

Ukrainian government planning to move forward with mass privatizations

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Amidst continually worsening economic and social conditions and a tentative ceasefire with separatists in eastern Ukraine, the right-wing US-backed government of President Petro Poroshenko is seeking to move forward with plans to carry out large-scale privatization of thousands of state-owned industries in 2016.

With Ukraine's economy expected to contract a further 12 percent this year and with the country's external debt forecast to reach 153 percent of GDP in 2015 and 134.2 percent in 2016, the Poroshenko regime is in desperate need of any cash it can get its hands on to remain in power in the face of growing social and political opposition.

The Ukrainian government currently operates approximately 3,000 state-owned enterprises. Almost all of them are poorly managed, operate with yearly losses, and serve as a source of funds and bribes for the oligarchic bourgeoisie and its political representatives who have run the country since the fall of the Soviet Union. Due to the complete collapse of the country's currency, the Poroshenko regime is hoping to be able to sell the enterprises at undervalued prices, to be bought either by foreign investors backed by western imperialist governments or the current government's supporters.

Over the past year Ukrainian government officials have participated in regular meetings regarding privatization in both Berlin and Washington DC, seeking to attract foreign investment and to reward business interests in the United States and Germany, Kiev's main backers in its confrontation with Moscow.

In July of 2015 at a joint Ukrainian-American conference on investment in Ukraine, Prime Minister Arseniy Yatsenyuk stated, "We want to start the privatization process. If American investors want to make the decision to buy Ukrainian companies, then we

want to sell with the most transparent conditions and see American owners on the territory of Ukraine—they will bring not only investment, but also new standards, new ways of managing the companies, and a new investment culture."

In an October meeting with German investors in Berlin, Ukraine's Minister of Economic Development and Trade Aivaras Abromavicius stated, "2016 will be the year of privatization in Ukraine. The first step will be the sale of the Odessa Port Chemical Plant. We already have advisors from Europe. We're calling for businessmen from Germany to participate in the process." Russian investors and companies will not be allowed to participate in the government's privatization scheme.

However, the large-scale privatization is opposed by broad sections of the Ukrainian working class, who understand that further privatization will only lead to more factory closings and job losses, alongside an even greater share of profits for the country's oligarchic capitalist elite.

According to recent polling on privatization of state-owned enterprises in Ukraine by the International Republican Institute (IRI), 49 percent of Ukrainian respondents said all of the state-run companies should remain as they are, while 30 percent answered that, "A few should be privatized, but most should remain in state hands." Only 12 percent of respondents said, "Most of them should be privatized and only a few strategic companies should remain in state hands." One percent supported the complete privatization of all state-owned companies.

Furthermore, many of the largest state-owned industries are based in the south and east of country, where opposition to Kiev is highest. The country's coal industry in the Donbass region will be particularly hard

hit by job losses, as the government goes ahead with plans to sell all state-run mines by the end of 2016 and to end subsidies of the coal industry completely by 2020.

Under capitalist rule Ukraine's coal mines have fallen into disrepair, creating highly dangerous conditions for workers, and many are not expected to stay open without government funding. Two-thirds of the coal mines in the Donbass region are currently non-operational due to the conflict.

Widespread opposition to the privatization plans has not gone unnoticed by the Poroshenko regime, which had first planned to begin large-scale privatization in 2015 with the sale of approximately 300 companies. Instead it postponed its plans until 2016 due to a lack of investors, political opposition, and widespread social and economic instability.

In an interview with Germany's Deutsche Welle state-run news broadcaster, Ihor Lutsenko, a member of both the Centre-right Fatherland Party and the Ukrainian Parliament's Committee on Privatization, said, "More than likely the government coalition will collapse, deepening the political crisis. Many politicians expect early parliamentary elections. And in such conditions nobody dares to go after privatized firms—neither sellers nor buyers. I do not think the political situation is favorable for this."



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