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INSIDE UKRAINE

1. The Government policy.....	3
1.1. Insufficient fight against separatism in Donbas.....	3
1.2. Parliamentary victories of the Government.....	4
1.3. Ignoring the public could lead to a new Maidan.....	5
2. Economic situation.....	7
2.1. The NBU takes the situation on FX market under control.....	7
2.2. Economic outcome of the Law on occupied territories	8
2.3. The Government starts reverse gas supplies to Ukraine.....	9
3. Political competition	10
3.1. Poroshenko forms his team	10
3.2. Vitali Klitschko can lose his party	10
3.3. Dynamic start of Tymoshenko’s campaign	11
3.4. Party of Regions slowly recovers from the Maidan.....	12



The International Center for Policy Studies (ICPS) restores issuing analytic paper «Inside Ukraine», the last issue of which was prepared in September 2010.

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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Team of authors:

Vira Nanivska, Iaroslav Kovalchuk, Vasyl Filipchuk, Olena Zakharova, Volodymyr Prytula, Vasyl Povoroznyk , Svitlana Mizina

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1. The Government policy

Despite the fact that the Government inaction in Crimea resulted in the loss of the peninsula, central authorities do not make enough efforts to take control of the situation in Donbas. In order to prevent separatism, the Government should strengthen its positions as much as possible ensuring the widest possible regional representation in the government and implementing the reforms which have top priority: administrative, law enforcement and local government reforms. In addition, it is important to formulate a strong negotiating package and choose an effective negotiator, who, having received a mandate from the Government, would be recognized as a legitimate representative both by the West and Russia.

1.1. Insufficient fight against separatism in Donbas

The separatist scenario implemented in Crimea starts to be realized in the Donbas region. Subversive groups formed from the Russian militaries and local pro-Russian population seized the SBU (Security Service of Ukraine), police stations, local administration buildings in Lugansk, Donetsk, Sloviansk and some other towns. Separatists claim the creation of the People's Republic of Donetsk and ask Russia for help. Despite allegations of a large-scale anti-terrorist operation, central authorities fail to take control of the situation in Lugansk and Donetsk regions.

The authorities explained their inaction in Crimea with time limitation when the new government was just formed, and local leaders remained loyal to the former governance and Moscow. Concerning the situation in Donbas, these arguments are unacceptable, because the authorities in Kyiv had six weeks to change heads of law enforcement agencies in the regions.

Most of the security forces in the East do not only counteract the separatists. Moreover, in many cases they help them. Viktor Yanukovich and representatives of the "Family" have consistently exerted every effort to appoint loyal people to the posts of all levels: from the Head of the Regional Administration to the Head of the District Police Department.

These resources have been used to destabilize the situation in the South and the East.

On April 13, the security forces announced an anti-terrorist operation in Sloviansk. It was not only ineffective, but also resulted in police casualties. It has demonstrated not only the government's institutional failure to establish control over the region, but also the lack of political will to implement a consistent policy in this field.

It seems that the Russian side receives information on the Ukrainian action plan before the Ukraine's security forces get instructions from the government. Conversations between the leaders of the subversive groups intercepted by the SBU indicate that Russians feel extremely confident on the Ukrainian territory.

The Interior Minister Arsen Avakov pays more attention to creation of his public image, rather than working with law enforcement agencies at the local level. For example, he posted a report about the anti-terrorist operation in Sloviansk to social networks before its start. At the same time, the authorities do not conduct a counterpropaganda campaign in order to explain to the local population in the East that the idea of separatism and

Crimean scenario starts to be realized in Donetsk

Law enforcement officers in the East ignore Kyiv

federalism is used by Russia and Viktor Yanukovich's entourage for their pragmatic goals. The Government has not been able to develop effective mechanisms for countering Russia on the information front.

Ukraine loses on the informational front to Russia

The Minister's conduct is still a strong irritant for the Maidan's representatives. They continue to demand his resignation. The day before the operation in Sloviansk, MIA's special forces arrested the activists who intended to take part in a march of unity in Kharkiv. The arrested activists complain that the police should use force against separatists, not supporters of national unity.

The situation in the South-East can be taken under control if the Government acts immediately in several directions. Firstly, it should prepare a strong package for negotiations with Russia. The experience of Georgia and Moldova shows that multilateral formats are inefficient and lead to frozen conflicts. Only direct negotiations between Kyiv and Moscow can be effective, but the Ukrainian authorities should formulate a clear proposal package, and choose effective negotiator who can defend the Ukrainian national interests.

