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# Inside Ukraine

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The logo for the International Benaissance Foundation, featuring a stylized green swirl and the word "Benaissance" in a serif font.  
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# The Government Policy

The delay in delimitation of the buffer zone in Donbas will lead to an increase of casualties and separatists' attempts to seize more territory. The militants continue active actions against Ukrainian troops in the Donetsk airport, near Debaltseve, Shchastya and Mariupol. These four hot spots are of great strategic importance for the self-proclaimed "LNR" and "DNR", because they would allow establishing an integrated transport infrastructure and providing these areas with electricity and assistance from Russia.

The Ukrainian Themis has failed to punish the perpetrators of crimes, committed on the Maidan, over the past seven months. One of the three detained "Berkut" officers, accused of killing 39 activists in February 2014, was placed under house arrest. It allowed him to escape from custody soon. The lack of punishment for crimes against the Maidan and the selective Ukrainian justice will intensify tension in the society and dissatisfaction with the authorities' actions.

## Four hot spots on the Donbas map



Despite the ceasefire, the Donetsk airport, Debaltseve, Shchastya and territory around Mariupol remain the hottest spots in Donbas. Each of these cities has a strategic importance for functioning of the so-called separatist republics. That is why the pro-Russian rebels continue attempts to seize them.

The Donetsk airport is located in an urban zone of Donetsk. Therefore, the presence of Ukrainian troops there and the ability to get reinforcements from neighboring Avdiivka, which is also under control of the Ukrainian army, fix the actions of

Ukrainian troops in Donetsk airport fix separatists' actions in northern direction

the pro-Russian rebels. In addition, this fact complicates delimitation of the buffer zone that is one of the Minsk agreements. As Donetsk is on the front line, according to the agreements, the rebels need to withdraw all heavy armaments 15 km behind the frontline, i.e. outside the city.

According to the NSDC, the airfield can still be used for cargo aircrafts landing. If this facility is seized by the militants, it will be possible to establish an air corridor with Russia and receive the Russian planes with weapons and reinforcement that would significantly contribute to separatists' logistics support. At the same time, one can counteract this scenario blowing up the runway dur-

ing the retreat of Ukrainian troops, as it was done in Luhansk airport.

Holding the Donetsk airport by the Ukrainian military forces is of great symbolic importance. To win a war, a heroic component is extremely important. In Ukrainian mass consciousness, airport defenders became indestructible fighters for their land. At the same time, it becomes a unifying idea for Ukrainians and greatly undermines the fighting spirit of pro-Russian separatists. No wonder that the latter call the Ukrainian soldiers in the airport as “cyborgs”.

The heroism of the airport defenders raises fighting spirit of the whole country

Debaltseve is an important railway junction on the border of Donetsk and Luhansk regions. Taking into consideration the current alignment of forces in Donbas, it is of great importance to make its seizure by separatists impossible. Debaltseve will provide them with a functioning railway system, establish a single transport infrastructure between “LNR” and “DNR” and link Donetsk with Russia. It is easier to use railway in exporting large quantities of goods, such as coal, from the region and delivering armament and humanitarian assistance which will be vital for the survival in the occupied territories in the winter. The importance of Debaltseve explains why this city was not subjected to the necessity of “front line alignment”. The NSDC has used the abovementioned reason to explain the Ukrainian troops’ retreat in other directions during the truce.

There is Luhansk TPP located in Shchastya. It provides electricity to 92% of Luhansk region. The lack of electricity in the winter will complicate the separatists’ task to curb social tension in controlled territories. However, it is likely that official Kyiv will not cut electric power in the regions under control of separatists, as it was the case with Crimea.

The power station in Shchastya provides electricity to almost the entire Luhansk region

The militants continue active efforts in Mariupol direction, as Mariupol is the largest cargo port in the Sea of Azov and the real “sea gate” for Donbas. In late August 2014, one of the separatists’ leaders Oleh Tsariiov stated that Mariupol was also

important for militants due to its grain warehouses on port elevators, which could be used for solving the problem of food supplies in the so-called republics in the winter. In addition, Mariupol is one of the biggest industrial centers of Donbas, which has an operating airport and is located on the international highway Rostov-on-Don–Odesa.

