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**HIGHLIGHTS OF 2023 FOR UKRAINE:
WAR, POLITICS, PUBLIC OPINION, ECONOMY, INTERNATIONAL
SITUATION;
SOCIO-POLITICAL TRANSFORMATIONS**



Kyiv 2023

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Introduction.

During 2023, the political and military processes in Ukraine underwent very serious changes.

In the first half of 2023, Ukraine managed to maintain **a relatively stable situation at the front, as well as strong expanding support for the allied countries**, which were in positive anticipation of a **large-scale counteroffensive** of Ukrainian troops in the South of the country (*following the example of Kharkiv and Kherson in the autumn of 2022*). *At the same time, the country had a leadership model of governance, in which real and nominal power was consolidated in the hands of the Supreme Commander-in-Chief, President V. Zelensky and his team, and V. Zelensky's popularity was in the range of 70% - 80% of public support, and his Servant of the People party – 40%-50%.*

But the failure of the Ukrainian counteroffensive, together with the results of the formation of a conservative Republican majority in the House of Representatives of the US Congress and the aggravation of internal confrontation inside Ukraine's main ally, led to a decrease in external political, military and financial assistance and an increase in uncertainty around Ukraine; a fall in the ratings of the government and the President within the country, the formation of alternative centers of popularity and an increase in political conflict, public fatigue and frustration. The series of serious corruption scandals in Ukraine and examples of ineffective public administration against the backdrop of monopolization of power only aggravated the situation.

Other international conflicts and confrontations also negatively affected the situation in Ukraine. First of all, between Israel and Hamas, and between China and the United States, which did not allow to fully isolate the Russian Federation from international markets and achieve high efficiency of the sanctions policy.

The EU stabilizing decision for Ukraine to start negotiations on the country's accession to the union was adopted at the end of the year and has so far a limited effect due to the complexity of the procedure and EU requirements, accumulated fatigue and disappointment within Ukraine and the deteriorating situation at the front, refusal to get accepted by NATO

By the end of the year, the Ukrainian state and society approached the brink of exhaustion of human, military and economic resources for the continuation of high-intensity hostilities, and their fate increasingly depends on external support and geopolitical conjuncture.

By the end of the year, two key turns had taken place in Ukraine:

1. After the failure of the counteroffensive and the decline of Western assistance, the military initiative at the front passes to the Russian Federation. Ukraine and its Western allies (*led by the United States*) **decide to move to strategic defense. A plan has been announced for the construction of a large defensive line, which should begin with the front line between Ukraine and the Russian Federation and end on the Ukrainian-Polish-Belarusian border. But defense also requires significant resources and a new mobilization, which is extremely unpopular in Ukrainian society.**

2. **There is a decrease in the ratings of the government:** President V. Zelensky (50-40%) of the Cabinet of Ministers and Parliament. The process of elevation of the alternative leader - Commander-in-Chief of the Armed Forces of Ukraine **V. Zaluzhny begins.** V. Zaluzhny's rating (40%) actually caught up with V. Zelensky's rating (42%), and his conditional party (36%) is ahead of V. Zelensky's Bloc (26%) by 10%. That is, the **political system is conditionally divided into two camps** (V. Zelensky and V. Zaluzhny). The ratings of other competitors of the government team are also growing, and an active political struggle is unfolding. At the same time, the demand for an end to the war is increasing in society: half of the population will already be in favor of stopping or negotiating it.

I. Geopolitics. The situation around Ukraine.

1. "The US is retreating into itself": the confrontation between the Democratic and Republican parties in Congress. Changing the political balance in the United States after the parliamentary election.

In January 2023, there is a change in the political balance in the United States. The House of Representatives of the US Congress comes under the control of the Republican Party, they expectedly began to block the laws necessary for Democrats and criticize the foreign policy approach of President D. Biden. **Aid to Ukraine is turning into a bargaining chip between Democrats and Republicans ahead of the presidential election campaign.** In particular, the Republicans insist that the resources allocated to Ukraine should be cut, and their spending should be more tightly controlled.

In February 2023, **The Republicans demanded to submit reports on the spending of \$113 billion**, at that time allocated to assist Ukraine. It should be understood that the assistance actually received in Ukraine is several times less than the declared one. Of these funds, about 60% will go to the US military to replenish American weapons stocks (after the supply of weapons to Ukraine). Only 20% of Ukraine receives direct budgetary assistance directed to the implementation of social guarantees by the government.

2. Allied assistance to Ukraine: provided volumes, accumulated difficulties and contradictions, significant risks of reducing its level.

Currently, the United States and other partner countries **are actually funding the bulk of Ukrainian government spending** - from health care to housing subsidies.

In addition, the situation at the front and the further possibility of advancing Ukrainian troops **strongly depend on the intensity of arms supplies by allied countries.** Thus, Western partners often "*dosed*" weapons supplies to Ukraine, adjusting the capabilities of the Ukrainian armed forces to their specific political goals. In particular, Western countries are not completely interested in the complete defeat of the Russian Federation and did not allow Ukraine to do this, **in order to avoid a possible nuclear escalation.**

At the beginning of the year, due to the threat of a new large-scale Russian offensive, as well as the exhaustion of Ukraine's stocks of Soviet weapons, the allies are trying to urgently increase military supplies. There are signals that the **range of military supplies to Ukraine will be expanded, possibly due to aviation or long-range missiles.**

The United States, Canada, Great Britain, Germany, France, Poland, etc. announced the supply to Ukraine of about 400 infantry fighting vehicles, 100 armored personnel carriers, 450 armored vehicles, about 180 tanks of various models (including 120 T-72M from the Czech Republic), air defense/missile defense systems and Patriot systems, etc. In addition, the allied countries led by the United States also put pressure on Germany to provide Leopard tanks.

Work is underway to receive F-16 fighters and their delivery will take several months. The planes will arrive in Ukraine in early 2024.

Since May, the UK has been the main curator of arms supplies to Ukraine (*amid a confrontation in the US Congress*). The UK's position gives the "green light" to other allied countries to supply new types of weapons to Ukraine (tanks, long-range missiles, the creation of an aircraft coalition of F-16 fighters). The United States will send its **ATACMS long-range missiles** to Ukraine. ATACMS can strike at a distance of up to 300 kilometers and be launched from the HIMARS vehicles already available in Kyiv. Currently, the AFU has about the same range of **Storm Shadow and Scalp missiles**, but they can only be launched from airplanes, which is much more difficult. **The United States reported that for the counteroffensive, NATO countries transferred 98% of the promised equipment to Ukraine.** According to the head of the Pentagon, L. Austin, assistance **to Ukraine in the Ramstein format** (a total of 17 meetings have been held since the beginning of the full-scale war) **has already exceeded \$80 billion.**

Since the summer of 2023, despite some larger aid packages to Ukraine, the total amount of new bilateral support commitments has become not as large as at the beginning of the year, and deliveries of military equipment are significantly lower than commitments. Ukraine's need for equipment repair has increased significantly. **The United States decided to transfer cluster munitions to Ukraine.**

In Ukraine, they say that to effectively advance the AFU, it is necessary to strengthen Western support, currently its volume is insufficient to demonstrate significant success at the front.

In the **autumn, the process of providing assistance to Ukraine by the allies continues to become more complicated.** Against the backdrop of unfulfilled hopes of Western societies for a quick victory and counter-offensive of Ukraine, the number of supporters of ending the war in Ukraine is increasing.

Allies are beginning to talk about the need to reduce Ukraine's dependence on external borrowing and search for domestic sources of financing. In particular, the issue of allocation of assistance for Ukraine by the United States is currently in uncertainty against the background of the pre-election confrontation between Democrats and Republicans in Congress. **In the context of this situation, EU countries also say that it will be difficult for them to make significant long-term commitments to Ukraine, given the reduction in their domestic budgets.** In addition, European conservatives seem to be beginning to adopt the tactics of the Republican Party of the United States and demand from the European Union a clear strategy and program of assistance to Ukraine, a plan for waging and ending the war.

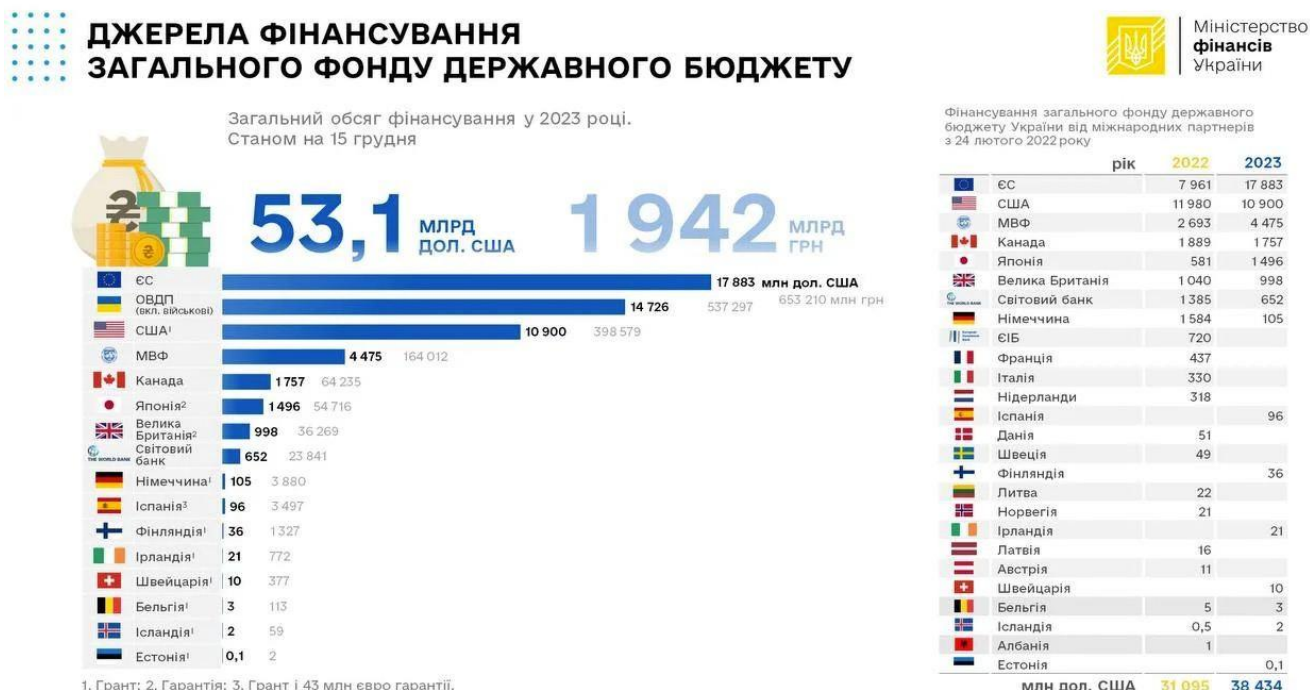
In turn, all this becomes **a source of an information crisis for the team of President V. Zelensky and intensifies attacks on him by foreign media and the opposition within the country.** Thus, the Western press is increasingly accusing the Ukrainian leadership of inadequate assessment of the situation. The pessimistic background of foreign media as a whole demonstrates the assessment of what is happening in Ukraine by the Western political elites.

Against the general background of internal problems among the allied countries, war fatigue, and huge costs to Ukraine, Western support continues to weaken.

The Kiel Institute of World Economy announced a global reduction in Western aid. Aid disbursements reached a new low between August and October 2023 — almost 90% less compared to the same period in 2022.

All registered obligations of assistance to Ukraine since the beginning of the war amounted to about - 241.5 billion euros (October). In particular: the European Union - 133.2 billion euros; the United States - 71.4 billion euros, other countries - 36.9 billion euros. The dynamics of support for Ukraine has slowed down.

At the end of the year, the main costs of supporting Ukraine fall on the shoulders of the EU. According to the Ministry of Finance, the structure of financial assistance has changed as follows. If in 2022 Ukraine received the main funding from the United States (\$11.9 billion) (EU - \$7.9 billion) then, in 2023 from Europe (17 billion euros) (USA - \$10.9 billion). This happened, among other things, taking into account public opinion.



The public opinion in the United States – sociology.

Most Americans now say the U.S. is doing too much to help Ukraine.

Gallup Survey Results

41% of Americans generally believe that the United States is doing too much for Ukraine, up from 24% in August 2022 and 29% in June 2023.

Shifting Sentiments on How Americans Gauge U.S. Role in the Ukraine Crisis

Thinking about the conflict between Russia and Ukraine, do you think the United States is doing too much to help Ukraine, not enough or the right amount?

