have become a positive factor for export-oriented industries as well as for those Ukrainian goods which have to compete with similar foreign products on the domestic market. However, this year influence of negative factors will be much stronger and a smaller number of companies will be able to benefit from the devaluation advantages.

Trend in industrial production drop will remain negative till the end of 2014. Traditional factors which negatively influence economic dynamics in the last years: absence of systemic reforms and low level of investment attractiveness typical for most industries — were aggravated by a powerful Donbas factor. Even if there are no active hostilities in the ATO zone, Donbas conflict will be frozen and control of Kyiv government over the region will not be restored. It will make restoration of destroyed infrastructure and production facilities impossible.

Deterioration of the industrial situation, in its turn, will negatively influence related spheres: transport, construction and trade.

Donbas factor will continue influencing industrial production

## NBU changes rules on FX market

The National Bank made another attempt to stabilize FX market situation, having adopted the resolution No. 591 “On amendments to some legal acts of the National Bank of Ukraine”.

The resolution foresees decrease of obligatory amount of FX proceedings sale from 100% to 75%. Liberalization of this provision is aimed to facilitate international business activities and provide economic agents with FX assets to cover current FX liabilities. It is expected that this provision will make life of exporters easier and it will decrease negative influence of FX risks on their work.

Obligatory amount of FX proceedings sale decreases from 100% to 75%

The resolution also cancels a mandatory requirement to convert FX money transfers from abroad

into hryvnia for individuals who do not open an account. It is expected that these measures will increase FX proceedings to Ukraine under current non-trade transactions. These proceedings are provided by Ukrainian migrant workers who work in the USA and the EU. With introduction of requirement to convert FX transfers into hryvnia, share of official transfers from abroad decreased.

The resolution decreases maximum amount of FX sale to one person per one working day. The amount is equivalent of UAH 3000. This restriction does not concern cases when resident individuals purchase cash FX to repay debts under loan agreements concluded with authorized banks.

Taking into account that banks almost do not sell foreign currency officially and it is impossible for individuals to buy FX, these measures will not



have considerable effect on official FX rate in the short run. Moreover, in the long term they will promote shadow FX market.

Besides, the resolution foresees additional anti-crisis measures in some FX transactions (import

**The NBU measures will promote shadow FX market**

of goods which do not enter the Ukrainian territory, transfer of FX funds to Ukrainian residents abroad to buy out corporate rights from non-residents, transactions based on individual NBU licenses).

These measures are exclusively of temporary nature and will be cancelled when respective negative factors on FX market are mitigated.

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# Russia extends trade war against Ukraine

Russia plans to automatically introduce duties on Ukrainian goods if implementation of economic part of the Association Agreement with the EU starts before 2016. According to the resolution adopted by Russian government, Russia will increase duties on goods from Ukraine within 10 days after implementation of the Association Agreement starts.

**The Association Agreement as an irritant for Russia**

The duties will cover 174 items of goods. The duty on meat will vary within 0-80%, on fruits and vegetables — 0-15%, on milk and dairy products — 5-22.5%, on crops and bakery — 0-22%, on butter and fat — 5-18.3%, on alcohol and tobacco — 5-27.5%, or EUR 1 per liter, on chemical products — 0-18%, on construction materials and furniture — 0-18.6%, on metal products — 0-19%, on machinery — 0-25%. Introduction of import duties by Russian government will considerably decrease export of Ukrainian products to Russia due to price increase, and subsequently — decrease in competitiveness.

According to 2013 results, export proceedings from Russia were the following: meat products - USD 159 mln., dairy products — USD 381 mln., processed vegetables — USD 175 mln., cacao products — USD 336 mln., alcohol and non-alcoholic beverages — USD 230 mln., salt and sulfur — USD 473 mln., non-organic chemical products — USD 909 mln., plastic and polymers — USD 391mln., transport, exclud-

ing railway transport — USD 191 mln. The figures allow us to evaluate potential losses of industries in case import duties are introduced. It is expected that volume of this export may decrease by 50%. Then Ukraine's losses will make up USD 1.5 bln..

At the same time, Arseniy Yatseniuk claims that if there are restrictions on Ukrainian goods introduced, Ukraine will provide a symmetric response to Russia. However, it is doubtful that these “mirror” sanctions will have considerable negative effect on the Russian economy, since Ukraine's share in Russian import is only 5%.