Although Crimea remains dependent on mainland Ukraine as regards electricity, water and food supplies, as a result of peninsula’s occupation, Russia has got an administrative unit with self-sufficient transport infrastructure: railway, airport, numerous seaports. Donbas districts, which are currently controlled by separatists, do not have such advantages. That is why they are just

Donbas districts, which are controlled by separatists, do not have a self-sufficient infrastructure

a territory, and not an administrative entity. The militants will fail to establish their own infrastructure, as it requires enormous funds and a complete cessation of hostilities. Therefore, they do not stop attacking Debaltseve, Shchastya, the Donetsk airport and Mariupol.

An international mission on delimitation of the buffer zone in Donbas has been operating since October 4, 2014. A huge drawback of the Minsk protocol of September 5 and the Memorandum of September 19 is the lack of a clear list of settlements under separatists’ control. Thus, thanks to the support of the Russian army units, the rebels have managed to significantly expand the controlled territory over one month — from September 5 to October 5, 2014.

Recently, the Ukrainian side expresses more concerns regarding the impartiality of the OSCE mission involved in conflict settlement in Donbas. However, it is the OSCE that will play a key role in establishing a buffer security zone in the region. Delay in delimitation of

Delay in delimitation of the buffer zone will increase the number of casualties

this zone leads to new casualties, as militants continue to fire positions of the Ukrainian military in an attempt to increase the territory of the so-called “DNR” and “LNR”.

# Chances to punish the guilty of Maidan crimes fade away

Tension between security forces and civil society activists, which resulted in violent confrontation during the Euromaidan, has not disappeared, having gained a more latent form. The lack of punishment for at least a limited number of police officers, which are guilty of crimes against activists, leads to an increase of social dissatisfaction.

Tension between security forces and civil activists has turned into a latent form

The absence of response from Petro Poroshenko, Vitaliy Yarema and Arsen Avakov regarding this issue makes people think that nothing has been changed after the Maidan, and the government is not interested in impartial punishment of the police officers, prosecutors and judges. Only Valentyn Nalyvaychenko, the SBU (Security Service of Ukraine) Head, tried to extinguish the flames of public annoyance and made some statements on the arrest of four SBU officers involved in Maidan fusillade. At the same time, the Prosecutor's General Office hastened to claim that it does not have such information.

Investigation of crimes committed by police officers on the Maidan had to become a test for the new government. Since the vast majority of persons considered to be guilty of those crimes, have escaped punishment, it proves that the test has not been passed.

At the beginning of April 2014, the MIA, Prosecutor's General Office and the SBU reported to the public that three "Berkut" officers involved in the Maidan fusillade had been detained. One of the three detainees is a "Berkut" company commander Dmytro Sadovnyk. On September 19, 2014, the judge of the Pechersk court Svitlana Volkova placed the officer, who was accused of killing 39 protesters, under house arrest. As a result, on October 3, 2014, Dmytro Sadovnyk disappeared. Now the case against the judge has been initiated.

According to Hennadiy Moskal, the head of the parliamentary temporary investigatory commission, 62 "Berkut" officers led by the regimental commander Serhiy Kussyuk managed to escape to Russia this spring. A warrant for Serhiy Kussyuk's arrest was

Due to the protraction of the new government, most of the suspects involved in the Maidan crimes have managed to escape

issued only 2 months after the shootings on Instytutska St.

On the other hand, two soldiers of the battalion "Aydar", which had brought a detained "deputy health minister of LNR" Pavlo Malyshev to Kyiv, were arrested on the same day, on October 4. They are accused of kidnapping, although, according to the unit's command, their actions were agreed with the SBU leadership in Luhansk region. Significantly, the trial for this incident took place at night, while the relative softness of precaution is explained by public resonance caused by the incident.

Dozens of MPs and officials, who were directly involved in separatism incitement in Donbas, remain unpunished. Selectivity of the Ukrainian justice that unfairly dismisses one and arrests another will intensify public dissatisfaction with government's inaction.