Only direct negotiations between Kyiv and Moscow may be successful

Secondly, the Government can strengthen its positions within the country expanding regional representation in government bodies and starting reforms implementation. The authorities confine themselves to statements about regional powers increase, while only real steps towards decentralization will contribute to weakening of separatist moods in Donbas. The Government should actively work in the regions and conduct information campaigns with the local population in the East in order to show that it does not leave Donbas to the mercy of fate.

Also, a cleanup of separatists is necessary. Administrative buildings in Donbas were seized not by peaceful protesters, but by well-armed subversive groups. Their actions fall within the definition of "terrorism". Oleksandr Turchynov's suggestions to involve the UN peacekeepers in the anti-terrorist operation look weird and show helplessness of the Ukrainian authorities. The fight against terrorism within the country's own territory is internal problem and the Government must show that it can solve it.

1.2. Parliamentary victories of the Government

On April 10, the Verkhovna Rada passed a draft law on parliamentary opposition in the first reading. According to it, the parliamentary opposition is entitled to nominate members of the Accounting Chamber (Head, Deputy Head, Secretary and four Controllers), a member of the High Council of Justice, and the four members of the NBU Management Board. In addition, the following posts are guaranteed: the first vice-speaker, and heads of a number of important parliamentary committees (committees on budget issues, on agriculture, on social policy, on legislative support of law enforcement etc.). The parliamentary opposition nominates a candidate for the Commissioner of the Verkhovna Rada of Ukraine on Human Rights and the Chairman of the State Service for Financial Monitoring.

The Law on opposition enlarges rights of the parliamentary minority

The bill also regulates the opposition government's activities. The head of the opposition government is now entitled to attend meetings of the Cabinet of Ministers of Ukraine.

The draft law brought in by the Party of Regions broadens the rights of the opposition. It allows establishing a system of checks and balances in the Parliament and bringing the activities of the country's main legislative body into conformity with the European standards.

European recommendations were taken into account during the voting for the Law on public procurement. Its new version almost cancels the mechanism of single-source procurement. The law applies to all companies in which the state owns 50% and one share. It enables monitoring of all procurement in the energy sector. Number of exceptions in the law was reduced by four times, and the procurement process became public not only for journalists, but also for civil society activists. Henceforth, the customer is obliged to publish information on subcontractors the share of which exceeds 20% of the purchase, and information about significant changes in the contract. In addition, the purchasing thresholds were significantly reduced – to UAH 1 mln. and UAH 5 mln. respectively.

The Law on public procurement, of course, is a positive achievement, as it clearly prescribes a common mechanism of implementation and makes the process more transparent. Some experts predict that innovation will allow the state to save up to USD 70 bln. p. a.

On April 15, the Law on occupied territories was passed. Largely revised, it contains a number of controversial provisions. Under the Law, Ukraine does not recognize forced naturalizing into the Russian citizenship and allows moving freely throughout the territory of Ukraine to those Crimeans who hold the Ukrainian passport. However, for Ukrainians without Crimean registration and for foreigners, the entry to the occupied territory shall be allowed only by special permit in the manner prescribed by the Cabinet of Ministers of Ukraine. Violation of this procedure is punished by up to three years in prison and confiscation of the vehicle.

The Russian Federation is responsible for violation of human rights and freedoms. The Ukrainian authorities should monitor its compliance, although the Law does not prescribe the mechanism. The procedure of the Parliamentary Commissioner for Human Rights activities is not specified either.

The Law provides pensions and social benefits to unemployed Ukrainians who refused to get similar payments from Russia. At the same time, it does not prescribe how this information will be verified.

Ukraine undertakes to maintain and provide economic, financial, political, social, informational, cultural and other relations with the citizens of Ukraine residing on temporarily occupied territory. Such cooperation, especially in the humanitarian sector and public sector, could slow the pace with which Russia assimilates Crimea, but the Law does not contain specific mechanisms how this cooperation will be implemented.

1.3. Ignoring the public could lead to a new Maidan

Separatism in Donbas and the threat of Russia's invasion is not an excuse for the Government not to conduct reforms. Moreover, only qualitative changes in state administration and gain of the public support will strengthen the government's position at the local level and allow the country to overcome separatism.

The Government cannot ignore the opinions of key players and stakeholders. Heads of some ministries are closed to the public, which causes a discontent of the civil society.

