

A reshuffle in the Ukrainian government as an element of preparations for the election

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On 14 February, the Ukrainian president, Viktor Yanukovych, dismissed Andriy Klyuyev from his post of first deputy prime minister and minister for the economy, and nominated him Secretary of the National Security and Defence Council (NSDC). Klyuyev will still perform the duties of the chief campaign manager of the Party of Regions. The new deputy prime minister was appointed on 22 February— Valeriy Khoroshkovsky, former minister of finance. This is another step in the reconstruction of Mykola Azarov's cabinet in place since autumn 2011, in the process of which the ministers of internal affairs, defence, finance and health, and also the heads of the Security Service of Ukraine, the NSDC and the general staff have been replaced. These changes have given President Yanukovych greater control of the key state institutions, and their main goal is to lay the groundwork for victory in the parliamentary election to be held on 28 October this year and to prevent major public protests. Most of the changes made have reinforced 'the Family', i.e. the political and business circle formed around the president's son, Oleksandr. At the same time, it is clear that Viktor Yanukovych wants to keep a balance of influences from different groups of the government elite within his milieu. The staff reshuffle is likely to be crowned with the dismissal of Prime Minister Azarov, which should be expected this spring.

The personnel reshuffle

Vitaliy Zakharchenko was nominated new minister of internal affairs in November 2011. Fedir Yaroshenko, a close associate of Prime Minister Azarov, was dismissed from the post of the minister of finance on 19 January this year and was replaced by the previous head of the SBU, Valeriy Khoroshkovsky (he held this function only until 22 February, when he was nominated deputy prime minister). On 8 February, Minister of Defence Mykhailo Yezhel was dismissed and replaced by the CEO of the state-owned company Ukroboronprom, Dmytro Salamatin. Finally, on 14 February, Andriy Klyuyev was shifted from the post of the minister of economy to the NSDC, and his former secretary, Raisa Bohatyrova, became the health minister. On 23 February, Petro Poroshenko, a minor oligarch who does not belong to any of the key clans, was nominated minister for the economy, while Yuriy Kolobov, former deputy president of the National Bank of Ukraine, was nominated minister of finance (the nominations have still not been confirmed finally; it seems that they are being disputed).

decrees had not been published by 12:00 on 23 February). While dismissals of individual senior officials were expected, the individuals who were appointed their successors came as a surprise. Many posts have been entrusted to little-known and inexperienced individuals (see selected biographies in the [Appendix](#)). The appointment of Poroshenko, if finally confirmed, will weaken the influence of the Donetsk Group in the government.

Most new nominees are linked to 'the Family', a group formed around Oleksandr Yanukovych and Yuriy Ivaniushchenko, a businessman and the president's trusted aide. This 'emerging' and as yet not so affluent group is the president's base in business circles. Until recently, its activity was focused only on expanding its economic influence. However, in recent months, 'the Family' has been successfully taking over control of some law enforcement sectors. The individuals linked to 'the Family' include: Zakharchenko, Salamatyn, Ihor Kalinin (the new head of the SBU), Serhiy Arbuzov (the president of the National Bank of Ukraine) and Kolobov (the new minister of finance).

Valeriy Khoroshkovsky has an independent political position. His nomination as minister of finance came as a surprise, but he was seriously considered as a candidate for the first deputy prime minister. Even though he is linked to 'the RosUkrEnerho Group' (represented by Serhiy Lovochkin, the head of the presidential administration, Yuriy Boyko, minister of energy, and Dmytro Firtash, an influential businessman), he is a relatively independent player. It cannot be ruled out that he is gradually becoming less reliant on his previous partners. This further promotion of his within such a short timespan indicates that he is a serious candidate for prime minister.

In turn, shifting Klyuyev to the NSDC means that he has been weakened (as deputy prime minister he had control of budget funds) but not marginalised. The significance of the NSDC depends mainly on the political influence of its secretary. The dismissal of Bohatyrova (Rinat Akhmetov's Group), under whose leadership the NSDC lost all political influence, proves that the president wants its significance to grow again. Klyuyev's main task at the NSDC will be to prepare the Party of Regions for the elections this autumn, which proves that he is still trusted by Viktor Yanukovych.

The government facing an election

The recently observed reshuffle needs to be seen first of all as politico-organisational preparations for the upcoming parliamentary election. The government is ready to use all means at its disposal to ensure victory for the Party of Regions. The public protests last autumn in eastern Ukrainian cities provoked by unpopular reform projects, which in particular affected pensioners, caused serious unrest within the ruling party, which lost a significant part of its support. The protesters were representatives of the traditional electorate of this party. Although the winter extinguished the protest actions, they are likely to be resumed in the spring (the first protest action this year took place on 21 February). The expected dismissal of the unpopular Prime Minister Azarov, who performs poorly in the media, will be aimed at improving the image of the government and the Party of Regions. His successor is likely to withdraw from some unpopular projects and will make attempts to

quieten down protests, including by increasing social benefits. Given the approaching European Football Championship and the parliamentary election, ensuring public stability is counted among the government's priorities. Meanwhile, along with deteriorating public sentiments, friction between politico-business groups is intensifying.