Law enforcement authorities concluded that the violations related to the Euromaidan were committed by the criminal group headed by Viktor Yanukovich and leaders of security forces, who are now hiding in Russia. The involvement of ordinary offenders is hard to prove because of the lack of substantive evidence destroyed by former SBU and police officers. This provides a convenient precedent for the current government, when investigation is considered to be over, but it is impossible to punish the perpetrators.

At the same time, the government officials do not pay attention to the fact that dozens of judges and hundreds of prosecutors instituted legal proceedings against the Maidan protesters, and not only 63 "Berkut" officers, who managed to escape, but also thousands of law enforcement officers were involved in attacks on activists and falsification of criminal cases against them. The law on lustration, according to which the said persons are not allowed to hold public office for 5–10 years, will not provide just punishment for these people. The society demands demonstrative punishment of at least several dozens of people involved in the most abominable crimes: students' beating on November 30, 2013, commencement of prosecutions against the Maidan protesters, beating of protesters on Bankova St on December 1, 2013 etc. Without such punishment, public confidence in the state institutions will only decrease.

The law on lustration does not provide a just punishment for people guilty of the Maidan crimes



# Economic Situation

The World Bank once again lowered its forecast for GDP growth in Ukraine. According to a new forecast, Ukrainian GDP will drop by 8% this year. It also projects a 1% fall next year. Ukrainian economy growth can be expected only in 2016. The World Bank also presented its vision of expected reforms priority order. Such conclusions from international experts indirectly point to the fact that Ukrainian government lacks a clear system and general understanding of the reform implementation.

The NBU policy attracts a lot of criticism from banking sector players as well as from various experts, especially in respect of foreign exchange regulation. Banks practically suspended FX sale, while

the parallel FX black market is flourishing. In such situation, the NBU management is trying to take the FX situation under control by using contradictory administrative measures. Significant changes on FX market include introduction of indicative FX rate, which actually means a temporary suspension of floating exchange rate.

Trilateral gas talks in the Ukraine-EU-Russia format have been once again adjourned. As Russian energy complex external and internal situation deteriorated, “Gazprom” softened its stance in gas negotiations. Ukrainian government initiatives on the revision of the transit contract with “Gazprom” and fixed gas price are possible to implement.

## The World Bank once again lowered forecast for Ukraine's GDP growth



The main reason for the World Bank lowering its forecast (which is also the reason behind the revision of the earlier forecast by the IMF) is the ongoing war in Ukraine's East. The war leads to the weakened

The main reason for lowering the forecast is the war in Eastern Ukraine

economy, deteriorating living conditions, production decline and heavy burden on state budget, which is associated with military expenses. Also, due to the ongoing war, there was a significant decline in foreign investment. Without substantial foreign investment, rapid economic growth is impossible.

According to the World Bank, positive changes in economy may start in 2H 2015. At the same time, it is deemed that in order to restore the dynamics, the cease of hostilities in Donbas will not be enough. It will take decisive structural reforms and renewal of positive investment dynamics to restore the upward trend of GDP. Otherwise, Ukrainian GDP will continue to decrease.

Structural reforms are extremely important for Ukraine now, as their implementation will allow for the effective use of available resources, which are very limited.

Also, the World Bank clarified a priority list for the most urgent reforms to be carried out in economic sector.

The situation with “Naftogaz of Ukraine” is another factor contributing to deterioration of Ukrainian economy, though it is not linked to the armed conflict in Ukraine’s East. In the first place, it is the financial difficulties experienced by the company that come as an extra burden on state budget

“Naftogaz” reorganization is the top priority for Ukrainian government

and which certainly need an urgent solution. A significant increase in tariffs for households did not help solve the problem, as the currency devaluation undermined its effect. In this regard, the reorganization of “Naftogaz” is one of the key tasks for Ukrainian government.

The NBU also revised its forecast for Ukraine’s GDP growth. According to the NBU Head Valeriya Hontariva, the GDP drop in 2014 will reach 8.3%.