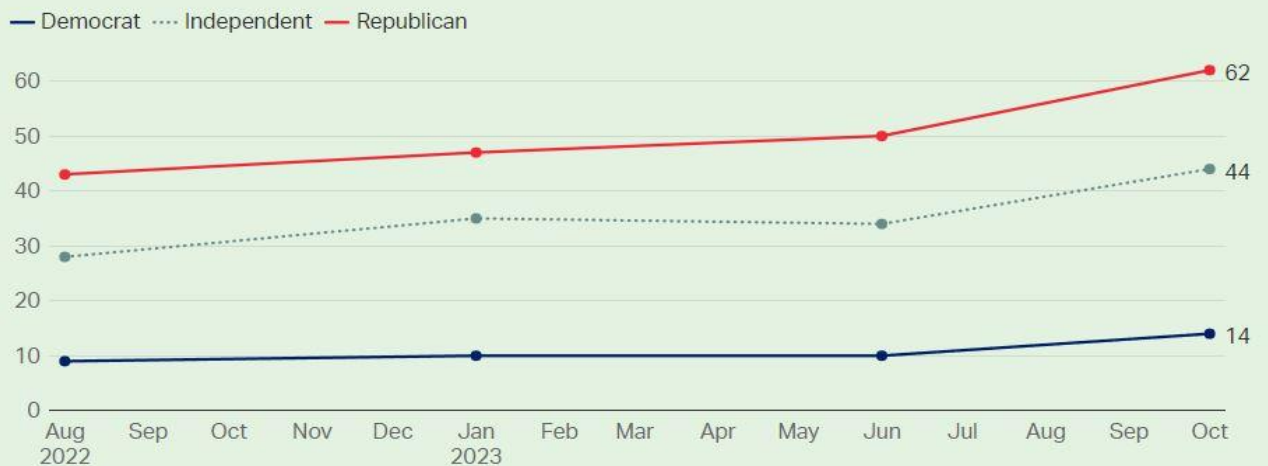


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GALLUP

GOP's Rising Skepticism on U.S. Aid to Ukraine

Thinking about the conflict between Russia and Ukraine, do you think the United States is doing too much to help Ukraine, not enough or the right amount? % Too much



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GALLUP

There are splits within both parties regarding assistance to Ukraine. A new Gallup poll showed a fundamental difference between the positions of Democrats and Republicans in this regard. Thus, 65% of Democrats believe that the **United States should continue to provide assistance as long as Ukraine asks for it**. For comparison, only 14% of Republicans think so.

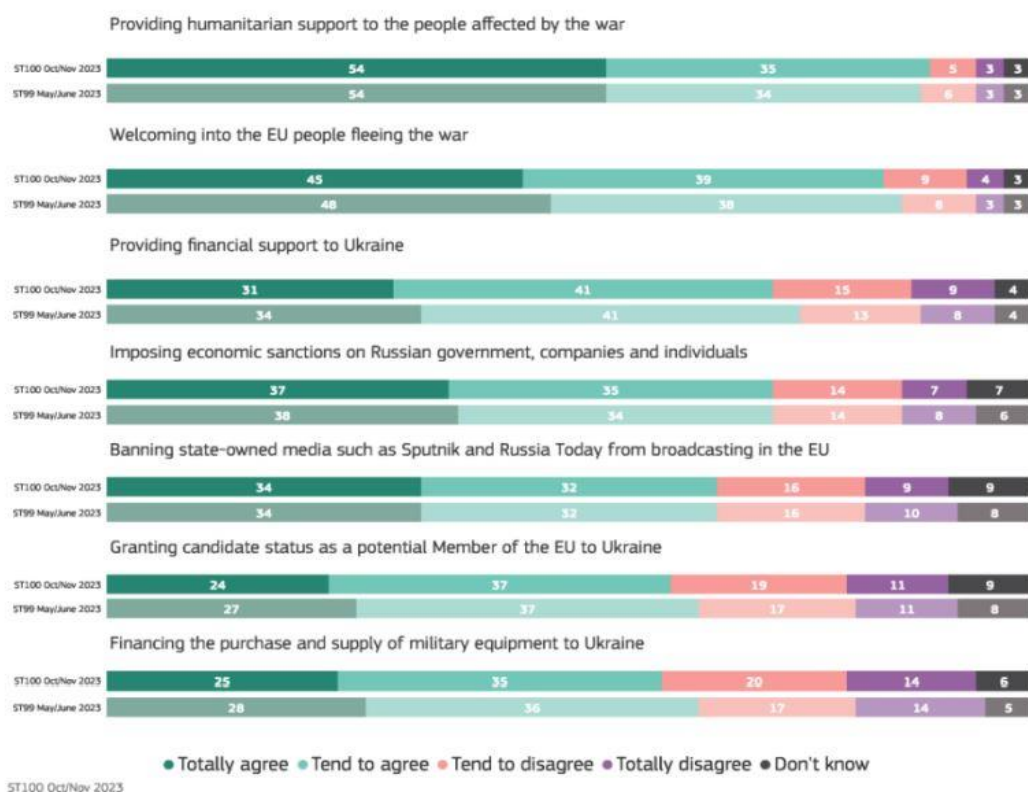
The results of the survey by The Economist/YouGov show that now in the United States 24% of respondents support an increase in military assistance, for the month this figure fell by one percent. At the same time, 27% are for its reduction, and 31% are for keeping it at the current level (this group showed an increase of 4%). 70% of Americans are for a ceasefire in this war. The opposite opinion is only 10%. According to another Pew

Research Center survey, about a third - 31% - of Americans believe that it is necessary to reduce assistance to Ukraine. Another 29% believe that the current assistance is enough, and 18% demand to increase it.

Public opinion in Europe.

The results of the November Eurobarometer study clearly demonstrate that in Europe, unlike the United States, support for Ukraine continues to be at a high level, despite economic losses and general fatigue from the war.

QD2. The EU has taken a series of actions as a response to Russia's invasion of Ukraine. To what extent you agree or disagree with each of these actions taken. (EU27) (%)



72% agree with the provision of financial support to Ukraine. (since spring 2022, it has decreased by 8%)

About six out of ten approve of granting Ukraine the status of a candidate to the EU (61%) and EU funding for the procurement and supply of military equipment to Ukraine (60%).

Thus, the attempts of President V. Zelensky to put pressure on the leadership of the allied countries through public opinion are not completely meaningless. According to the Pew Research Center, the President of Ukraine enjoys high support among the population in the leading countries of the world such as the United States, the United Kingdom, Canada, Germany, etc., in 24 countries around the world he is trusted by about 51%.

For example, criticizing the decisions of the NATO summit by V. Zelensky, he presented the leaders of some European countries in a light that was not favorable for them within his society.

3. Initiatives of peace negotiations. Zelensky's peace formula and new ultimatums of the Russian Federation.

Currently, behind the scenes of world politics, various options for ending hostilities are being considered, as well as the **status in which Ukraine needs to end the war**. *China, Turkey, the Vatican, Saudi Arabia* and a number of African countries are striving for the role of main mediators and peacekeepers.

In general, there is a chance for a peaceful settlement only **if agreements are reached between the countries of the West, the PRC and the Russian Federation, or as a result of the complete exhaustion of the parties**, primarily the Russian Federation and Ukraine, the switching of the war and attention to it, nuclear escalation or another significant world event. At the same time, the achievement of political agreements should imply the **formation of a certain geopolitical balance**. At the same time, the main parties to the conflict (both the West and the Russian Federation) periodically test each other for readiness to compromise, so from time to time certain scenarios for ending the war are voiced in the press.

In **political terms, hopes for a peace agreement are now minimized, as they are undermined**, on the one hand, by the demonstration of Ukraine's intention to return the lost territories, as well as by the position of the Russian Federation itself, which requires Ukraine to recognize the occupied and annexed territories (*Donetsk, Kherson, Zaporozhzhia, Luhansk regions and Crimea*) as Russian.

This year, **Ukraine and the Allied countries have been characterized by a fictitious demonstration of openness to negotiations**. This is done in order to **build the loyalty of the countries of the Global South**.

In Ukraine, it is assumed that the PRC can lead the process of peace negotiations. **On February 24, 2023**, on the day of the anniversary of the Russian invasion of Ukraine, the PRC proposed its so-called "*peace plan*" of 12 points. It calls for the resumption of negotiations and criticizes the sanctions. At the same time, the PRC also declares respect for the sovereignty of all countries and emphasizes the inadmissibility of the use of nuclear weapons.

Ukraine seeks to enlist additional support from the **PRC, the Vatican and the countries of the Global South**, promoting the "*Peace Plan – 10 Steps of V. Zelensky*", which actually implies the **surrender of the Russian Federation**. In the Kremlin, **V. Zelensky's "formula for peace" caused great indignation** and rejection.

February 3, 2023 The "formula of peace" of Ukraine was officially supported by the European Union. Then the **United States and other G7 countries** – *Germany, France, Britain, Italy, Japan and Canada*. The countries of the Lublin Triangle are *Poland and Lithuania*. And also *Slovakia and Finland, Austria*.

Ukraine and Western countries held consultations with the countries of the "global South" on a peaceful settlement. Summits of this format were held **in Denmark – Copenhagen** (in June 2023) and **Saudi Arabia** - Jeddah (August 2023) **on the island of Malta** (in October 2023). The next meeting may take place in Switzerland.

At this stage, the participants in the consultations **have not yet reached a consensus and have not formed a common position or memorandum on the principles of a peaceful settlement**.

At the end of November, the team of President of Ukraine V. Zelensky tries to publicly disclaim responsibility for the possible negative consequences of the further course of hostilities, or the prospects for an unprofitable peace with the Russian Federation.

The leader of the Servant of the People faction D. Arakhamia on the air of Moseychuk+ partially shifted the responsibility for the continuation of the war to Western partners, who actually **refused during the Istanbul negotiations to provide Ukraine with the necessary security guarantees (in particular, to Britain).**

In general, the participants and mediators of potential peace negotiations, based on the settlement method, can be divided into 4 main groups:

1. The first, led by China (*which includes Turkey, the Vatican and the countries of the Global South*), although they generate different peace initiatives in technical details, **they jointly insist on an immediate cessation of hostilities and the resumption of negotiations.** At the same time, such a position may imply the actual (but not legal) loss by Ukraine of part of its territories and the **freezing of the conflict.** Also, these countries advocate the formation of a new geopolitical balance and the reduction of the role of the United States and allies in the world.

2. The second group (*Ukraine, the United States and European countries*) adheres to the position **on the need to de-occupy all the occupied territories of Ukraine by the Russian Federation** and only after that it is possible to start official and productive negotiations with the latter. **Ukraine is promoting its agenda** and seeks to enlist additional support from the PRC, the Vatican and the countries of the Global South by promoting the "*Peace Plan – 10 Steps of V. Zelensky*".

3. The third group of conservative and nationalist (*mainly opposition*) elites in the United States, NATO and the EU (*D. Trump, V. Orban and others*) **advocating the formation of a new balance with the Russian Federation**, taking into account its interests and increasing the individual sovereignty of the EU and NATO countries when making foreign policy decisions. At the same time, Ukraine should make formal concessions to the Russian Federation and receive compensatory mechanisms at the expense of NATO and the EU.

4. The fourth group of the Russian Federation and its closest allies **formally demand the actual surrender of Ukraine** – the abandonment of the occupied territories, the refusal to cooperate with NATO and military development, a change in domestic policy; but they can potentially agree to fix the occupied territories for the Russian Federation and additional guarantees in the field of security and freedom of world trade.

4. Prospects for Ukraine's accession to NATO.

The issue of Ukraine's membership in NATO can be considered only after the end of the war or by agreement with the Russian Federation as an element of peace agreements. It is more likely, only if Ukraine defeats the Russian Federation or achieves significant results at the front.

On July 10 – 14, following the NATO summit in Vilnius, it can be stated that there is no decision on Ukraine's membership in the Alliance in the foreseeable future (there was no official invitation, no deadlines were announced), as well as specific security guarantees.

In fact, Ukraine has been offered a compensation political package **that abolishes the map, which should rather be considered a formality, since Ukraine will still need to fulfill certain conditions in order to meet the NATO criteria** by meeting the previous requirements for reforms. Ukraine receives annual assistance of \$500 million on a long-term basis. Annual funding for the reform of the Armed Forces of Ukraine, as well as the costs of rearmament, medicine, demining and fuel supply to the army (long-term program). The **Ukraine-NATO Council was also created** as a special format of cooperation with the Alliance. "Security guarantees" turned out to be "*promises of additional assistance*" and a demonstration of unwillingness to send their troops to Ukraine.

President of Ukraine **V. Zelensky expressed his public dissatisfaction with the decision of the leaders of NATO member countries.**

But most likely, in this situation, Ukraine has received the maximum of what is possible at the moment.