The main goal of the recent staff reshuffles is to improve the efficiency of individual key state institutions, including mainly the law enforcement structures, and to ensure they have better control of them. Their new heads are individuals who have no base of their own and no political ambitions, and at the same time are trusted by President Yanukovich. It is worth noting that the newly appointed members of the central government include Russians who came to Ukraine after 1991. Although this is not a new situation (for example, Prime Minister Azarov also settled in Ukraine as an adult), this is giving rise to the question as to what extent these nominations may influence the current Ukrainian-Russian co-operation, especially in the area of security in the broad meaning of the term.

A parallel goal for President Yanukovich is to contribute to the growing significance of 'the Family' and at the same time to preserve a certain balance of influences of individual oligarch groupings within his inner circle and to build his position as an arbiter between them. The oligarchs are too strong for the president to be able to rule without giving due respect to their interests. On the other hand, allowing one of the oligarch groups to gain a clear advantage over the other poses the risk of weakening the president's position and the emergence of conflicts; and soothing tensions within the ruling class is a priority in the pre-election period.

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Co-operation: Wojciech Konończuk

Appendix

Biographies of the new ministers of: finance, defence, and internal affairs, and of the head of the SBU

Valeriy Khoroshkovsky, deputy prime minister. He was born in 1969 in Kyiv. He is one of Ukraine's richest people and owns the largest Ukrainian media holding, Inter Media Group. In 2002 he was nominated deputy head of Leonid Kuchma's presidential administration. In 2002–2004, he was the minister for the economy and European integration in the government led by Viktor Yanukovich. In parallel to his political activity, he was increasing his economic assets at a rapid pace. The origins of his property are not completely clear. He was doing business also in Russia; for example, he was director of the metallurgical holding, Evraz. In 2006, President Yushchenko nominated him secretary of the NSDC, and later head of the National Tax Service. In January 2009, he was nominated first deputy and then, in March 2010, he was promoted to the post of the head of the SBU. While in this post, he launched intensified checks of the independent media, non-governmental organisations and opposition circles. The SBU led by him conducted the investigation into the case of Yulia

Tymoshenko. He was the minister of finance between 19 January and 22 February 2012.

Dmytro Salamatin, minister of defence. He was born in 1965 in Kazakhstan. In the 1990s, he worked for various firms in Moscow, which according to the Russian and Ukrainian press were linked to the criminal underworld and Russian law enforcement services. In 1998–2006, he was advisor on Ukraine to the chairman of the International Mining Congress. In 1999, he settled in Ukraine. Why he took this decision, when he was granted Ukrainian citizenship, and what he was doing in Ukraine in 1999–2006 are unknown. He was elected to the Verkhovna Rada in 2006 and 2007 as a representative of the Party of Regions. He had no links whatsoever with the defence sector before 2010. In 2010, he was appointed director of Ukrspecexport, a state-owned company engaged in arms sales, and in 2011, he became director of the state-owned company, Ukroboronprom. He supported a quick ratification of the Russian-Ukrainian agreement of 2010 on extending the lease of the Russian Black Sea Fleet in Crimea by 25 years. His wife, Natalia, is the daughter of Oleg Soskovets, the first deputy prime minister of the Russian Federation from 1993 to 1996.

Ihor Kalinin, head of the Security Service of Ukraine. He was born in 1959 in Moscow Oblast. He graduated from the Moscow Higher Command School of Road and Engineering Forces in 1981. He served at the Soviet KGB from 1984. From 1986 to 1988, he took part in military actions in Afghanistan. He started his service at the SBU in 1992. He was a teacher and an academic worker at the National Academy of the SBU. In 2002, he was nominated head of the Special Training Centre of the Antiterrorist Unit of the SBU. He held this function until 2005. Between 2005 and 2010, he was working at the training centre of the private Security Agency “Alfa-Shchit”. In April 2010, he was nominated head of the Ukrainian State Protection Department, and in August 2011 he was promoted to the rank of lieutenant general.

Vitaliy Zakharchenko, minister of internal affairs of Ukraine. He was born in 1963 in Donetsk Oblast. An employee of the Ministry of Internal Affairs. He was working for the police in the Latvian Soviet Socialist Republic, where he graduated from a secondary police school in 1986. In 1990, he was transferred to Ukraine. He was working for the police in the Donetsk oblast and was shifted to the department for combating organised crime in 1998. In 2008, he retired as a policeman and became employed at the National Tax Inspection, where he held managerial posts, initially in the Poltava Oblast, and later in Kyiv. He was the head of this office between December 2010 and November 2011.