For instance, on April 11, the All-Ukrainian Agricultural Congress was held. Perhaps, for the first time in history of this meeting, the Minister of Agrarian Policy and Food and his deputies have not come to the meeting. As a result, approximately 500 delegates representing all regions of Ukraine

The Law on public procurement decreases possibilities for corruption in the area

Both Ukrainians and foreigners will be allowed to enter Crimea only with a special permit

Separatism is not an excuse for the government not to conduct reforms

expressed a vote of non-confidence to the Minister Ihor Shvaika. A real reason of the discontent is the ignorance of the urgent needs in agricultural business and the lack of reforms to combat corruption in the industry. The forum defined the major problems of the industry, such as the lack of deregulation of economic activities in agriculture, problems with the registration of land rights, a significant increase in the price of inputs in agriculture, problems with loan attraction and Government inaction in addressing these problems.

Representatives of agrarian business know their problems and such forums are needed to describe the problems to the authorities in order to develop cooperation mechanisms. Needless to remind that it is the agriculture that can provide a significant percentage of GDP and the inflow of foreign currency into the country.

After the Maidan, the Government cannot exist without public feedback. Ignoring the opinions of stakeholders and rejection of criticism lead to growing dissatisfaction among the population that can result in the Maidan 2.0.

***Lack of reforms
resulted in non-
confidence vote to
the minister***

***In order to exist
government must
hear the public***

2. Economic situation

For a long time the Government has been ignoring the situation on FX market. First administrative steps on hryvnia stabilization were done only last week. Except for the NBU steps, FX rate will be influenced by a number of other factors: development of the separatist scenario in the East, financial support from the West and presidential elections.

2.1. The NBU takes the situation on FX market under control

On April 11, interbank FX rate reached its historical minimum – UAH 13.9 per 1 USD, while at the beginning of the year it made up UAH 8.285 per 1 USD.

Drop in the FX rate of the last weeks was caused by deterioration of psychological expectations on the market due to general panic invoked by confrontation in the East. The situation was also worsened by speculative behavior of some banks which purchased relatively small FX volumes for high prices.

There was no dollar supply on the market because economic agents did not want to sell it, expecting further growth of the American currency. Importers built up dollar reserves in advance while exporters decided to keep the foreign currency expecting deterioration of UAH standing. Non-speculative transactions mostly took place when buyers needed FX for loan repayments and to make settlements with foreign partners.

Under such circumstances, the NBU did not intervene saying that the country has floating FX rate. The NBU position was heavily criticized, as even in case of floating FX rate the NBU has to protect the rate from drastic fluctuations. In fact, Ukraine experienced free fall of the FX rate rather than floating FX rate.

Negative trends were observed not only on the FX market, but also on the monetary market, which was influenced by social and political tension in the country in March. The major trends were outflow of deposits in banking system and growth of money volume due to intensive UAH emission.

In March volume of deposits in national currency dropped by 3.2% (since January – by 10.1%), including individuals – by 5.3% (since January – by 12.8%) – down to UAH 221.2 bln., and legal entities – by 0.2% (since January by 6.2%) – down to UAH 158.3 bln. Throughout March FX deposits decreased by 7.1% (since January – by 14.0%).

Meanwhile, the NBU tried to provide banks with liquidity, thus increasing pressure on hryvnia. In March the central bank refinanced 60 banks for the total amount of UAH 32.3 bln. Since the year began, total refinancing volume made up UAH 63.1 bln.

Drastic deterioration of UAH standing and increase of money volume in the system resulted in price increase for imported goods, for instance, fuel, and further acceleration of inflation processes. In March the inflation was 2.2%. It is the highest monthly indicator for the last three years. Further inflation, with yearly figure surpassing 20%, will lead to reduction of consumer demand due to citizens' low income. In its turn it will negatively affect GDP dynamics.

Under such conditions, the NBU responded to the criticism and finally took some measures last week. It significantly increased discount rate

Depreciation was caused by panic and speculation of certain banks

The major trends are deposit outflow and growth of money volume due to intensive UAH emission

Inflation will result in drop of consumer demand and GDP

(from 6.5% to 9.5%) and raised prices for refinancing (from 7.5% to 14.5%). At the same time, the NBU decreased the cost of six-month loans from 19.5% to 10% p.a. (their volume is limited to UAH 1.5 bln.).

The NBU also took an administrative decision to temporarily switch off 14 banks from the electronic system of agreement confirmation on the interbank FX market. These banks were accused of speculative actions which led to depreciation of the national currency. The step appears to be inconsistent as the NBU did not announce the list of these banks.