But **in Ukrainian society, this can lay doubts about the consolidation of the countries of the Western world with us** and cause deep disappointment. According to the latest polls for November, 77% of citizens support Ukraine's membership in NATO, which is 6% less than in July (83%). Accession to the EU is supported by 78%, which is 7% less than in July (85%).

So, despite the deepening of cooperation, the huge assistance of the allies in NATO. In fact, **Ukraine has not been promised either membership in the Alliance or real security guarantees.** NATO fears an escalation with Russia and seeks to avoid a direct clash with it at all costs.

Among the main motives for Western countries not to give an official invitation to Ukraine to the Alliance, one can also separately note the **reluctance to completely close the doors for negotiations with the Russian Federation**, which declared the neutral status of Ukraine as the main goal of the war.

The results of the NATO summit in Vilnius in the Russian Federation are "promoted" in the information space as a "winning case" and even the achievement of one of the goals of the so-called SMO. In practice, NATO has adopted a course of "non-expansion". Not only Ukraine, but also Georgia and Moldova did not receive an invitation to join the Alliance.

In the autumn, against the background of the stalemate on the Ukrainian front behind the scenes, some of the world's elites are increasingly discussing various options for freezing the conflict, as well as the option of accepting Ukraine into NATO without the territories now seized by the Russian Federation.

In November, former NATO Secretary General Anders Fogh Rasmussen made a proposal to admit Ukraine to the North Atlantic Alliance "within new borders" (probably referring to the actual borders of the front). Admission of the whole of Ukraine to NATO would actually mean notification of the Russian Federation that NATO is going to enter the war. Earlier, a similar option was voiced by former US Secretary of State Henry Kissinger.

But the head of the OPU, Andriy Yermak, during his visit to the United States, said that the Ukrainian authorities did not agree to join NATO without the occupied territories, since their goal was to reach the borders of 1991.

The idea of Ukraine's accession to NATO within the borders of the territories it currently controls: not supported by 53% of citizens; supported by -40%

5. The impact of other global and regional conflicts on the situation in Ukraine: the confrontation between the United States and the People's Republic of China, the Second Armenian-Azerbaijani War, the Israeli-Arab conflict, aggravation on the Korean Peninsula, etc.

Since autumn, new military conflicts in the world gradually begin to divert attention from Ukraine. Ukraine's media attention is necessary to influence Western public opinion and Western politicians who were hesitant or unwilling to help Ukraine.

On September 19, Azerbaijan announced the beginning of "anti-terrorist measures of a local nature" in Nagorno-Karabakh, their goal is to ensure the safety of Azerbaijani servicemen and restore the constitutional order of the Republic of Azerbaijan in the region. By the end of the day, Nagorno-Karabakh called on Azerbaijan to cease fire and start negotiations. Armenia actually refused to defend Nagorno-Karabakh, which led to its rapid surrender.

The situation in Nagorno-Karabakh once again demonstrates that any agreements on truces, any temporary approvals of any security regimes do not make sense in the current geopolitically "torn" world, where force begins to play an increasingly important role. Only stable peace and agreements can guarantee the security and stability of certain countries for a while. Having played the Armenian card, Turkey, Azerbaijan and the Russian Federation, most likely, may try to broadcast this experience to Ukrainian realities. Because for the Russian Federation, both the war in Nagorno-Karabakh and in Ukraine are a continuation of the same geopolitical doctrine.

On October 7, the war between Israel and Hamas begins. This conflict largely shifts the attention of the international community from the issue of Ukraine, in fact, making it secondary in the information space. It is obvious that further assistance from allies to Ukraine will also depend on how long the war between Israel and Hamas will last, on the course of hostilities there. The Ukrainian leadership perceives this conflict as a potential threat that distracts attention and can draw resources to itself. Israel's war with Hamas has led to massive disruptions in world trade. Yemeni Houthis began shelling merchant ships out of solidarity with the Palestinians. The attacks of the Houthis raised the prices for insurance and protection of transportation on the Red Sea. As a result, freight prices rose by 4% in just a week. And the way around the Houthi drones is through the Cape of Good Hope in South Africa. It is longer by 10 days and 3.5 thousand nautical miles.

In October, the conflict on the Korean Peninsula begins to escalate. On October 24, South and North Korea exchanged warning shots in the disputed border region off the coast of the Korean Peninsula. This happened against the background of the fact that the DPRK has recently often tested ballistic missiles and conducted artillery firing along the borders on the eastern and western coasts of the Korean Peninsula. For its part, South Korea held annual military exercises to prevent the threat from the DPRK.

In November 2023, the border conflict between Venezuela and Guyana escalated due to the disputed territory. The Venezuelan authorities initiated a referendum on December 3, in which citizens had to speak out on recognizing the inviolability of the border with Guyana or believe that a significant part of its territory should belong to Venezuela. 95% of the participants in the plebiscite supported the accession of the disputed territory to Venezuela. There are fears that after the referendum, Venezuelan President Nicolas Maduro will try to annex the disputed region by force.

In general, against the background of the fact that the counter-offensive in the South of Ukraine did not demonstrate the expected result, the allies are beginning to talk about the need to **reduce Ukraine's dependence on external borrowing** and search for domestic sources of financing.

At the same time, the **Administration of US President Joe Biden promised to continue to support Ukraine.** The White House plans to combine assistance to Israel and Ukraine.

In October, US President **D. Biden submitted to Congress a single bill to allocate \$61 billion to Ukraine** (about \$12 billion is intended for direct budget support to Ukraine) for the next year **out of a total financial package of \$106 billion** (of which \$14 billion is also proposed for Israel). But Republicans began to hinder the Administration's efforts to combine assistance to Ukraine and Israel in one package and demand tougher controls on the border with Mexico.

In November, in order to avoid a shutdown, the temporary US budget was approved without assistance to Ukraine and Israel.

The complexity of the situation in the Congress is aggravated by an increase in "anti-Ukrainian" sentiments among the Republican electorate (48% believe that assistance to Ukraine should be reduced). Against this background, the rating of Donald Trump (47%) begins to surpass the rating of Joe Biden (43%) (The Wall Street Journal). At the end of the summer, the ratings of these two main candidates were almost the same. The possible return of Donald Trump to the White House in 2025 is expected to lead to a significant reduction in Western support for Ukraine.

On December 15, the House of Representatives went on vacation, the issue of financing Ukraine and Israel was postponed to January 2024. Also, the Senators have not yet been able to agree on a deal to protect the border to allocate assistance to Ukraine, the issue turned out to be difficult, Democratic leader Chuck Schumer said. He said that lawmakers **will return to working out agreements after the end of the holidays on January 8, 2024.**

By the end of 2023, there are risks that American assistance will no longer be received systematically and in much smaller volumes. Representatives of the Western opposition, both in the United States (the Republicans) and in Europe (conservative elites),

are now demanding from the leadership of their countries **a clear strategy and program of assistance to Ukraine, a plan for waging and ending the war.** In the allied countries and in Ukraine, they began to talk about the transition to a defensive strategy.

In particular, from the US side, it is likely to become much more complicated next year, which is actually signaled by the American leadership in the White House. US Secretary of State Anthony Blinken at a press conference on the results of the year said that the **Ukrainians did the impossible** – they stood against one of the largest armies in the world. **V. Putin has already lost in the war with Ukraine, as he did not achieve his main goal – to wipe Ukraine off the face of the earth** and absorb it by Russia. **90% of the aid to Ukraine was spent in the US**, strengthening its defense industry, but American aid is critical for Ukraine. **The United States has a very clear plan for the future development of Ukraine, it does not imply the allocation of assistance to the country at the current level.** The United States and its allies only need to help Kyiv hold out "this winter, spring and summer" (probably referring to the period before the US presidential election), the Secretary of State noted.

6. Prospects for Ukraine's accession to the EU.

7.

On June 23, the European Parliament overwhelmingly adopted a resolution in support of the EU candidate status for Ukraine.

By the end of the year, Ukraine managed to push through the EU's decision to start accession negotiations. This decision can rather be considered political. The European Commission did not dare to refuse Ukraine (*as NATO did*), fearing that it would be perceived **in the Russian Federation as a victory and would negatively affect the stability in the country.** In November, the European Commission decided to **recommend to the European Council to start negotiations on Ukraine's membership in the EU.**

Hungary opposed such a decision. Hungarian Prime Minister Viktor Orban said that Ukraine is not ready for EU membership in all respects and Hungary will not support the start of negotiations. Earlier, Viktor Orban, in a letter addressed to the President of the European Council Charles Michel, said that no decisions on the financing of Ukraine, the opening of EU accession negotiations or further sanctions against Russia can be taken until this "strategic discussion" takes place.

The **additional requirements put forward by the EU for Ukraine** can be divided into 2 groups: 1. Regarding NABU and the law on lobbying, they are of a technical nature; 2. Serious requirements for the protection of the rights of national minorities to use their native language in various fields - from education to the media, through the implementation of the conclusions of the Venice Commission.

It was difficult for Ukraine to fulfill these requirements, **since solving these problems means the beginning of a change in the course of state humanitarian policy and the strengthening of the influence of Western partners on the political system** (*through anti-corruption structures*).

On December 8, the Verkhovna Rada adopted three important European integration laws. Thus, in the second reading, the government **bill No. 10203-1 on strengthening the institutional capacity of the National Anti-Corruption Bureau (NABU) was adopted.** The law provides for an increase in the maximum number of employees of NABU from 700 to 1,000 people, including a plan to expand the number of senior staff from 500 to 750 people.

Bill No. 10262 was adopted, which allows the National Agency for the Prevention of Corruption (NAPC) to conduct inspections of the property of officials that they acquired before being appointed to their posts. In accordance with the new version of the law, verification can be carried out when new data or new sources of information appear. Previously, the NAPC did not conduct an audit of previously published information, if no violations were found.

In general, **an updated draft law No.10288-1 on amendments to some laws of Ukraine was adopted, taking into account the expert assessment of the Council of Europe and its bodies on the rights of national minorities (communities) in certain areas.** This is one of the requirements of the European Commission, the fulfillment of which is a prerequisite for the start of negotiations on Ukraine's accession to the EU.

First of all, **the bill is aimed at expanding the rights of the official languages of the EU, such as Hungarian, Romanian, Bulgarian, and others.** But these provisions do not apply to the language of the aggressor country, that is, to the Russian language.

After that, the Government of Ukraine announced that it was awaiting a final decision on the start of formal negotiations on Ukraine's membership in the EU.

On 14 December, the EU Council decided to open accession negotiations with Ukraine. Hungary did not block the decision to start negotiations with Ukraine, Prime Minister Viktor Orbán simply left the room during the vote. But he vetoed the allocation of 50 billion euros of assistance to Ukraine. Consideration of this issue was postponed to February 1, 2024. It should be understood that **the position of Hungary on the issue of Ukraine is not another geopolitical game of this country, but a strategic position that is supported by many conservative elites in Europe.** This increases the importance of Hungary for geopolitical players (USA, China, Russia).

On the one hand, the beginning of negotiations on Ukraine's accession to the EU **is an important sign of symbolic political support,** which Europe could not refuse amid problems with American funding and, in fact, a negative response to Ukraine from NATO. **This step will generally add stability to the Ukrainian governance system.** Since in Ukraine such a decision will be perceived and interpreted as a victory of President V. Zelensky and his team. It will add hope to Ukrainian society in a situation where common events are developing in a pessimistic scenario.

But for Ukraine today, the allocation of funds is no less important. Against the background of the fact that American assistance is still blocked in the US Congress during the election confrontation between Republicans and Democrats. That is, today Ukraine has received a rather symbolic sign of support in the absence of real assistance from Western partners.

Ukraine has not yet received the funding that is critically needed today for the Ukrainian budget and the maintenance of military capabilities. And this may prove to be a critical factor for the further development of events around Ukraine.

Preliminarily, it becomes clear that the **accession itself may be delayed and take place much later**. Among the current EU members, the prospect of Ukraine joining due to a significant increase in costs will cause great debate. If Ukraine joins the EU, the **subsidies to which it will be entitled will be significant**. Also, not everyone now supports attempts to revise the main EU treaty and abandon the rule of unanimous voting and adopt the "majority rule" instead (such a change would significantly increase Ukraine's chances of becoming an EU member).

There are still several difficult stages of negotiations ahead, the most difficult of which will be the formation of an agreement on Ukraine's membership in the EU - conflict issues of agriculture, transport, property security, specific human rights, regional and tax policy, energy, internal affairs and justice; and ratification of the Agreement by individual EU countries with the blackmail of Ukraine.

The situation at the front will have a decisive impact on the prospect of further European integration. If the Russian Federation continues its offensive, the issue of Ukrainian European integration may be removed from the agenda due to increased military and political instability. If the Ukrainian troops manage to repel the Russian army or get the conflict frozen, then Ukraine will be able to take advantage of the European decision to start negotiations and eventually join the EU.