**Ukraine may introduce exactly the same sanctions against Russia**

Trade war between Ukraine and Russia has lasted for a long time. It is not the first time Ukraine is subject to trade restrictions. For instance, in early April 2014 Russia banned import of Ukrainian candies, chocolate and hard cheeses and blocked transit of Ukrainian sugar to Central Asia.

Such an aggressive Russian stance against Ukrainian export should become an additional stimulus for Ukrainian businesses to improve their capacity to re-orient to other markets in time. In their turn, for Ukrainian authorities it is a stimulus to improve their capacity to create favorable climate to substitute Russian imported goods with Ukrainian products.

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# Russia set itself to destroy Ukrainian energy system

Russia keeps supplying heavy weaponry, special equipment, precision-guided munitions and militants to separatists, though Moscow is fully aware

that the weapons will be actively used to ruin infrastructure of two Ukrainian regions. According to Ukrainian government, half of 115 coal mines in

Eastern Ukraine suspended coal extraction due to ongoing hostilities, while one third of coal mines was deliberately flooded by terrorists. As a result, nearly 70% of coal mines in Donetsk region have been shut down. According to Ukrainian Ministry for energy and coal industry, thermal power stations in the mentioned regions experience a large anthracite coal deficit. Under a positive scenario, the reserves of coal will suffice for 50 days, whereas a negative scenario puts this figure at 11 days. In Luhansk region, practically all power stations and power lines have been destroyed. The thermal power station in the city of Shchastya, which produces electricity for 70% of the population in Luhansk region and thus ensures the normal functioning of the entire region, is regularly shelled.

Given such circumstances, it can be concluded that Russia is not interested in Donetsk and Luhansk as regions which may become a part of Russia in the near future according to “Russian world” concept. Apparently, the Kremlin’s current strategic goal is to make Donetsk and Luhansk the energy wreck and humanitarian catastrophe zone, where no issue can be resolved without Russia’s direct involvement.

As a result, Donetsk and Luhansk will become not just a local “flashpoint” but also a heavy bur-

Russian-backed separatists are deliberately destroying coal mines

den on Ukrainian economy. The conservation of the existing situation for the entire year may be a catalyst for financial, economic and energy bankruptcy of Ukraine. In this regard, it becomes clear why Russia has persisted in its attempts to make Ukraine postpone the establishment of a free trade area with the EU until 2016. Moscow hopes that until 2016 Ukraine becomes an economic wreck and thus it will be not able to integrate into the EU. Moreover, under the Kremlin’s political calculations, the EU will lose interest in Ukraine by that time.

Energy sector is a key to the success of the Kremlin’s plan. A deliberate destruction of coal mines and available reserves of coal in Donetsk storehouses is seen as an attempt to deprive Ukraine of the possibility to keep a single energy system working at 50 Hz with the help of combined heat and power plants. The decline in frequency to 49 Hz is fraught with the danger of emergency shutdown of nuclear reactors, which will have irreversible repercussions for the entire region. As a result, in case such situation occurs and the escalation continues, Ukraine will find itself on the brink of ecological disaster and will have no other choice but to accept help from anyone, including Russia.

Russia wants to land Ukraine in ecological and energy disaster

# Political competition

Oleh Lyashko's Radical party, to which public opinion polls give the second place at the upcoming parliamentary elections, presented a rather motley party list. Building his electoral campaign on the inclusion of new faces and crusade against oligarchs, Oleh Lyashko's party filled the upper part of the list with little-known civic activists, ATO participants, singers and sportsmen. However, the majority in the upper part of the electoral list is represented by business-

men and former officials linked to Serhiy Liovochkin. "Strong Ukraine" is consistently working with the electorate from southern and eastern Ukraine. Serhiy Tihipko's 5% result at 2014 presidential elections makes chances of his political party passing the electoral threshold quite good. "Strong Ukraine" has become the biggest cluster of big business representatives compared to other political parties participating in elections.

## Oleh Lyashko's electoral jackpot



Various sociologists predict that Oleh Lyashko's Radical party will come second at parliamentary elections. If such prediction proves to be true and "radicals" receive 15-20% of electoral support, they may get 35 up to 50 MP seats. This is a real jackpot for a political party which hardly got 1% of votes two years ago, with its only MP coming from a single-seat constituency.

In 2014, the situation changed dramatically. Public demand for military rhetoric as well as populism allowed Lyashko, unexpectedly even to himself, to win a bronze at presidential elections. By transforming his presidential campaign into parliamentary one and drawing

**Public demand for military rhetoric and populism has benefited Lyashko**

it on the strong media resource of Serhiy Liovochkin, who is the main creator and benefactor of Radical party, Oleh Lyashko reinforced his position.