It is worth mentioning that at the beginning of September, the IMF lowered its forecast for Ukrainian economy. According to the IMF, if the hostilities in Ukraine’s East continue until the end of 2014, Ukrainian GDP drop will reach 7.25 %. Previously, the IMF expected the GDP drop at 6.5% in 2014. The deficit in balance of payment in 2014 will increase up to USD 7.5 billion, while in 2015 it will reach USD 11.5 billion. Therefore, Ukraine will need at least USD 19 billion worth of foreign loans by the end of 2015 to meet its financial needs.

It is likely that the IMF will again lower its forecast in the near future (by the end of October) as well as it will revise its loan policy as regards Ukraine for the third time.

## NBU introduced indicative FX rate

The NBU actions on FX regulation have been heavily criticized lately. The reason for that is lack of consistent systemic and transparent actions as regards FX regulation.

The NBU actions on FX regulation are inconsistent

In turn, the NBU management complains about the pressure and defamation of its actions by different interested parties, such as banks whose illegal actions were targeted by regulatory measures, insolvent banks, groups opposing banking sector reforms, and Ukrainian society in general, which is not ready to accept a flexible exchange rate. NBU and its head indeed have to work under extremely difficult conditions, while trying to balance short-term and long-term goals, financial and political factors, demands from international lenders and population, as well as taking into account absence of economic reforms.

But these problems cannot justify certain inconsistent actions of the NBU on the FX market. The situation with the purchase of US dollar remains

difficult despite numerous NBU measures. The majority of banks do not sell currency. For this reason, legal entities and individuals find it difficult to purchase currency at official rate. In Ukraine, black currency market is thriving, which is characterized by an inflated exchange rate.

It is still difficult to buy US dollar on the FX market

In such situation, the NBU is trying to regain control over the exchange rate and partially release tensions on the FX market through various measures.

Some of the most contradictory measures include use of tough administrative measures to fight against the black market and malfeasance by certain banks. The use of administrative measures on the FX market came in for a lot of criticism, but most experts agree that such measures were necessary. It is expected that with the FX situation being stabilized, such restrictions, especially those on FX purchase, will be lifted.

An important aspect is the fight against those market players that are insolvent, have been involved in money laundering and FX speculations.

For example, while certain banks agree on FX sale or purchase on the interbank market at one rate, but later register an agreement in the confirmation system at another one. There are also cases when parties sign fictitious FX agreements with one foreign currency being replaced with another. In addition, some banks charge a commission from purchasing bank while selling FX, thus increasing purchaser's expenses and effective FX rate. In order to prevent such activities, the regulator declared that those banks that violated the rules would have their licenses on currency transactions revoked. The NBU had no other choice, but to prohibit certain banks from FX auctions for their manipulative actions.

**Banks came up with schemes for increasing exchange rate**

Recently, "Prime Bank", which was involved in money laundering, has been removed from banking system. Earlier, "GreenBank", "Aktabank" and "Finrostbank" had also been withdrawn. The removal of insolvent and non-transparent banks is the NBU significant achievement, which will facilitate recovery of banking system.

The NBU activities in organization of FX auctions, aimed to meet considerable FX demand, have intensified. The NBU is also going to impose fines on banks for evasion of the cash desk sale of the foreign currency received at the auction.

One of the most radical NBU innovations is the introduction and daily publication of indicative exchange rate, which is a temporary measure taken to stabilize the FX market. Such exchange rate is a guide for banks to carry out operations on the interbank FX market. This innovation actually means the return to a fixed exchange rate, while complying with the agreement concluded with the IMF on floating FX policy. The guarantee that market players will be oriented towards this exchange rate is administrative measures on the FX market that may be taken by the NBU.

**The most radical innovation of NBU is introduction of indicative exchange rate**

Also, the NBU had to soften requirements for some FX transactions, which were introduced in late August 2014. In particular, the procedure for foreign trade transactions by agricultural producers, transactions by foreign export-loan agencies and transactions under letters of credit was simplified. In addition, there is a possibility to carry out transactions in foreign currency by residents in order to pay for tourist, transport and communication services, maintenance costs for vehicles with international routes, money transfer from charity organizations for medical treatment of individuals, and other imports operations.