II. The course of the war. Warfare

During the year, **Ukraine and the Russian Federation waged a war of attrition to a greater extent than for the territories. With all the activity of the opposing forces, the front-line changes slightly.** Since the beginning of 2023, the Russian army has been able to occupy only about 500 square kilometers of Ukrainian territory. According to the Institute for the Study of War, Russia captured about 857 square kilometers in 2023, but the Ukrainian Defense Forces have already recaptured 370 square kilometers of them. In 2023, only 0.08% of Ukrainian territories were occupied.

Currently, neither Ukraine nor Russia can accumulate enough forces to break through the enemy's defenses.

The Armed Forces of the Russian Federation tried **to advance in the Donetsk and Kupyansk directions, partly in Liman, and in the Zaporizhzhia and Kherson** – mainly by the Armed Forces of Ukraine.

Until November, Ukrainian and Russian troops alternately tried to seize the military initiative in different parts of the front, **but without significant territorial changes.**

As a result, in 2023, the following cities were captured in the Donetsk region of the Russian Federation: **Soledar** (*battles for the city were fought since the summer of 2022*), **Bakhmut** and the beginning of June (*the defense of the city lasted almost a year*).

At the same time, **almost 71 thousand square kilometers occupied after February 24 remain under occupation**, including part of the Mykolaiv region, the left bank of the Kherson region, the occupied part of the Zaporizhzhia region, some villages of the Kharkiv region, and the territory of the occupied Donbas.

In total, since February 24, the Armed Forces of Ukraine have liberated 52.5% of the territory occupied by Russia. So, as of November 14, according to DefMon, **almost 78 thousand square kilometers of territory** have been liberated from the Russians.

If we take into account the territories of certain districts of the Luhansk and Donetsk regions and the Crimea seized by the Russian Federation in 2014, then about 20% of Ukraine **still remains under occupation**, namely about **120 thousand square kilometers.**

In general, the course of hostilities during 2023 can be divided into several stages:

1. Anticipation period for the "big" Russian offensive and fighting in the Donbas: the capture by the Russian Armed Forces of Soledar and Bakhmut in the Donetsk region (from January to May 2023). In the winter of 2022-2023, **a major Russian offensive from the north** (Chernihiv, Kharkiv, *Sumy or Kyiv regions*) *was expected in Ukraine*, but it ultimately did not take place due to large losses near Bakhmut and the preparation of defensive lines in the South of Ukraine.

2. The period of preparation of a large Ukrainian counteroffensive (from March to June 2023).

Since March 2023, **rumors about a large counteroffensive of the Armed Forces of Ukraine have been actively spreading in Ukraine and abroad.** The allies had high hopes for it. In particular, the result of the counteroffensive, similar to the rapid liberation of the Kharkiv region and the city of Kherson in 2022, would allow Western partners to strengthen

their positions and put forward new ultimatums before the start of a full-fledged election campaign in the United States.

3. The initial phase of the Ukrainian counteroffensive in the South of Ukraine. Bombing of Kakhovska HPP. Mutiny of the curator of PMC "Wagner" E. Prigozhin. Threats of nuclear escalation. (June-July 2023)

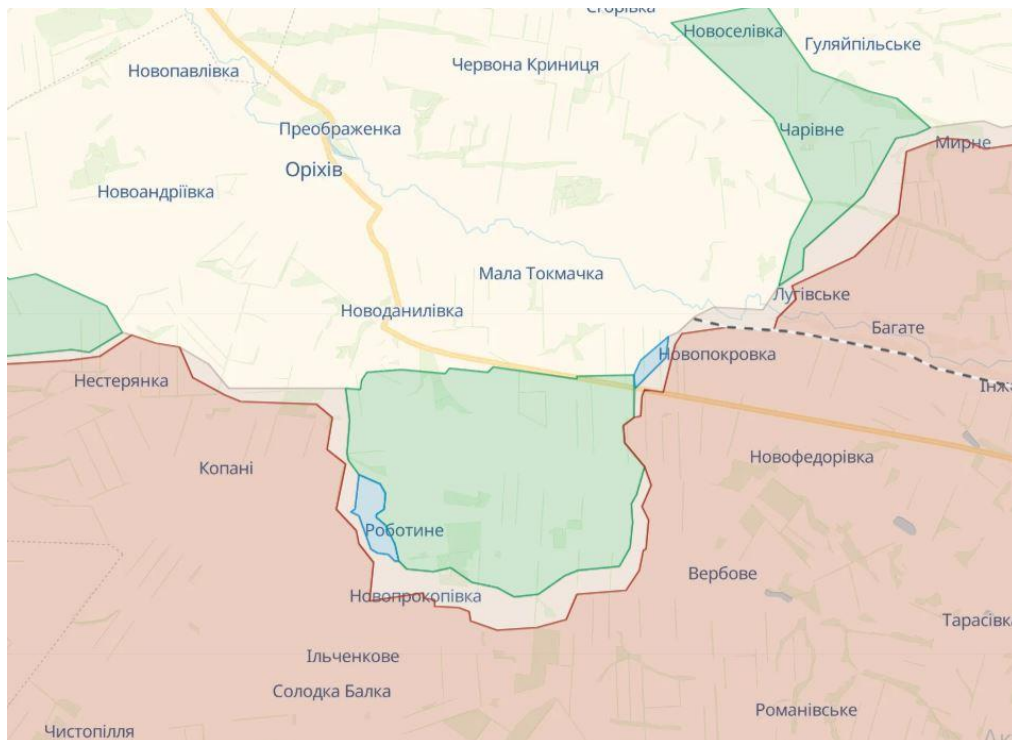
But the **Ukrainian counteroffensive, which began in June**, progressed slowly. His original plan was foiled by the blowing up of the **Kakhovska HPP** (*most likely, it is the Russian forces that are behind its blow up*). Thus, the **Russian Federation sought to prevent the landing of the Ukrainian troops on the Left Bank of the Dnipro River. The explosion of the Kakhovska HPP** allowed the Russian Federation to release part of the military resources that were in the defense of the positions near the Dnipro and transfer them to other areas. Ukrainian forces in sufficient numbers have accumulated on the islands and **in the coastal zones of the Dnipro**, from where, after the **explosion of the Kakhovska HPP**, the AFU were forced to evacuate.

During the counteroffensive in the Zaporizhzhia region Ukraine faced echeloned **Russian defense**. Mines, artillery activity, front-line aviation of the **Russian Armed Forces** (*primarily attack aircraft and combat helicopters*) caused significant damage to Ukrainian armored vehicles.

The mutiny of the curator of Wagner PMC E. Prigozhin on June 23-24 was unsuccessful and in fact did not change even the tactical situation on the front of the Russian-Ukrainian war. In many respects, in Ukraine and in the West, there was an expectation that with the course of Prigozhin's rebellion, part of the reserves of the Russian Federation would be removed from combat positions at the front, which did not happen.

4. The pace of the Ukrainian counteroffensive has slowed down, and hostilities have turned into the "war of attrition" phase (August-October 2023).

During the three months of the counteroffensive, Ukraine made only modest progress **in the area of the Vremevsky "ledge" and the village of Rabotino, Zaporizhzhia region.**



In September, hostilities finally enter the phase of the "war of attrition", within the framework of which Ukraine and the Russian Federation exchange blows on the rear infrastructure. For the first time, Ukraine launched a massive missile attack on the repair base of the Russian Federation in Sevastopol.

In the future, Crimea and Sevastopol become the object of frequent attacks from Ukraine. As a result, the ships of the Black Sea Fleet of the Russian Navy relocated from Sevastopol to Novorossiysk, which partially reduced the intensity of missile attacks on Ukraine.

In October - November, on the left bank of the **Dnipro River in the Kherson region**, Ukrainian troops occupied the **village of Krynki**, and begin to transfer heavy equipment there. For their part, the Russian Armed Forces are trying to interrupt the logistics of the AFU in this area.

In the allied countries and in Ukraine, they began to talk **about the transition to a defensive strategy.**

5. The counter-offensive of the Armed Forces of Ukraine actually stopped, and the Armed Forces of the Russian Federation seized the initiative in certain areas of the front (November-December 2023).

By the end of November, the counter-offensive of the Armed Forces of Ukraine in the Zaporizhzhia region actually stopped, and the Russian Armed Forces seized the initiative in certain areas of the front in the Donetsk region and in the Kupyansk direction. In the Donetsk region, **battles are unfolding for the city of Avdiivka**, which is already actually in an operational "bag", the likelihood of losing the city in the coming months is very high.

The minimum goals for Ukrainian troops **on the Southern Front - the liberation of Tokmak and Polog** (in the Zaporizhzhia region), and the approach of the line of Ukrainian

control to the **coast of the Azov Sea**, which would put the land corridor of the Russian Federation **to the Crimea under artillery fire** – **were not implemented by the end of the year and in the near future their achievement looks unlikely.**

In December, the initiative at the front gradually passes to the Russian troops. The Russian Federation is building up its offensive potential **in the Donetsk sector. The Russian Armed Forces actually captured the city of Maryinka.** Fighting continues for the city of Avdiivka, in the south-east of the city, the RF Armed Forces seized the industrial zone or most of it. Serious battles are also taking place in the area of Bakhmut and in the Liman direction. **In the southern direction** on the Left Bank of the Dnipro River, fighting continues near the village of Krynki in the Kherson region.

The Ukrainian authorities claim that the Russian Federation is turning the captured cities of southern Ukraine into fortresses. So, Tokmak is already surrounded by fortifications on all sides, the Russians are building them in the area of Vasylivka. Thus, the Russian Federation increased the number of defensive structures in the Crimea.

According to the Western press, due to the reduction of Western assistance, Ukrainian troops lack artillery shells, which forces some units to cancel planned attacks. At the same time, as the Ukrainian military say, Russian troops are not currently experiencing a shortage of shells.

The main reason that the counter-offensive of the Armed Forces of Ukraine did not bring the desired result is that the allies supply weapons to Ukraine with delays and in insufficient quantities. Western partners are very cautious about supplying weapons, especially long-range missiles, including because of their unwillingness to escalate the situation with the Russian Federation. While Western countries hesitated to provide the necessary weapons, the Russian Federation strengthened its defense by equipping minefields, and Ukraine suffered losses.

But the Western countries are trying to absolve themselves of responsibility for the **actual failure of the counteroffensive.** The United States reported that for the counteroffensive, NATO countries **transferred 98% of the promised equipment to Ukraine.**

6. Nuclear Escalation. During the year, Russia periodically renewed threats of the possible use of nuclear weapons. **In particular, such theses were voiced by key media figures of the Russian Federation:** journalist V. Solovyov, editor-in-chief of RT M. Simonyan, deputy head of the Security Council of the Russian Federation D. Medvedev.

This was mainly aimed at preventing or restricting the supply of Western weapons to Ukraine. Also, the Russian Federation reacted with nuclear blackmail at first to rumors about the upcoming counteroffensive of Ukraine, and in the future to any promotion of the Armed Forces of Ukraine at the front. In addition, in this way, **Russia exerts pressure on Western countries, and tries to create a security crisis in Europe.**

On May 25, 2023, the Ministers of Defense of Russia and Belarus signed documents on the deployment of tactical nuclear weapons on the Belarusian territory.

In October, the State Duma unanimously adopted a law revoking the ratification of the Comprehensive Nuclear-Test-Ban Treaty.

III. Domestic policy.

1. The fall in the popularity of the authorities and the formation of an alternative center of political trust.

The overall situation at the front greatly affects the stability of the domestic political situation. Due to the lack of significant successes of the counteroffensive, as well as the prospect of a possible reduction in funding by the allies, the ratings of the President's team began to decline, as a result, criticism of the authorities is increasing in Ukraine, new activity is manifested by the opposition, both from the side of ex-President P. Poroshenko and from the side of the conditional "white-blue" field. Corruption scandals are an irritant for society, where they consider this problem to be the most important (63%) after the war.

The results of the July NATO summit in Vilnius (July 11–12), at which the terms and conditions of Ukraine's membership in the Alliance were not announced, also somewhat weakened the position of the President's team.

Since then, ex-President Petro Poroshenko and his supporters in the European Solidarity party have been launching an information campaign against President Volodymyr Zelensky, he is accused of the war in Ukraine started because of him. The thesis of "betrayal at the top" is repeated along with accusations of corruption, including in the army, the threat of authoritarianism and alleged intrigues of the OP against the Commander-in-Chief of the Armed Forces of Ukraine Valery Zaluzhny. Ambassador of Ukraine to the United Kingdom Vadym Prystaiko (who is associated with former President P. Poroshenko), in a conversation with journalists, criticized the statements of President V. Zelensky.