Lyashko's rating may be influenced by strong media campaign, which has been launched against him by Ihor Kolomoiskyi through controlled media. The confrontation between Kolomoiskyi and Liovochkin has reached its active public phase and has political and economic factors at its roots. The tug-of-war between two oligarchs may be beneficial for the society, as it prevents each of the oligarchs from becoming too strong. At the same time, this fight affects public trust to leading media outlets, controlled by Kolomoiskyi and Liovochkin.

Since Oleh Lyashko enjoys high approval ratings and is a major contributor to the Radical party's

standing, Lyashko did not care much about attractiveness of his party list for voters. Radical party's list has fewer civic activists and ATO participants than other political parties, like "Samopomich", "Civic Position", "People's Front", or "Batkivshchyna". However, some commanders of voluntary battalions have been included in the party list (battalions "Aidar", "Luhansk -1", "Azov"). Almost all of these commanders are in the top 5.

Oleh Lyashko also employed a classical technique of Ukrainian politics which is the inclusion of singers and sportsmen in the party list to make his party more recognizable. Since the party lacks a developed network of local offices in the regions, there is no need to include many party officials in the list. For this reason, the biggest part of the

list is made up of people coming from Liovochkin business circle as well as his creatures, who used to hold important public positions. Despite this, Oleh Lyashko keeps building his campaign on the idea of renewal of political elite and fight against oligarchs.

At the same time, the list of candidates from Radical party was only partly announced at the party congress. There is no full party list on the website of the Central Election Committee of Ukraine, which is indicative of the potential manipulations with lists. Therefore, Radical party list may get new people from big business who will replace some little-known civic activists and representatives of regional offices of the party.

Most candidates on Lyashko's party list are from Liovochkin's circle

## Serhiy Tihipko is uniting big business

At 2014 parliamentary elections, "Strong Ukraine" of Serhiy Tihipko may be viewed as a party of big business. Despite his own fortune, Tihipko managed to receive consortium financing from key Ukrainian oligarchs, each of them getting their own party list quota.

Among the first thirty people on the list there are people of Viktor Pinchuk, Dmytro Firtash, Ihor Kolomoiskyi and a number of other less influential businessmen like Taniel Vasadze or David Zhvania. However, it is Tihipko himself and number 2 in the list Valeriy Khoroshkovskiy, the former head of Security Service of Ukraine and ex-vice-minister, that have the largest quotas. "Strong Ukraine" was chosen as a platform for the return of Khoroshkovskiy to Ukrainian politics, as after his relations with Viktor Yanukovich had worsened, Khoroshkovskiy left Ukraine for a while.

Since the upper part of the "Strong Ukraine" list is literally worth its weight in gold, one will find neither civic activists, nor new faces in the list. Total monopoly of businessmen is supplemented by the presence of former members of the Party of Regions and party officials from Tihipko's team, who have been his long-term supporters. The only exception there would be an investment banker Ihor Mazepa, Director General of "Concorde Capital", who is number 5 in the list. It underlines the eco-

nomical orientation of the "Strong Ukraine" political position, which will be trying to protect its shareholders' business interests. However, private business clubs similar to "Strong Ukraine" may often become classical conservative parties aimed to protect interests of big business.

As the successor of the Party of Regions, Serhiy Tihipko actively works with the electorate from southern and eastern Ukraine. In this regard, his major competitor, though weak, will be "Opposition bloc" led by Yuriy Boyko. This party, which is composed of representatives of the Development party of Ukraine, "Centre" led by Vadym Rabinovych, and "Ukraine, forward!" by Natalia Kovalevska, took a long time to finally decide on the format of its participation in the elections. The electoral list of "Opposition bloc" includes many infamous members of the Party of Regions, including Serhiy Liovochkin, a mastermind behind several successful projects of different ideological nature.

However, the delay with the launch of the electoral campaign, a stable association of the party with the former Party of Regions and significant negative rating of the first ten people on the list put "Opposition bloc" in a much weaker position compared to "Strong Ukraine" led by Serhiy Tihipko.

Serhiy Tihipko's party represents big business

Private business clubs may become conservative parties

The aim of the publication is to provide objective information on current political events in Ukraine and thorough analysis of major tendencies in domestic politics. Such analysis will assist in setting priorities in the process of implementing reforms in Ukraine and in evaluating quality of state decisions from the viewpoint of their impact and sustainability. Special attention is paid to evaluation of political competition in Ukraine and ability of key political players to address challenges.

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