
ZELENSKIY SIGNALS GOVERNMENT RESHUFFLE AS EXPERTS WARN AGAINST BACKPEDALING ON REFORMS

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Ukrainian President Volodymyr Zelenskiy signaled a potential reshuffle of his government on Wednesday (26 February) that local media said could include axing Prime Minister Oleksiy Honcharuk in favor of businessman and veteran politician Serhiy Tihipko.

Confidence in Zelenskiys government has slid since the actor and comedian scored a surprise landslide election victory last year promising to root out corruption and end the war with Russian-backed rebels in the eastern Donbass region.

But progress on either front has been patchy, and while the 42-year-old Zelenskiy remains Ukraines most electable politician, his public trust score has fallen from a high watermark of 79% in September to 51% in February, according to a survey by the Kiev-based Razumkov Centre think-tank.

Honcharuks position had already come into the spotlight in January after the leak of an embarrassing audio recording that suggested he had criticized the president in a closed meeting with the finance minister and central bank.

A Ukrainian story: leaks, PM resignation, vermicelli and Zelenskiy

The new political season in Ukraine kicked off with audio tapes leaked on Wednesday (15 January), suggesting that the prime minister, finance minister and deputy central bank governor had criticised President Volodymyr Zelenskiys incompetence in the fields of economy and finance.

Following the scandal, Honcharuk handed in his resignation to Zelenskiy, but the president then gave him one more chance to stay and tackle unpopular issues.

Any reshuffle would come just as Ukraine is trying to secure the release of billions of dollars in loans from the International Monetary Fund, a move contingent on Kievs progress in passing reforms and tackling graft.

I am conducting interviews with many people now, Zelenskiy said in a response to a question from reporters on whether he had met Tihipko about giving him a government post. And I also met with Mr. Tihipko. Its true.

Tihipko has not commented on media reports that he had been offered the prime ministers job. The presidents office referred back to Zelenskiys comments when asked whether Tihipko had been interviewed for the post of premier.

A source familiar with the situation said work in the prime ministers office was carrying on as normal, adding that over the last three months there had been constant efforts to remove Honcharuk.

Tihipko, 60, has been deputy prime minister twice, first under President Leonid Kuchma in a short-lived 1997 government, and then again in 2010 under President Viktor Yanukovich, who eventually fled to Russia after the 2014 Maidan street protests.

He has also been central bank governor and co-founded PrivatBank, the former Soviet republics largest lender.

PrivatBank was forcibly nationalised in 2016 as part of a clean-up of the countrys banking system. A protracted legal battle between the Ukrainian government and billionaires Kolomoisky and Gennadiy Bogolyubov has continued ever since.

Ukrainian President Volodymyr Zelenskiy has faced scrutiny for his ties to Kolomoisky and repeatedly batted away suggestions that he would help the oligarch regain control of the bank or win compensation.

PrivatBanks current chief executive Petr Krumphanzl called on the President to stand behind the lenders clean-up or risk capital flight and a plummeting currency accompanied by an erosion of trust in the new government, Financial Times reported.

In case the situation goes wrong, then there is a very high probability Ukraine would not receive the [IMF] money, the bank chief said, adding that many of these investors will actually start to withdraw the money that they already put in the country.

We can talk about a potentially dramatic change in the exchange rate, suggested Krumphanzl.

In October, 48.2% of Ukrainians rated those in power as better than their predecessors, but that figure declined to 29.5% in February, according to the same Razumkov survey.

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