## The light at the end of Ukrainian-Russian gas tunnel

The date for the next stage of trilateral gas negotiations in the Ukraine — EU — Russia format was not set last week. The meeting was adjourned till October 10, 2014. One of the factors that influenced this decision was the insistence from Ukrainian government that transit gas contracts with "Gazprom" should be revised.

**Ukraine insists that transit gas contracts with Russia be revised**

Ukraine initiated the revision of its relations with "Gazprom" in view of obligations undertaken by Ukrainian government under international agreements, which are now part of Ukrainian legislation. Firstly, the party to transit contract with Gazprom should become NJSC "Ukrtransgas" as a GTS op-

erator, which should replace "Naftogaz of Ukraine" (Law on reforming GTS came into force on September 10, 2014). Secondly, "Gazprom" cannot keep being a virtual operator between "Ukrtransgas" and gas transport system operators in Slovakia, Hungary, Poland, Romania (under Ukraine's international obligations in view of its membership in the Energy community, one company cannot be an energy source producer, seller and transit operator at the same time). Thirdly, Ukraine puts Ukrainian tariff policy regarding Russian gas monopolist in line with European standards (the use of wholesale gas prices as a pricing mechanism). Fourthly, technical, legal and economic conditions for Russian gas transit through Ukrainian territory should not



discriminate against other market players. It means that “Gazprom” will lose its “special status” in gas transit through Ukraine (as specified in the Third Energy package on energy market liberalization). In addition, Ukraine offered its European partners to hold negotiations on transferring the gas purchase point towards eastern Ukrainian border and signing of agreements on transit with “Ukrtransgas”.

Ukrainian government gas initiatives look realistic given the deteriorating external and internal situation with the Russian energy complex. A tendency for decrease in world oil prices alongside sanctions against Russian

Ukrainian government gas initiatives look realistic

energy complex disrupts Russian monetary and financial system, acting as a catalyst for Russian currency devaluation. The freezing of Russian ambitious projects on oil-drilling in West Siberia as well as projects on the development of Arctic reserves will make Russia technologically fall behind other countries. In case such situation is not changed over a year, a decrease in overall oil extraction in Russia will be inevitable. China, which as Russia’s potentially major partner is capable of replacing the EU in terms of volumes of energy consumption, took a wait-and-see position. China does not hurry to make prepayment under previous agreements. Belarusian President Alexander Lukashenko announced that Belarus may lose some USD 1 billion due to Russia’s tax manoeuvres (decrease in exports oil fees and growing tax burden on fossil fuels extraction). He also threatened to leave the Eurasian economic alliance if Moscow does not compensate losses suffered by Belarus.

A number of favourable factors for Ukraine in energy talks with Russia

The activities of Russian energy companies abroad are under strict supervision by controlling bodies. In particular, Romanian law enforcement bodies suspended the activities of Lukoil-owned oil refineries due to accusations of tax evasion.

Ukrainian government’s stance in negotiations with Russia is reinforced by a number of favourable factors. Despite the legal discussion, which is focused on gas reverse to Ukraine from Eastern European partners alongside Moscow’s pressure on gas suppliers, Kyiv managed to pump about 1 bln cubic meters into gas storage facilities over the last month as well as to stabilize the hydrocarbons reverse system. During January-August 2014, Ukraine decreased its operations in energy sector by 15% owing to the introduction of energy efficiency measures. On October 1, “Statoil” company started the supply of Norwegian gas to Ukraine, with the gas volumes reaching 12-15 mln cubic meters per day, which would allow Kyiv to cover 25% gas deficit during winter.

It should be noted that “Gazprom” technically will not be able to execute gas contracts signed with European partners during winter without additional purchase of gas from Ukrainian storage facilities. Thus, Ukraine holds enough trump cards to use in the negotiations with Russia. There is a high possibility of fixing the compromise price under USD 385. On October 3, 2014 Ukrainian Prime Minister Arseniy Yatseniuk announced that Ukraine was ready to sign an temporary gas deal to be valid until March 31, 2015.