The market reacted to this decision and since April 14 hryvnia started to strengthen its positions. It gave an important informational signal to economic agents, so it is likely that inflation rate will slow down.

UAH strengthening may be of short-term nature. In the long term, key factors, which will define the UAH standing, will be development of the situation in the East, international financial aid, and presidential elections.

In case of positive scenario (stabilization in the East and early receipt of the IMF tranche), the FX rate may constitute UAH 10.5–11.5 per 1 USD. The rate will be strengthened also due to decrease in consumption of expensive imported goods and decline in prices for Ukrainian export.

Pessimistic scenario (deterioration of the situation in the East, loss of the territory and cancelation of elections) will continue decline of hryvnia, which may cross another psychological marker of UAH 15 per 1 USD.

It should be noted that the discount rate increase, which is aimed to stop the inflation in short term, may result in decrease of consumer demand and further GDP drop in middle term.

Taking into account conflict with Russia, which caused panic among the population, Ukrainian economics turned out to be unprepared to floating FX rate. It would be more efficient if the NBU took more active steps on the interbank market, including FX interventions, introduction of FX rate range and inflation targeting. These measures would prevent the FX rate from excessive fluctuations throughout the transition period from fixed FX rate to floating one. At the same time, it makes sense to conduct a more balanced policy of commercial banks refinancing.

Market positively responded to the NBU measures

Ukrainian economics is not ready to floating FX rate

2.2. Economic outcome of the Law on occupied territories

Annexation of Crimea put Ukrainian enterprises which had assets or business on the peninsula into a difficult situation. One of the important issues was legal vacuum which appeared in Crimea from the viewpoint of Ukrainian legislation.

The first edition of the Law on occupied territories, which passed the first reading on March 20, caused panic as it contained clauses which made business activities of Ukrainian enterprises in Crimea impossible.

Under such circumstances, some large retailers, such as McDonald's and MTI, closed their units in Crimea. There is a number of challenges companies face while conducting business activities in Crimea. Those are simultaneous use of two currencies, actual double taxation, registration of employees, who have become Russian citizens, difficulties with re-registration of Ukrainian companies into Russian, re-registration of entitlement documents.

While adopting this Law, Verkhovna Rada considered many remarks, which appeared in the process of its preparation.

For instance, now the Law does not forbid trading of excisable goods, deliveries to the Crimean enterprises, money transfers and use of

Legal vacuum put Ukrainian enterprises in Crimea into a difficult situation

water resources. At the same time, all the deals must be registered on the Ukrainian territory, which is not occupied. Ukraine does not recognize any registration done by the Russian authorities in Crimea.

All the business activities in Crimea will be regulated with a separate bill, which is to be prepared by the Ministry of Economics. .

All the business activities in Crimea will be regulated with a separate bill

2.3. The Government starts reverse gas supplies to Ukraine

On April 15, German RWE AG through its unit RWE Supply&Trading launched gas supplies to Ukraine. It is the first lot of gas Naftogaz Ukrainy NJSC purchased from European suppliers this year.

Gas supplies through Poland to Ukraine are done according to five-year frame agreement between Naftogaz Ukrainy NJSC and RWE Supply & Trading, signed in May 2012. RWE supplies are based on European pricing principles, which include costs of delivery to Ukraine. The Agreement foresees supplies of up to 10 billion c. m. of gas per year.

Possible daily capacity for Naftogaz Ukrainy NJSC import from Poland makes up around 4 mln. cubic meters of gas per day. In its official statement RWE AG confirms that it is ready to increase volumes of gas supplies to Ukraine when transport limitations on the border between Ukraine and Slovakia are cancelled.

Slovak government says that it is ready to help Ukraine in gas supplies, but bilateral agreement is on hold. The officials are thinking about the decisions, which will not contradict other contractual obligations, such as clauses of the gas contract Slovakia re-negotiated with the Russian Gazprom.

Talks with Slovakia about reverse gas supplies are ongoing

The Slovak officials say that the Russian energy monopolist often introduces so called “clauses about the directions”, which make resale of excessive gas volumes to other clients impossible.

Slovakia signed preliminary agreement on construction of a smaller gas pipe line, but Ukrainian officials did not like the idea. Instead, they wanted to use available capacity of four existing pipe lines which are managed by Slovak Eustream operator.