In the autumn, when the Ukrainian counteroffensive did not demonstrate the expected results, the former adviser to the Office of the President of Ukraine and popular leader of public opinion **Oleksiy Arestovych accused the authorities of strategic miscalculations** that prevented the Ukrainian army from implementing plans to break through the front. A. Arestovich **sees the way out in holding elections** in order to "reset, destroy the monopoly of incompetence and give a chance to those who are able to make decisions that correspond to the real situation." A. Arestovich's accusations were made after his trip to the United States and the EU, which may indicate that there is support for such a position in conservative Western circles.

In November, speaking to journalists, President of Ukraine V. Zelensky announced the threat of "Maidan-3". According to him, this plan is being prepared in the Kremlin. It is to sow division in Ukrainian society, creating "chaos", which will allow V. Zelensky to be removed. After V. Zelensky's statement about the alleged existence of the Russian Federation and plans to overthrow it, some media in Ukraine drew an analogy with the so-called "Shatoon" [Russian word that means a wandering bear but which is also similar to the Russian verb "shatat" which means "shaking the situation in the country", i.e., instigating civil unrest within society] plan under ex-President P. Poroshenko - in the sense that now any manifestations of dissatisfaction with the authorities can be attributed to the assistance of the Russian Federation.

In parallel, the rapidly developing public conflict of the Office of the President with the Commander-in-Chief of the Armed Forces of Ukraine V. Zaluzhny plays against the President. V. Zaluzhny becomes his main competitor in the presidential election. V. Zaluzhny's rating (40%) actually caught up with V. Zelensky's rating (42%), and his conditional party (36%) is ahead of V. Zelensky's Bloc (26%) by 10%. Citizens trust most of all. V. Zaluzhny - 82% against 11%. V. Zelensky - 72% against 25% (*results of the Sociological Group Rating*). **The political system is now conditionally divided into two camps (V. Zelensky and V. Zaluzhny). The formation of a request in society for the cessation of the war is also unfolding. 44% are already in favor of finding a compromise solution.**

Criticism of the country's political leadership comes not only from the opposition, but also from a number of journalists and activists close to Western embassies. All of them see a threat in the strengthening of President V. Zelensky and, most likely, are trying to put pressure on the authorities in order to hold elections and remove restrictions on the activities of the media and political activity in Ukraine.

The situation is aggravated by the protracted pause in the provision of Ukrainian financing in the United States. The results of the visit of President of Ukraine V. Zelensky to the United States on December 11-12 cannot be called successful. Republicans in both chambers of Congress continue to block assistance to Ukraine and demand support as a condition for presenting a so-called plan for waging war in Ukraine. Democrats are required to tighten immigration laws in the United States. What the White House is not yet ready to do, since D. Biden will lose part of the votes in the upcoming elections.

As a result, Ukraine received only a "consolation" aid package of \$200 million, other progress has not yet been achieved. Against this background, even a visit to Oslo for V. Zelensky was more productive - Norway will allocate \$1.8 billion to Ukraine by the end of this year and will continue to support the country from the first months of 2024.

The main victory of V. Zelensky's year can be considered the beginning of negotiations on Ukraine's membership in the EU (*the decision was made by the EU Council on December 14*). This is an important sign of symbolic political support, which Europe could not refuse against the backdrop of problems with American funding and, in fact, a negative response to Ukraine from NATO. This step will generally add stability to the Ukrainian governance system. **Since in Ukraine such a decision will be perceived and interpreted as a victory of President V. Zelensky and his team.** It will add hope to Ukrainian society in a situation where common events are developing in a pessimistic scenario.

2. Personnel rotation and corruption scandals.

Since the beginning of the year, **the internal policy of the country begins a series of personnel rotations provoked by the information crisis due to a number of corruption scandals published in the media** (*which are focused on the elites of the United States and the EU, the entourage of P. Poroshenko*), pressure from Western partners and the loss of confidence of the President in a number of officials.

The likely purpose of such attacks was to discredit the **head of the Office of the President Andriy Yermak with the aim of weakening him or even getting him resign** (which could significantly weaken the position of President V. Zelensky himself).

This information attack was largely due to the fact that international donors want to control the expenditure of huge funds allocated to Ukraine. As a rule, representatives **of the head of the President's Office A. Yermak control the sources of shadow income of the authorities**, where Western partners have no influence.

For its part, the authorities are trying to ease the pressure of Western partners by dismissing a number of deputies, with the expectation of retaining the main figures (*the head of the OP, the Minister of Defense, etc.*) in senior positions. Thus, **Deputy Head of the President's Office Kyrylo Tymoshenko** and Deputy Minister of Defense **Vyacheslav Shapovalov**, Deputy Prosecutor General **A. Symonenko**, Deputy Minister of Communities and Territories Development of Ukraine **Ivan Lukeria**, Deputy Minister of Communities and Territories Development of Ukraine **Vyacheslav Nehoda**, Deputy Minister of Social Policy of Ukraine **Vitalii Muzychenko** resigned. A criminal case was also opened against Deputy Minister of Communities, Territories and Infrastructure Development **Vasyl Lozynskyi**. Four heads of regional administrations (*Dnipropetrovsk, Zaporizhzhia, Kherson and Sumy*) associated with *K. Tymoshenko*, who exercised control over financial flows, were dismissed. **Yurii Sotnyk** was dismissed from the post of First Deputy Chairman of the State Forest Resources Agency of Ukraine. **Andrey Lordkipanidze** from the position of Deputy Chairman of the State Service of Ukraine for Food Safety and Consumer Protection.

The Cabinet of Ministers of Ukraine dismissed the leadership of the State Customs Service. In particular, the head of customs V. Demchenko **and** his deputies **A. Shchutsky were dismissed**, and **R. Cherkassky** was suspended. Acting Head of Customs appointed Deputy Head of the State Customs Service **S. Zvyagintsev**.

It is also reported that the SBI came with searches to the Main Directorate of the State Tax Service of Kyiv. In particular, the searches were carried out by the Acting Head of the Tax Service of Kyiv **Oksana Daty**. Acting Head of the State Tax Service **Tatyana Kiriienko** was dismissed. NABU reported suspicion to the former head of the State Property Fund **Dmytro Sennichenko**. SAP registered criminal proceedings on the fact of possible illegal enrichment of the Deputy Head of the Office of the President **Andrei Smirnov**.

The situation with corruption scandals around the procurement of products for Ukrainian troops is gaining momentum in the media. The current Minister of Defense **A. Reznikov** at the beginning of the year (*his resignation will take place in September*) almost lost his post (*the head of the Office of the President Andrei Ermak especially insisted*

that A. Reznikov remain). The candidacy of the current head of the **Intelligence Agency, Kirill Budanov**, was considered *for his replacement (but for this he would have had to resign from military service)*. A. Reznikov conducted the replacement of three of his deputies in the Ministry of Defense.

The reaction of the EU and the United States to the personnel changes in Ukraine was reserved. It is likely that one of the subjects of bargaining with Western partners was the criminal case **against the former head of Naftogaz A. Kobolyev**.

At the same time, it is obvious that **the Office of the President** does not intend to give up its positions in law enforcement agencies and in the regions. Thus, the influence of the power team will be strengthened by the new head of the SBU (V. Malyuk) and the new head of the Ministry of Internal Affairs (I. Klimentko). **On January 18, in Ukraine, as a result of a helicopter crash in the city of Brovary, the top leadership of the Ministry of Internal Affairs died.** Among the dead are Minister Denis Monastyrsky, his first deputy Yevgeny Yenin, as well as Secretary of the Ministry of Internal Affairs Yuri Lubkovich. At that time, **the head of the National Police of Ukraine, Ihor Klymenko, became the new head of the Ministry of Internal Affairs.**

In January, an adviser to the Office of the President of Ukraine and one of the key speakers of the authorities, Oleksiy Arestovych, resigned. This happened after he stated that the Russian missile that caused numerous casualties in the city of Dnipro was intercepted by the Ukrainian air defense. Subsequently, **A. Arestovich moved into opposition to the current government** and will become one of its most active critics. He will claim to be elected in the next presidential election, claiming the electorate of the conditional "white-blue" field [electorate of the former Party of Regions of President Yanukovich who fled the country as a result of Euromaidan], whose political representatives are completely "defeated" in the country, after the ban of the so-called pro-Russian parties (*including the largest party OPFL*).

In February, the **Verkhovna Rada prematurely terminated the powers of MP Oleksandr Trukhin.** A. Trukhin was a member of the Servant of the People faction. After he became the culprit of a traffic accident in 2021 and the defendant in the case of an attempt to bribe patrol police officers, he was expelled from the party and faction. A. Trukhin initiated a plea agreement with SAP. According to the Constitution, an MP is prematurely deprived of his powers if a guilty verdict comes into force. **Alexander Trukhin was focused on the Office of the President, since September he controlled most of the members of the budget committee of the Verkhovna Rada.**

Pressure on the **large Ukrainian businessman I. Kolomoisky begins.** Searches were conducted at enterprises affiliated with Igor Kolomoisky. As a result, more than 16 thousand tons of petroleum products worth about UAH 800 million were seized at the warehouses of Ukrnafta and Ukrtatnafta. The situation around the oligarch I. Kolomoisky should demonstrate that the team of the authorities is independent of this oligarch (this dependence was often written about by the media before). The toxicity of I. Kolomoisky was also added by the fact that in four international jurisdictions – Cyprus, Israel, the United States, and the United Kingdom, the courts are considering four cases on PrivatBank's claims against former owners with a total amount of claims of \$11.5 billion.

In parallel, the SBU and the SBI conducted searches **at the former Interior Minister Arsen Avakov.**

In March, the new director of NABU S. Kryvonos is a protégé of the head of the Office of the President A. Yermak, which will greatly strengthen his position. It is significant that former FBI agent Karen Greenaway opposed the election of three candidates in the competition commission. The appointment of a new NABU director demonstrated the split in the so-called anti-corruption environment.

The struggle for control of the Accounts Chamber continues. So, in April, the Parliament dismissed the head of the Accounts Chamber **Valery Patskan on the second attempt.** There is a high probability that this is, among other things, the interests of Western partners who want to control the main financial flows in the country. **Gennady Plis, who at one time worked** as Deputy Minister of Finance in the government of Oleksiy Honcharuk, was appointed to his position.

At the same time, territorial military recruitment centers are being checked in Ukraine. The SBI is investigating 106 criminal proceedings for violations during the work of the TRC (territorial recruitment centers) and the SS (Social Support). 21 people have been notified of being suspected in committing crime. 8 indictments against 16 people were sent to court.

Against the background of corruption scandals, there was an increase in the pressure of the Office of the President on other political players. The deputy head of the parliamentary committee on national security, **Yuri Aristov (Servant of the People),** was forced to write a statement on the resignation of the mandate, after information spread in the media that he was noticed by vacationers in the Maldives.

Let us remind you that **from January 27, 2023, a ban on travel abroad for civil servants was enforced.**

The ranks of the pro-government party are "cleaned" of toxic and disloyal (uncontrollable) figures. Thus, the Servants of the People expelled MPs A. Gunko and B. Torokhty, Andrei Kholodov from their parliamentary faction.

In early autumn, another scandal with procurement for the military (*a new scandal with the purchase of Turkish uniforms*) **led to the loss of the post of Defense by Minister A. Reznikov.** The reason for his resignation is mainly that he lost the media struggle to his opponents. It is important that **A. Reznikov** performed the function of controlling the financial flows of the defense sector in the interests of the Office of the President. The appointment of the current head of the State Property Fund **R. Umerov,** who is considered the person of the head of the Office of the President A. Yermak, suggests that in the defense sector, as well as in other important sectors of the state, the OPs retain their influence. **But in part, the government makes concessions to Western partners** and a figure is introduced to the number of deputy ministers, which can rather be considered a representative of the interests of international donors.

Taking into account the fact that Western financing of Ukraine is becoming more complicated, the allies are strengthening control over its use, and therefore anti-corruption measures are being tightened in the country. Thus, the National Anti-Corruption Bureau of Ukraine (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO) exposed several corruption crimes related to the infrastructure restoration of

Ukraine and other areas of activity, where members of the pro-government party were involved.

The Cabinet of Ministers of Ukraine also underwent personnel rotations. The resignations have different reasons, but are mainly related to the next stage of strengthening the head of the OPU A. Yermak and agreements with international donors.

The Minister of Education and Science of Ukraine **Serhiy Shkarlet was dismissed** (it is rumored that due to alcohol abuse), his position is occupied by the director of the Minor Academy of Sciences **Oksen Lisovyi**.

Minister for Strategic Industries Pavlo Ryabikin is appointed to the post of **Ambassador of Ukraine to the PRC**, which has been empty for a long time. The former head of Ukrzaliznytsia, **Oleksandr Kamyshyn**, who was recently appointed by the President as his advisor, was put on the vacant post.