Even given stable gas reverse from European partners and Norwegian gas supply, Ukraine will experience deficit of 2.5-3 bln. cubic meters in winter time. There are two possible scenarios for the solution of the deficit problem. The first one is to suspend the activity of the biggest energy consuming enterprises, which may increase social tensions. The second scenario is to come to terms with Russia. This tactical concession will allow for reaching a strategic goal, which is the liberalization of domestic energy market, and will lay foundation for Ukrainian gas independence.

Tactical concession to Russia will lead to Ukraine’s strategic goal

# Political competition

Changes in mass conscience after the Euromaidan have not brought changes in conscience of key political players. It is clearly observed in the methods of electoral campaign which hardly underwent any transformations if to compare with previous parliamentary elections of 2012.

Candidates, especially those running in majoritarian districts, focus mainly on visual campaign and promo articles in local mass media. Journalists report on numerous attempts to buy the vote, when candidates give presents to their voters or finance installment of playgrounds or repair of roads.

“Clone” method is actively applied against candidates with high rating. According to this method, candidates with the same surname or even name run in one district. Opponents go as far as to destroy political advertising of influential candidates. In a number of districts, where incumbent MPs or

infamous former officials run for elections, pro-government parties nominated weak candidates in order to prevent excessive competition.

Programs of political parties play secondary role in electoral campaign. However, it is these programs that should be the major focus of the campaign, which will reveal competitive advantages of one political party against another. At the same time the programs are to be feasible so that politicians may fulfill at least some of the promises declared and be accountable to the voters after getting to the parliament. What is more important, they should provide answers to the questions important for the country: how reforms will be implemented, how conflict in Donbass may be settled, how to recover territorial integrity of Ukraine after the Russian aggression and where to look for resources to ensure economic recovery after the crisis.

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## Petro Poroshenko's programs at presidential and parliamentary elections are the same



“Bloc of Petro Poroshenko” party decided not to reinvent the wheel and submitted the program, which is almost identical to Petro Poroshenko’s program at the presidential elections. Though this time campaign motto sounds like “It is high time to get united”, the program still explains

what “to live in a new way” (Poroshenko’s slogan at the presidential campaign) means. Taking into account that the party standing completely relies on the presidential rating and his name, there is nothing bad in the fact that both programs are similar.

Nevertheless, Petro Poroshenko's presidential program was written in March 2014, when hostilities in Donbass with direct involvement of regular Russian army did not start yet. As a result, "Bloc of Petro Poroshenko" program does not say a word about Donbass or presidential initiatives to settle the conflict in the region.

**"Bloc of Petro Poroshenko" program does not say a word about Donbass**

Outdated character of the program is proved by the lack of explanations on "Strategy 2020", which the President has recently presented as his own vision of necessary changes in the country. There is a lack of connection between "Bloc of Petro Poroshenko" program and the President's key initiatives on Donbass and reforms, which results in a certain cognitive dissonance.

The party again promotes electoral system reform and introduction of open lists. Petro Poroshenko had an opportunity to push through these changes in July 2014, but political expedience prevailed, as mixed system will allow the President to get parliamentary majority and have better control over different factions.

"Bloc of Petro Poroshenko" also insists on early local elections and decentralization, when real power in the regions is given to executive committees of regional councils.

The issue of protection of Ukrainians and Crimean Tatars in Crimea is also addressed, but the program does not say how it will be realized. Comparing to Petro Poroshenko's promises at the presidential elections, this program is more abstract and does not contain specific initiatives. In future lack of results in implementing these initiatives could become a fertile ground for criticism against pro-presidential party.

**Increasing vagueness of presidential party's program**

The party promotes reform of law enforcement system (courts, police, prosecutor's office, Security Service of Ukraine), Anti-trust committee becoming a key economic regulator and simplified taxation system for SME sector. Other priority tasks include anti-corruption lustration of courts, police, tax and customs agencies, public control over judges and professional corps of civil servants.

## Radical party: there is no such notion as too much populism during elections

Program of Oleh Lyashko's Radical party is soaked with populism, being similar to bolsheviks' slogans in 1917-1921. The only difference is that the word "bourgeois" was replaced with "oligarch". The program says about protection of the countryside, nationalization of property of corrupt officials and oligarchs, and creation of guerilla units to fight Russia. The aim of Radical party is to create "society of equal opportunities and welfare state".