Based on the Slovak proposal, gas supplies in the Russian direction may start in November 2014, but not in the volumes Ukraine is hoping for. The proposal offers to start with 3.2 bln. cubic meters of gas p.a., though the yearly supplies may gradually grow to 9-10 bln. cubic meters.

Another problem for the investors on the gas market is a mechanism under which extracted gas is included in the gas balance. Karpatygas LLC was one of the companies which faced this problem.

Since August 2013 Karpatygas LLC was under pressure from former management of Naftogaz NJSC. After the officials responsible for energy sector changed, gas volumes extracted under Joint activity agreement in January-March 2014, as well as 40 mln. cubic meters of gas extracted in 2013 and stored in underground gas storage facilities, were partially included in the gas balance of March.

Gas market investors faced the problem of including extracted gas in the gas balance

If the issue is settled as regards sale of gas, which is still in storage facilities, and gas to be extracted, the company will be able to meet the schedule and fulfill the program of 2014 at the level of 850 mln. cubic meters of gas.

3. Political competition

The events in the Donetsk region and the threat of Russian military invasion to Ukraine damped down the course of the presidential election campaign. The success of political actors depends on whether they can recommence the relations with Russia and take control of the situation in the Southeast.

3.1. Poroshenko forms his team

Instead of relying on the structure of UDAR party in the presidential race, Petro Poroshenko is forming a new team. It consists of representatives of the Vitali Klitschko's party as well as of MPs from the Batkivshchyna, former deputies from Front Zmin (Front of Changes) and Our Ukraine and representatives of local business elites.

While this will help Poroshenko in some way to diversify risks and engage more local support, the two-month campaign is not enough to form a complete and cohesive political team. Also in this case, the principle of the team formation is based not on political beliefs, but on loyalty to the candidate or just situational common goals.

Situational allies pose a serious danger in creating a long-term political project, as they are among the first to leave the party, when it changes over from a ruling party to the opposition. In due time this happened to the Batkivshchyna in 2010, when dozens of deputies representing business left the party, and also the same happened to the Party of Regions in 2014.

If Petro Poroshenko wants to win the election, it is important to him not to become a hostage to his high rating. In football, a team that plays to maintain the score often loses. In the case of politics, the candidate must conduct an active campaign aimed to curb the main competitor – Yulia Tymoshenko, and to make all possible efforts that the presidential elections of May 25, take place.

3.2. Vitali Klitschko can lose his party

A lot of people welcomed the withdrawal of Klitschko's candidacy for benefit of Poroshenko. This step showed that the politician is able to sacrifice his own ambitions for the sake of a common goal. However, in order to turn such step into a political investment that can be capitalized on the next parliamentary elections, Vitali Klitschko should be involved into the political processes and constantly increase his presence in the Ukrainian information space. However, this does not take place.

The UDAR leader had to insist his party become the strong basis of Poroshenko's campaign, as it would increase the dependence of Poroshenko on Klitschko. Instead, the UDAR party was given a disproportionately small role in the leadership of regional campaign offices of the presidential candidate. This took place despite the fact that the Solidarity party of Petro Poroshenko used to be rather a virtual project and the Ukrainian billionaire creates his team from scratch while being pressed for time.

Meanwhile, some UDAR party members do not understand why their leader refused to participate in the first round of the presidential election, and they are unhappy that this decision was taken without a discussion within the party. The dissatisfaction could be moderated by appointing some

*Petro
Poroshenko
hedges the risks*

*Poroshenko
should not fall
victim of its
high rating*

*UDAR does not
play a decisive
role in
Poroshenko's
campaign*

UDAR party members as leaders of Poroshenko's regional campaign offices, but the latter decided to appoint "his" people in many regions.

Theoretically, some MPs from the UDAR party can receive executive positions in Kyiv in case Vitali Klitschko wins the mayor elections, as it is impossible to achieve qualitative changes without having one's own political team. However, the Klitschko's passivity in the campaign reduces his chances to win the mayor election, though they used to be extremely high. His chances are also affected by the activity of his main competitors. For example, Lesya Orobets is constantly present in the media space and her visual campaign has already started in the capital. Volodymyr Bondarenko, the current chairman of Kyiv City State Administration, can also declare his intention to run in Kyiv.

The loss of Vitali Klitschko at the mayor elections could completely destroy his political career and be the beginning of the end for the UDAR party. His stakes for elections on May 25 are extremely high, and therefore he must not only start an active campaign in the capital, but also choose a behavior model where the UDAR party will always be in the mid of the political processes in the country.