The figure of the head of **the Ministry of Digital Transformation M. Fedorov is being strengthened**, who will receive more powers and a new position – Deputy Prime Minister for Innovation, Development of Education, Science and Technology — Minister of Digital Transformation of Ukraine. It is likely that **M. Fedorov** will eventually be able to compete with **A. Kubrakov**, Deputy Prime Minister for the reconstruction of Ukraine – Minister of Development of Communities, Territories and Infrastructure of Ukraine, for the post of Prime Minister in the new government.

The Verkhovna Rada dismissed the Minister of Culture and Information Policy Oleksandr Tkachenko. The main reasons for his dismissal are the impact on the Telemarathon. A. Tkachenko managed the only channel that is broadcast throughout the country. The issue of competition and financing is also important, there is a struggle for money in the humanitarian and political space of Ukraine.

In the Verkhovna Rada of Ukraine, many MPs seek to resign. In November, the Verkhovna Rada approved the statements of three MPs on the resignation: Vitaliy Danilov (Batkivshchyna); Maksym Yefimov (Restoration of Ukraine); Dmytro Shpenov (independent candidate). Thus, 400 MPs remained in Parliament. According to the head of the Servant of the People faction, David Arakhamia, a significant number of parliamentarians want to lay down their powers, but they are "not released", since a decrease in the number of MPs in the Rada may affect its activities. D. Arakhamia believes that it is necessary to optimize the work of the parliament so that it works until the new convocation in approximately the same mode, and to reduce the minimum number of MPs in groups in order to preserve these groups. The process of mass dismissal of MPs is due to the fact that recently the pressure of anti-corruption bodies on deputies has increased, the lack of parliamentary immunity, the inability to influence the political system, as well as the general toxicity of MP powers in the eyes of society.

In the future, the resignation of Prime Minister **D. Shmygal is likely**, which is dictated by the gradual transformation of the goals and direction of the Government's activities, whose budget today is more than half dependent on foreign assistance. Since domestic resources are virtually exhausted, in the future, **only funds for the restoration of Ukraine can be a new source of budget replenishment.** Therefore, the next prime minister may be a more modern, modernized and progressive figure with liberal views with the unconditional

support of Western partners, rather than a "gray" technocrat, albeit very loyal to the Office of the President, like D. Shmygal. **Since the next parliamentary elections in 2023 will not take place, it is likely that the complete dissolution of the Cabinet of Ministers in this state will be avoided.** And the current Prime Minister D. Shmygal will retain his post at least until the next elections (presidential, parliamentary), if they are held in March 2024. The fate of the Government will depend on negotiations with Western creditors.

In mid-November, the head of the OPU A. Yermak arrived in the United States. The visit was also related to possible future personnel changes within Ukraine. Probably, the issue of replacing the head of the **Government of Ukraine was also considered.** Therefore, the Ambassador of Ukraine to the United States **Oksana Markarova**, one of the desired candidates for Prime Minister from the United States, was present at the meetings with US officials. The issue of personnel reshuffle in the Office of the President will also be resolved (**in particular, regarding the replacement of the deputy head of the OP O. Tatarov**). This trip of the head of the OP A. Yermak is also associated with the detention of MP A. Dubinsky and his accusation of treason - an attempt to deprive I. Kolomoisky (to whom there are many legal claims from the United States and Great Britain) and his entourage of some instruments of influence on the Ukrainian information space. And most importantly, A. Dubinsky and A. Derkach publicly advocated the investigation in Ukraine of the case of Hunter Biden (son of US President D. Biden). They also supported the theory that it was Ukraine, not Russia, that interfered in the 2016 U.S. presidential election. Now, in this way, in fact, the allegations of D. Biden's Ukrainian corruption are disavowed, they become Russian narratives paid for by the Russian Federation.

3. The situation around the elections.

In the fall of 2023, the team of the President of Ukraine and the Western allies probably reached a consensus on the elections **and are inclined to decide not to hold them during the war. On November 8, the Parliament extended martial law until mid-February 2024**, which makes it unlikely that the presidential election will be held on March 31, 2024 (*according to the law, the election campaign should last 90 days*).

Thus, the President is trying to stabilize the political situation in Ukraine, demonstrating a willingness to maintain control over the state apparatus indefinitely and to counteract destructive changes.

This leads to the fact that the majority of government representatives now declare their position on holding elections after the end of the war and martial law. Also, according to the Kyiv International Institute of Sociology (KIIS) (held in October 2023). **81% of respondents believe that elections in Ukraine should take place after the war.**

Potentially, it will depend on how the situation at the front and in domestic politics develops, and the **date of the next election will depend.** It is very important for the authorities to hold elections that will be recognized as democratic in the United States and the EU," and this is unlikely without freedom of political activity and the media. In Ukraine, only one state channel currently operates in national broadcasting, under martial law, meetings, rallies, demonstrations and so on are prohibited. The main condition **for holding elections in the spring of 2024 or at another time is stable security.** According to part 2 of Article 19 of the Law of Ukraine "*On the Legal Regime of Martial Law*", the Parliament decides to hold the next elections no later than **90 days from the date of termination or cancellation of martial law.**

It will also be necessary to take into account that elections are not only election day, but also the period of the election campaign, according to the current Electoral Code – **60 days, during which democratic standards of competition must be ensured.**

It is very likely that if the elections cannot be held in the spring of 2024 (presidential elections are scheduled for March 31, 2024), then they may not be in the country for a long time (at least until 2025, when a new Administration is approved in the United States).

But, nevertheless, if the presidential elections in Ukraine do not take place, then **after March 31, 2024**, there will be a question of the legitimacy of the Ukrainian authorities (with the legality everything is in order), which will be actively exploited in the international arena by the Russian Federation (which will hold its presidential elections).

The opposition may accuse Zelensky's team **of usurping power and question its legitimacy.** And in this regard, it is the situation at the front that **will determine how much society will listen to the voice of the opposition.**

President of Ukraine V. Zelensky and his team are very sensitive to the public appeals of Western partners regarding the need to hold elections in Ukraine, despite the war. In particular, on August 24, US Senator from the Republican Party Lindsey Graham told President of Ukraine V. Zelensky at a press conference in Kyiv that elections (*presidential and parliamentary*) **should be held in Ukraine** in 2024, despite the war. In fact, this is a signal that the West, at least, wants V. Zelensky's team to share power with other political players.

Such calls in the Office of the President during the war are perceived as hidden signals of **dissatisfaction with the work of V. Zelensky's team and its possible removal from power or restriction in the future.** This is how the Ukrainian opposition perceives it.

And in an interview with the Portuguese edition of public television RTP, President V. Zelensky said that he would run for the presidential elections if they were held in 2024 during the war.

Representatives of the authorities in Ukraine are trying to create conditions under which Western partners (from which, in particular, such proposals were made) will finally abandon the scenario of holding elections during the war. Thus, during a meeting in the Jean Monnet Dialogue format with the participation of former European Parliament President Pete Cox on November 10-12 in the village of Turia Paseka, Transcarpathian region, representatives of all factions and groups of the Verkhovna Rada signed a document stating that there should be no elections in Ukraine (neither presidential nor parliamentary) until the end of the war. They will be held no earlier than six months after the lifting of martial law. The main argument for making such a decision was that the possibility of holding elections during the war posed a threat to the unity of the country.

4. Disagreements within the military-political leadership.

Hidden disagreements between the **team of the Office of the President and the team of the Commander-in-Chief of the Armed Forces of Ukraine V. Zaluzhny** lasted for a long time, and are mainly related to the situation at the front (differences in assessment), the political prospects of the general and the efforts of some Western elites to reduce the political (including international) influence of **V. Zelensky**. During the war, especially after the

successful autumn counteroffensive in 2022, when most of the Kharkiv region and the city of Kherson were liberated, V. Zaluzhny's popularity in society began to grow and the government team began to consider him as a potential competitor to V. Zelensky. But until the autumn, they mainly tried to hide the conflict, and it did not openly fall into the public realm, but it did not manifest itself in a direct way.

For example, in February, **Law No. 4210 "On Amendments to Certain Legislative Acts of Ukraine Relating to National Security and Defense in order to Strengthen Democratic Civilian Control over the Armed Forces of Ukraine, Improve Joint Leadership of the State Defense Forces and Planning in the Spheres of National Security and Defense"** was adopted as a basis. The law not only expands the powers of the Minister of Defense, but also limits the rights and powers of the Commander-in-Chief of the Armed Forces of Ukraine (V. Zaluzhny) and the military as a whole. The Commander-in-Chief of the Armed Forces of Ukraine will be subordinate to the Minister of Defense, and not exclusively to the President, as now - the Minister of Defense will also be able to cancel the decrees of the Commander-in-Chief. The bill also contains provisions prohibiting servicemen, especially military commanders, from commenting on domestic political issues and participating in political activities, respectively. In particular, current servicemen want to be banned from running for or holding political positions at any level, including in the Verkhovna Rada of Ukraine.

In the **fall of 2023**, disagreements between the **team of the Office of the President and the team of the Commander-in-Chief of the Armed Forces of Ukraine, V. Zaluzhny**, entered **an open phase** after the publication of an article and an interview with the Commander-in-Chief of the **Armed Forces of Ukraine, V. Zaluzhny, The Economist**, where he says that hostilities at the current stage are gradually moving to a positional form. In general, V. Zaluzhny's vision of the course of the war is largely comparable to the position of the US military.

After that, it was possible to observe a mass information attack on the position of the Commander-in-Chief of the Armed Forces of Ukraine. The head of the Verkhovna Rada Committee on National Security and Defense, MP from the Servant of the People **Maryana Bezugla** (*it is worth considering that she works for the head of the OP A. Yermak*), said that the Commander-in-Chief of the Armed Forces of Ukraine Valery Zaluzhny does not have a war plan for 2024 and therefore must resign.

Shortly after that, the Sociological Group "Rating" published a study that demonstrates that the popularity of the Commander-in-Chief of the **Armed Forces of Ukraine V. Zaluzhny in society continues to grow and now he is the main competitor of V. Zelensky in the possible presidential elections**. In the second round in a pair of V. Zelensky and V. Zaluzhny, V. Zelensky wins by a slight margin of 2%. V. Zelenskyi - 42%; V. Zaluzhnyi - 40%.

According to KIIS research, 43% of Ukrainians believe that there may be certain disagreements or frictions between V. Zelensky and V. Zaluzhny.

Of these, only 8% believe that the situation is very serious, and 35% consider these misunderstandings not very serious. 72% would have a negative attitude to the resignation of V. Zaluzhny. Only 2% of respondents reacted positively to this. Among the respondents

who trust V. Zelensky, 71% would react negatively to the decision to dismiss V. Zaluzhny (and only 3% would react positively to this).

Publicly, President V. Zelensky and his team are trying to smooth the conflict with V. Zaluzhny. On December 19, during his press conference, V. Zelensky made it clear that he did not consider the conflict between M. Bezugla and V. Zaluzhny (*he also called him a member of his team*) something serious. He emphasized the need for everyone to work and deliver results for the state.

Another line of conflict between the military and political leadership of Ukraine manifests itself in the issue of mobilization.

On December 19, at his press conference, **President V. Zelensky said that the military command insists on additional mobilization of 450-500 thousand people, this could cost the budget an additional UAH 500 billion.** The president also said he would not sign a mobilization law if it included women's mobilization, while he agreed that the age of conscription under mobilization could be lowered from 27 to 25. There is a possibility that in this way V. Zelensky decided to play the "good policeman" against the background of dissatisfaction in society with the rigid methods of mobilization and, on the one hand, to shift the responsibility for the unpopular mobilization to the military (and personally V. Zaluzhny). Earlier, the Commander-in-Chief of the Armed Forces of Ukraine Valery Zaluzhny said that it is necessary to expand the categories of citizens who can be mobilized. It is known that V. Zaluzhny supported the bill on the mobilization of MP M. Bezugla on mobilization (which may indicate that V. Zaluzhny also does not seek to publicly aggravate the situation). He was not satisfied only with the points about the conscription of women, the exact period of leave and dismissal from the service of disabled people of the 2nd group [in Ukraine, disabilities break into three main categories, starting from the most severe (so-called 1st group of disability) that prevent people from getting conscripted, while the third category of disabilities is the least critical for the human ability to serve in the army].

The President made it clear that the **figure for the new mobilization is huge and there is no money for it yet** (although this did not prevent previous waves of mobilization). Most likely, the President did not dare to directly oppose mobilization and uses the financial argument to increase pressure on Western allies, shift the blame to the military leadership and as an attempt to flirt with Ukrainian society.