**Welfare state indicated as a major aim of political party is another proof of its populism**

Public anti-corruption corps, which will react to citizens' complaints, will fight corruption. Staff of law enforcement agencies will be totally changed. Like the President, Radical party promises to introduce open party lists and decentralization. Com-

munities will get a right to hold referendums on important issues.

In economic sphere Oleh Lyashko offers to issue loans for production development with 5% interest rate and 10-year maturity. Payroll taxes will decrease, while taxes on raw materials of oligarchs will increase. It is suggested to introduce crisis tax for oligarchs, to unilaterally cancel exposure towards Russia and demand that 75% of international loans be written off.

The government will increase healthcare expenses in 10 times and two kids will be enough for the families to get state subsidies guaranteed for the families with many children.

The promise to recover nuclear status of Ukraine may be regarded as a pinnacle of the party populism.

## Security is a major focus of “Civil Position”

A key word in electoral program of “Civil Position” is “security” in all its manifestations: protection of rights and freedoms of a citizen, territorial integrity of the country, energy independence of Ukraine, environmental safety. Focus on security seems natural taking into account current situation in Ukraine and the fact that Anatoliy Hrytsenko was Minister of Defense for a long time.

In order to improve defense capacity of Ukraine, “Civil Position” offers to create three-tier system of defense: contract-based professional army, ready reserves and com-

“Civil Position” offers to create three-tier system of defense

prehensive system of territorial defense. It also offers to sign bilateral ally treaties with the USA and Great Britain.

By 2020 energy security is proposed to be achieved through decrease of natural gas share in energy balance, build-up of domestic production and radical energy saving.

Anatoliy Hrytsenko promises to approve the law on transparency of political party financing and to introduce criminal liability for “illegal enrichment”.

In other areas a set of “Civil Position” slogans is rather “standard”: independence of judicial system, deregulation, “one stop shop” for administrative services, e-government and decentralization.

## “People’s Front” program is one of the most feasible

Program of “People’s Front” as a party of incumbent government clearly defines action plan of this political team. The major task is to recover territorial integrity of Ukraine. For this purpose it is offered to define euroatlantic integration as a strategic course, to adopt a new military doctrine, where Russia will be stated as an aggressor, to reinforce state border and to modernize the army weapons.

The Association Agreement with the EU must become a key document in the area of reforms. Similarly to the international donors’ claims, an-

The major task of “People’s Front” is to recover territorial integrity of Ukraine

ti-corruption measures are a priority task for the government: creation of Anti-corruption bureau, involvement of the public in anti-corruption monitoring, obligatory declarations of income and expenses for civil servants, disclosure of information on enterprises’ ownership structure.

In economic matters a special attention is paid to agricultural development, tax reform and demopolization. Vision of changes in the energy sector meets experts’ recommendations: joining III energy package, long-term energy-saving program and move of the Russian gas intake point for the EU to the Ukrainian-Russian border.

International donors will play an active role in recovery of destroyed regions.

## Economic focus of “Strong Ukraine” program

Having united representatives of big business, most of which have enterprises in the East, “Strong Ukraine” decided to focus on issues of economy and peace plan for Donbass.

“Strong Ukraine” focused on issues of economy and peace plan for Donbass.

The concept of the conflict resolution lies in multilateral negotiations including the UN representative, broader authorities for regions, review of military doctrine and reform of the army which should become professional and contract-based.



Besides, the party offers to provide Ukrainian enterprises with government orders, to create export agency, to reimburse interest rates under exporters' loans and to limit export of raw materials. Insisting on closing domestic market for six months, Serhiy Tyhypko proposes to convince international partners to open their markets for Ukrainian commodities.

Economic reforms include decrease in the number of taxes, easier procedure of their administra-

tion, decrease in the number of licenses and permits, five-year moratorium on SME inspections, decrease of a single social payment down to 20% and state target program for SME financing.

According to "Strong Ukraine", such loans as well as government orders for Ukrainian companies and creation of professional army will solve the problem of increasing unemployment rate in the country.

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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