Klitschko's passivity in the campaign reduces his chances for victory

3.3. Dynamic start of Tymoshenko's campaign

Published low ratings only stimulated Yulia Tymoshenko to a more active involvement in the presidential campaign.

She held several meetings with voters in Khmelnytsky and Vinnytsya regions, the latter of which is a core region for Poroshenko. Her primary electorate is concentrated in small towns in Western and Central Ukraine, and the politician takes pains to return loyalty of local people.

The Batkivshchyna's leader is a frequent guest on political talk shows, which have a significant impact on public opinion about politicians and help to raise their own rankings.

Yulia Tymoshenko also actively lobbied the adoption of the Law on parliamentary opposition, though it was brought in by the Party of Regions representatives. Such behavior can be explained by several factors. First of all, the promise to pass the Law on opposition is included in the election program of Poroshenko, but the billionaire wanted to implement it only after being elected as the President. While supporting the bill, Tymoshenko pursued a pre-emptive tactic and showed that she is able to take actions while her competitor only promises. Besides, if Tymoshenko loses the presidential election, the mentioned law enables her to feel comfortable in opposition as it guarantees broad rights to the parliamentary minority.

Another unconventional step as for the presidential campaign is the appeal to organize the National Resistance Movement to protect the territorial integrity of Ukraine. Tymoshenko has volunteered to lead the Movement and to transform the local party branches into headquarters of volunteers who might organize and coordinate armed resistance to separatists and Russian invaders. However, no one knows how this initiative is linked to the state monopoly on the use of force. The appeals of Yulia Tymoshenko were already criticized by Poroshenko, who believes them to be populist and lead to a greater destabilization in the southeast of the country.

While Tymoshenko's party together with the Svoboda fully represent the authorities at the national level and in the regions, the candidate disassociates herself from the Government inaction in dealing with Crimea

Tymoshenko fights to return loyalty of her electorate

Tymoshenko declared creation of the National Resistance Movement

and the campaign against separatism in the Donbas region. “I am not in power at the moment. My advices reach the country's leaders, but they are not always taking them into account,” said the politician in her address to the public. As expected before, Tymoshenko uses the Government achievements as her own, while trying to distance herself from the failures.

Tymoshenko distances herself from the Government failures

3.4. Party of Regions slowly recovers from the Maidan

While the annexation of Crimea was inspired by the Kremlin, the stirring of separatist sentiments in the East is instigated by regional business elites. Thus, representatives of big businesses who control the Party of Regions are trying to raise the stakes in negotiations with Kyiv authorities. They seek not only to protect their own business, but also to receive certain preferences from the new government. For this purpose, they encourage the idea of federalization and support separatists.

At first separatism was used to raise the stakes in negotiations with Kyiv

On April 16, an extraordinary congress of deputies of all levels in the Donetsk region was held, where the Party of Regions put forward their demands to the national government. Many of the demands repeated in word those Russia brought forward, including the direct election of the governor and the official status of the Russian language. However, instead of federalization, they call for decentralization and concession of fiscal autonomy to the regions, as indicated by almost all political actors in Ukraine.

Commenting the development in the South-East, Yulia Tymoshenko mentioned that the Party of Regions recovered from the Maidan and began to fund a counter-revolution.

At the same time, the influence of the Party of Regions on the national level is decreasing. Among the others, it can be explained by the fact that several large financial-industrial groups have left the party.

The Party of Regions representatives fight among each other for the electorate

Since four politicians from the Party of Regions – Mykhailo Dobkin, Sergiy Tigipko, Yuriy Boiko and Oleg Tsarev – will participate in the elections, the fight will unfold not only for the presidency, as for the right to inherit the electorate of the Party of Regions in the South-East of the country. Most clearly the mutual defeat will take place in the campaigns of Sergiy Tigipko and Mykhailo Dobkin.

At the same time, the electioneering visits of the candidates to their basic regions show that a huge part of population is tired of the Party of Regions. By closing their eyes to the deployment of separatism in the Donbas, the Party of Regions risks losing control over the whole region. The separatists do not recognize not only the Kyiv government, but also the local leaders who in their overwhelming majority represent the Party of Regions. Several attempts by some members of the Party of Regions to be the official mediator between Kyiv and separatists failed, especially after the appearance of Russian subversive groups in Donbas when the separatists began to play their own game, inspired by the Kremlin.

Separatists started to play their own game and do not listen to the Party of Regions