On December 25, the Cabinet of Ministers submitted to the Verkhovna Rada a draft law on strengthening mobilization "Draft Law on Amendments to Certain Legislative Acts of Ukraine to Improve Certain Issues of Mobilization, Military Registration and Military Service". The main branches of government distanced themselves from direct public support for the bill. The next day, Commander-in-Chief of the Armed Forces of Ukraine V. Zaluzhny went on television and answered questions about the bill. At his first press conference after the Russian invasion since February 2022, **General Valery Zaluzhny emphasized that he did not say anything about the "need for 500 thousand or 400 thousand" soldiers — only about the "total need."** He also admitted that Ukrainian troops mainly left the city of Maryinka. V. Zaluzhny rejected questions about the imminent demobilization, he admitted that it was not easy even to provide rest to the current troops. According to V. Zaluzhny, in order to comply with the law prescribing to change soldiers in six months, he will need "at least twice as many troops."

Thus, V. Zaluzhny also tried to partially relieve the society of responsibility for toughening mobilization measures. As a result, formally, responsibility is shifted to Prime Minister D. Shmygal, as well as to Defense Minister R. Umerov (*but both of them are protege of President V. Zelensky*).

5.Social policy. Changes in fiscal policy and other tools to replenish the budget against the backdrop of reduced assistance from Western partners.

The constant increase in military spending in Ukraine forces the Government to increase financial pressure on business.

In July, pre-war taxes were returned to Ukraine. President V. Zelensky signed Law No.8401, which provides for the abolition of the preferential taxation model for business at 2% of income. Also, President of Ukraine V. Zelensky signed a law on the

abolition of the moratorium on tax audits (bill No.10016-d). This law is one of the structural beacons in cooperation with the IMF.

Ukraine is preparing the sale of large state-owned companies. Thus, the authorities want to "fill the state budget and reduce corruption." According to the State Property Fund. "Kyiv can earn more than \$400 million through the sale of state-owned companies, and another \$190 million can come from the lease of agricultural land." According to unofficial information, it is planned to sell the Odessa Port Plant (the company has been on the lists for privatization for 15 years), the manufacturer of titanium United Mining, the Zaporizhzhya Titanium and Magnesium Plant, the enterprises for the production of insulin Indar and PJSC "Centrenergo." At the same time, it is unlikely that these companies can be acquired by foreign investors, in conditions of war this carries great risks. It is most likely that state-owned companies will be sold at a reduced price to representatives of the so-called "new oligarchy" or figureheads associated with the authorities.

Despite the martial law and the moratorium, utility tariffs in the country are gradually starting to rise under one pretext or another.

Despite the martial law and the moratorium, utility tariffs in the country are gradually starting to rise under one pretext or another. Thus, in order to increase the cost of electricity, the formal pretext is the need to restore the energy system after Russian attacks. In particular, utility tariffs have already increased by 5% compared to the same period last year. At the same time, the cost of housing maintenance and repair jumped by almost a quarter, the rent in March — by more than 12%, and in January and February — by almost 17%. The cost of household waste removal increased by 17% in the quarter. Tariffs for water supply, sewerage, electricity, management of apartment buildings, hot water and heating have not changed much, thanks to the moratorium. Thus, Naftogaz of Ukraine extended the Fixed tariff plan, which will be UAH 7.96 per cubic meter (including VAT) for another year - until May 1, 2024.

The Cabinet of Ministers approved an increase in the electricity tariff for the population to UAH 2.64/kWh from June 1. Energy Minister Herman Galushchenko noted that such a decision entailed the destruction and damage to the energy infrastructure as a result of Russian airstrikes.

Previously, the tariff for consumption of up to 250 kilowatts was 1.44 UAH/kWh, and more than 1.68 UAH/kWh. At the same time, it is possible that this increase in tariffs for the population will not be the last. According to the National Commission for State Regulation of Energy and Utilities (NERC), this is still below the cost, according to the estimates of the regulator, the cost of electricity is 5.5-6 hryvnias per kilowatt.

NERC has already increased the tariff for distribution to regional energy companies, which will not directly affect the price tags for electricity for the population. But it will directly affect business tariffs, which will increase by an average of 5%. The promotion will take place in several stages. The first one is from June 1 to June 30. For 22 regional energy companies, the tariff will increase by 7.5-28.1% for the first voltage class and by 6.9-25.5% for the second. The second stage is from July 1 to December 31. During this time, the tariff will increase for 27 regional energy companies, including those located in the frontline areas. The rise in the cost of electricity for businesses will increase the cost of production

and is expected to lead to a new round of inflation – an increase in the cost of goods and services.

In general, the increase in tariffs will contribute to a further decline in the standard of living of the population during the war. This will also lead to negative economic consequences - a reduction in consumer demand that supports the economic recovery, an increase in the demand for various types of social assistance from the state (subsidies, unemployment benefits) and a crisis of non-payments that will not be compensated by anyone. According to UNDP forecasts, almost a third of Ukrainians may be below the poverty line, and 62% are at risk of falling into extreme poverty over the next year.

Allies are tightening oversight of how Ukraine spends the funds provided to it and making systemic demands for a number of reforms in exchange for further military and financial support.

On October 12-18, Pentagon Inspector General Robert Storch began work in Ukraine, who will monitor the use of assistance to Ukraine.

In September, the Verkhovna Rada adopted the Law on the resumption of electronic declaration for persons authorized to perform the functions of the state or local self-government (draft law No. 9534) with amendments by the President of Ukraine Volodymyr Zelensky, which provide for the immediate opening of the register of declarations.

In October, the Parliament adopted as a whole Law No. 9296-d on financial monitoring of politically exposed persons (PEP). Under this bill, top officials, instead of three years after the end of their post, will remain politically exposed persons (PEPs) for virtually life. Also, the PEP status is extended to a wide range of persons, primarily a relative of a public figure. This status entails many restrictions, especially with regard to financial transactions and interaction with banks.

The impact of assistance from Western partners and international financial institutions, the conditions for the provision of assistance.

Ukraine agreed to new conditions for receiving money from the Western allies.

In April, the International Monetary Fund published 19 structural beacons (demands), which Ukraine promised to implement as part of a \$15.6 billion cooperation program.

The Extended Fund Facility will be clearly structured into **two phases – military and post-war – and will last four years.** Ukraine's obligations will relate to monetary, budgetary, tax policy, ensuring price and financial stability and the effective functioning of the domestic debt market.

In the summer, the European Union announced a new multi-year support package of 50 billion euros, which will be provided between 2023 and 2027. The largest part of the fund is military assistance. (17 billion – grant funds, 33 billion – soft loans). **In the first year, the Ukrainian authorities expected to receive 18 billion euros.**

But before that, the EU must approve the set of reforms presented by Ukraine, which the country undertakes to implement in four years. **If the conditions are not met, the funds will "burn out".**

The Memorandum with the EU focuses on the judicial system and anti-corruption bodies, supervisory boards, public procurement, banks and energy.

Some duplicate the conditions that the EU has already set for Ukraine as a candidate for EU membership. Such as the appointment of the head of NABU, the resumption of the work of the High Council of Justice and Higher Anti-Corruption Court (HACC). Particular attention is paid to improving the selection of judges.

On December 14, Hungary vetoed the provision of assistance to Ukraine in the amount of 50 billion euros at the EU Council summit. And the consideration of this issue was postponed to February 1, 2024.

6. Мобілізація.

The authorities are trying to find a way to increase the mobilization reserve and are preparing changes to the laws on mobilization and military service.

On December 19, at his press conference, President V. Zelensky said that the **military command insists on additional mobilization of 450-500 thousand people, this could cost the budget an additional UAH 500 billion. Volodymyr Zelenskyy also** said that he would not sign the law on **mobilization if it included women's mobilization.** The President himself made it clear that the figure for the new mobilization is huge and there is no money for it yet. If the political leadership is really not ready for a new wave of major mobilization,

this will automatically lead to a change in the overall strategy of warfare. And it may mean the abandonment of offensive actions with the transition to strategic defense, but V. Zelensky still expresses the opposite point of view.

On December 25, the Cabinet of Ministers submitted to the Verkhovna Rada a draft law on mobilization No.10378 "Draft Law on Amendments to Certain Legislative Acts of Ukraine to Improve Certain Issues of Mobilization, Military Registration and Military Service".

The main provisions of the law include: draft age for mobilization – 25 years (instead of 27 years now), military registration abroad; mandatory self-appearance to clarify data; loss of rights for evaders; while disability group 2 remains a reason for postponement. Only at will, as expected, people released from captivity and women will be subject to mobilization. The draft law may take away the right to postponement from: civil servants; law enforcement officers; prosecutors; employees of the Department of the State Executive Service of the Ministry of Justice.

Only the possibility of postponement, without final exemption from service, is planned to be given to: those who receive a consistent higher education and are under the age of 30 inclusive; all scientists with academic titles; all full-time teachers.

Conscripts will not be subject to mobilization for a period of six months from the date of discharge. Within two years, they may not be able to mobilize those who were mobilized and dismissed, with the exception of conscripts.

The issue of mobilization (as well as earlier issues of the strategy of warfare - offensive or defense) became the subject of discord between the political and military leadership of Ukraine. Politicians, in the words of V. Zelensky and his entourage, tried to shift political responsibility to the military for unpopular mobilization, and the military, in the words of V. Zaluzhny, stated that they did not voice any figures, but formed their requests based on the intensity of hostilities.

Also, this bill is assessed differently by different social groups. The military, members of their families and passionaries see in this bill the possibility of going on vacation or demobilizing, refreshing the army and forcing the whole society to take part in the defense of the country - they support its norms; the passive civilian majority fears for their lives, does not want to serve and opposes.

7. Sociology.

In Ukrainian society, there is also an increase in war fatigue and a decrease in trust in the main institutions of the central government.

The number of those who believe that the country is moving in the right direction decreased to -46%, compared to -78% a year ago

Research results show that the number of supporters of negotiations has doubled to 24% over the year. At the same time, the majority are still not ready to make concessions and seek to conquer all the territories of Ukraine. 61% of citizens believe that the counter-offensive of Ukraine is too early to assess, it has not ended.

Concerning peace negotiations and the end of the war (*Sociological group "Rating"*).

- 48%- believe that it is necessary to fight until the liberation of all territories. (in February 2023, 60% thought so)

- 44%- that it is necessary to seek compromises with the involvement of other countries. (in February 2023, 35% thought so)

Scenario for the end of war:

- 47%- for reaching the borders of 1991 (in February 2023 - 73%)

- 24%- for the start of negotiations (in February 2023 - 12%)

- 22%- for reaching the borders on February 23, 2023 (in February 2023 - 11%)

The number of those who believe that the country is moving in the right direction decreased to -46%, compared to -78% a year ago

Closed and open opinion polls show that the main problem in the country (except **for the war**) is **corruption (about 70%)** and poverty (about 50%). Obviously, it is with these problems that the authorities must work first.

Citizens believe that **criticism for corruption during the war is appropriate** for both the military leadership (87%) and the President (67%)

45% of citizens are convinced that the authorities must fulfill all the conditions of the allies to obtain weapons; 40% believe that it is partially necessary; 9% believe that it is not necessary.

Among state and public institutions, trust is most often expressed by the Armed Forces of Ukraine (93% of respondents trust), volunteer detachments (87%), volunteer organizations (83%), the State Emergency Service (81%)

The majority of respondents express no confidence in the courts (the judiciary as a whole) (70%), political parties (68%), the state apparatus (officials) (67%), the Prosecutor's Office (60%), the Verkhovna Rada of Ukraine (56%), the National Agency for the Prevention of Corruption (NAPC) (55%), the National Anti-Corruption Bureau of Ukraine (NABU) (54.5%), the Specialized Anti-Corruption Prosecutor's Office (54%), commercial banks (54%), and the Government of Ukraine (52%).

According to citizens, a political force that can be trusted with power in the post-war period can most often arise from among the military (51% of respondents).

Citizens' trust in President V. Zelensky during the war remains quite high – 70-80%. But the dynamics of the electoral rating of President V. Zelensky is already declining (50%-40%).

Shortly after that, the Sociological Group "Rating" published a study that demonstrates that the popularity of the Commander-in-Chief of the **Armed Forces of Ukraine V. Zaluzhny in society continues to grow and now he is the main competitor of V. Zelensky in the possible presidential elections.**

V. Zaluzhny's rating (40%) actually caught up with V. Zelensky's rating (42%), and his conditional party (36%) is ahead of V. Zelensky's Bloc (26%) by 10%. Separately, we can note the growth of trust in the Commander-in-Chief of the Armed Forces of Ukraine V. Zaluzhny (82%). Most of all, citizens trust V. Zaluzhnyi - 82% against 11%, V. Zelenskyi - 72% against 25%

According to a study by the Razumkov Center, which was published in August. In general, **42% of Ukrainians believe that if the aggressor intensifies missile attacks on Ukrainian cities, Ukraine should still continue to fight, no matter what.** Another 21% of respondents would prefer to try to freeze the conflict, but not to make concessions to Russia. Another 23% of respondents believe that negotiations should begin. That is, a total of 44% of citizens in one form or another would like to end the hostilities. It is noteworthy that in the study (which, by the way, is conducted by a sociological center closely connected with the Western allies of Ukraine), less than half of the respondents are in favor of continuing the war under any conditions - 42%, but only 23% are in favor of negotiations. 62% are against negotiations, and 15% hide their opinion. These data can be an indicator of fatigue from the war of the "rear" of Ukrainian society.

Support for the accession of Ukraine and the EU and NATO remains at a high level, but has slightly decreased. Accession to the EU is supported by 78%, which is 7% less than in July (85%). 5% are against. At the same time, the number of those who would not vote increased -14% and undecided - 3%.

Membership in NATO is supported by 77%, which is 6% less than in July (83%). Against - 5%; would not vote -15%; undecided - 3%

The idea of Ukraine's accession to NATO within the borders of the territories it currently controls: not supported by 53% of citizens; supported by -40%

Over time, the number of Ukrainian citizens who went abroad and are not going to return continues to increase.

According to the study, public opinion among the citizens of Ukraine of the International Republican Institute (IRI), published in October 2023.

Regarding migration:

- 78% - noted that they did not change their place of residence after the outbreak of the war

- 13% - noted that they changed their place of residence after the outbreak of the war.

- 9% have already returned

Among those who left

- 36% plan to return when the war is over. Since February 2023 (48%), this number has decreased by 12%.

- 18% - not planned; since February 2023 (12%) this number has increased by 6%, and since June 2022 (7%) by 11%

Of these, 36% said they prefer a new place to live.

According to a study conducted by the Kyiv International Institute of Sociology (KIIS) at the end of the year, 87% of citizens believe that if the West properly helps Ukraine with weapons, finances, and sanctions, Ukraine will be able to defeat Russia and achieve an acceptable result. 58% are now inclined to believe that even in the case of a significant reduction in Western assistance, hostilities should still continue to put pressure on the occupiers, even taking into account the risks for the territories controlled by Ukraine.

At the same time, every third respondent (32%) believes that it is better to stop fighting with really serious security guarantees from the West, even if the liberation of the occupied territories is delayed for an indefinite period.

8. Changes in Ukraine's humanitarian policy.

As a result of the EU's requirements for European integration, the Ukrainian authorities had to take many undesirable steps, ranging from the opening of declarations to a certain "rollback" in humanitarian policy, in terms of using the languages of national minorities of the EU countries at approximately the same level as they had in Ukraine until 2014. In general, an updated draft law No.10288-1 on amendments to some laws of Ukraine was adopted, taking into account the expert assessment of the Council of Europe and its bodies on the rights of national minorities (communities) in certain

areas. This is one of the requirements of the European Commission, the fulfillment of which is a prerequisite for the start of negotiations on Ukraine's accession to the EU.

First of all, the **bill is aimed at expanding the rights of the official languages of the EU, such as Hungarian, Romanian, Bulgarian, and others.** But these provisions do not apply to the language of the aggressor country, that is, to the Russian language.

It provides for the following changes: protection of the right to use the languages of national minorities will be ensured by the Commissioner for Human Rights of the Verkhovna Rada of Ukraine; the rights to use the language of national minorities in the educational process in parallel with the state language are guaranteed; expansion of opportunities for the use of languages of national minorities in the field of media and publishing.

Thus, minority languages can be used in private schools, universities, minority classes, in the media, political advertising, etc. But these provisions do not apply to the language of the aggressor country (that is, the Russian language), and the changes are valid indefinitely, and not for 5 years, as previously planned. The law has an important clarification regarding the selected range of languages that "*are the official languages of the European Union, the languages of national minorities (communities) to which the provisions of the European Charter for Regional or Minority Languages apply under the Law of Ukraine of May 15, 2003 No. 802-IV" On Ratification of the European Charter for Regional or Minority Languages "*, *except for the languages of national minorities (communities), which is the state (official) language of the state that was recognized by the Verkhovna Rada of Ukraine as an aggressor state or an occupier state, regardless of the territorial category.*"

After that, the Government of Ukraine announced that it was awaiting a final decision on the start of formal negotiations on Ukraine's membership in the EU.

The situation around the UOC.

During the year, the conflict between the authorities, the passionate part of society and the Ukrainian Orthodox Church (UOC) intensified. This is mainly due to the fact that the UOC has a toxic pro-Russian information image, as well as the ideas prevailing in the government to create a nationwide Orthodox Church in Ukraine, which should be loyal and built into the political structure of society. In addition, the escalation of the conflict is facilitated by the fact that the authorities need to shift the information emphasis from complex and unpopular topics. In fact, the UOC receives all social negativity.

Thus, **on January 1, 2023, the UOC priesthood was denied access to two churches of the Upper Lavra:** the Dormition Cathedral (the main temple of the Kiev-Pechersk Lavra) and the Refectory Church. The decision to terminate the agreement with the UOC **on the lease of the premises of the Lower Lavra was made by the Ministry of Culture on March 29.** But when trying to seal the buildings of the Lavra, representatives of state structures encountered active resistance from the UOC believers. **In August, the Economic Court of Kyiv upheld this decision of the Ministry of Culture,** after which access to the territory of the Lower Lavra was closed. But, the authorities failed to quickly implement plans for the complete displacement of the UOC from the Kyiv-Pechersk Lavra (*the monks of the UOC still remain in the Lower Lavra*).

8,139 churches of the UOC continue to operate on the territory of Ukraine. Since February 2022, 589 parishes from the UOC have been transferred to the structures of the Orthodox Church of Ukraine (OCU).

Their concern about restrictions on freedom of religion in Ukraine, expressed in the UN, the situation may have a negative impact on the international arena, as a result, the authorities will receive reputational damage. Perhaps that is why the authorities do not follow the direct path of banning the UOC. Law 8371 "*On Amendments to Certain Laws of Ukraine on the Activities of Religious Organizations in Ukraine*," which was adopted **in October** in the first reading instead of a direct political ban on the UOC, as contained in alternative bills, offers an additional basis for applying to the court.

At the UN on 17 November 2023, the Assistant Secretary-General for Human Rights of the Office of the United Nations High Commissioner for Human Rights (OHCHR), Ilze Brands Caris, called on the High Commissioner to "*clearly define the specific legitimate objectives of the proposed restrictions, ensure that they are in line with the principles of necessity and proportionality, and revise the text*".

Currently, internal and external opponents of the authorities benefit from this conflict. Thus, after the beginning of the ministry of the OCU in the Kyiv-Pechersk Lavra, former President P. Poroshenko successfully collects PR points.

For the Russian Federation, the situation around the UOC is also a winning topic for a new wave of internal anti-Ukrainian propaganda and mobilization. In addition, in the occupied territories, the ROC re-subordinates the parishes of the UOC. For example, on June 7, 2022, by the decision of the Holy Synod of the Russian Orthodox Church, the dioceses on the territory of Crimea were united into the Crimean Metropolis and accepted into direct subordination to Patriarch Kirill.

V. Economic situation

1. Main economic indicators of Ukraine.

According to the Ministry of Finance, in 2022, Ukraine's GDP fell from more than \$200 billion to \$161 billion (-29.1%). The main reasons for the decline in the country's economy were the consequences of a full-scale war: the destruction of infrastructure and production facilities, the rupture of logistics links and a drop in exports,

a decrease in investment and weak consumer demand, including due to active migration, as well as a significantly lower crop than a year earlier.

Due to the war, Ukraine continues to suffer significant losses. According to the government, Ukraine's direct losses from the war as of the beginning of 2023 **have already exceeded \$700 billion**. According to the World Bank, the European Commission and the UN, **the recovery will require \$411 billion**.

The new assessment of **environmental damage alone is estimated at UAH 2 trillion**. The explosion of the Kakhovska HPP dam by the Russian Federation caused damage to Ukraine by almost \$14 billion.

Since the beginning of the invasion, the number of able-bodied Ukrainians has decreased by 5.5 million people, or by 30%. This is more than in Germany after World War II. Before the invasion, there were 17.4 million able-bodied residents in Ukraine. Since the beginning of the war, 1 million people have been mobilized, and 4.6 million people are abroad (including 3.2 million women of working age). There are 1.3 million able-bodied people left in uncontrolled territory.

The situation may be one of the reasons for the slowdown in the pace of Ukraine's recovery. The longer the war lasts, the more people will adapt to life abroad and will not want to return to Ukraine.

In general, the Ukrainian economy, in the conditions of war, has demonstrated unprecedented stability, and Ukrainian business has shown enviable adaptability. But the situation could change for the worse if the fighting drags on.

But at the same time, the Ukrainian economy, like all spheres of the country's governance, is increasingly dependent on Western partners, which now require reports on the fulfillment of loan obligations to allocate funding, and the terms of loans themselves are also tightening. Due to the war, Ukraine continues to suffer significant losses.

According to the Ministry of Finance, in 2022, Ukraine's GDP fell from more than \$200 billion to \$161 billion (-29.1%).

As of early October, the **World Bank forecasts Ukraine's GDP growth in 2023 by 3.5%**, which is significantly higher than the June estimates - by 1.5%.

In October, the National Bank significantly changed the macroeconomic forecast for the current year 2023: now it expects **Ukraine's economy to grow by 4.9% by the end of the year, with inflation falling to 5.8%**. Next year, the GDP growth estimate has improved slightly – from 3.5% to 3.6%, while with regard to inflation, the NBU now expects a reversal of the trend and its increase to 9.5% instead of the previous forecast of 8.5%.

Compared to the fourth quarter of 2022, the Ukrainian economy grew by 2.4% in the first quarter of 2023, taking into account the seasonal factor. The National Bank estimates the growth of Ukraine's GDP in the second quarter of-2023 in 18.1%, but predicted its slowdown in the third quarter-2023 up to 4.6%

According to the European Commission's forecasts, GDP growth in 2023 should reach 4.8%, which is a significant upward revision compared to the previous year.

President V. Zelensky said that Ukrainian GDP grew by 5% over the year.

The main indicators of Ukraine's trade in 2023

According to the State Customs Service of Ukraine, for **11 months of 2023, \$57.2 billion worth of goods were imported to Ukraine, and \$32.8 billion worth of goods were**

exported. That is, the **balance of payments deficit amounted to \$24.4 billion.** Compared to the same period in 2022, exports decreased by \$7.9 billion or almost 20%, while imports increased by \$7.8 billion or 16%.

In November 2023, exports of goods amounted to \$3 billion, and imports – \$5.1 billion.

According to the results of 11 months, the most exported from Ukraine were:

- **Poland** - by \$4.4 billion,
- **Romania** - by \$3.5 billion,
- **Turkey** - by \$2.2 billion,
- **China** – by \$2.2 billion,
- **Germany** - \$1.8 billion.

Countries from which more goods were imported to Ukraine:

China — \$9.3 billion, **Poland** - \$5.9 billion, **Germany** — \$4.5 billion, **Turkey** – \$4.3 billion, **USA** – \$2.5 billion.

Compared to November 2022, **exports to Poland sank by 40%** or \$222 million. But despite the blockade of goods by Polish carriers and farmers that began in early November, **Poland retained its leadership in exports** (\$318 million). **In terms of imports, China remains the leader** with \$906.5 million. Poland did not lose the second place — \$443.9 million, but imports from Poland decreased by 20% compared to October this year and 29% or \$184 million compared to November 2022.

As for the structure of commodity imports in January-November 2023, most of them were:

- machinery, equipment and transport — \$17.7 billion,
- products of the chemical industry - \$10.1 billion,
- fuel and energy products — \$9.6 billion

For 11 months of 2023, **Ukraine exported agri-food products worth \$19.6 billion.** This is 7% less than in the corresponding period of 2022.

The basis of agricultural exports is traditionally cereals and oilseeds, vegetable oil, residues of the food industry, meat and by-products, which account for 87% of its value.

At the same time, **imports of agricultural products for 11 months of this year amounted to \$6.2 billion, which is 16% more than last year.** From August 2023, a temporary corridor to the ports of Odessa began to operate.

2. Financing of the State Budget. The impact of assistance from Western partners and international financial institutions, the conditions for the provision of assistance.

In total, in 2023 (until mid-December), the Ministry of Finance managed to attract more than \$39 billion in external financing of the country's budget. In total, this year the Government plans to finance the budget through Western assistance in the amount of \$42.3 billion.

From August, the financing of the budget of Ukraine by Western partners until the end of the year will be carried out at the lower level of budget needs. Foreign aid will not exceed \$3 billion. Whereas in the previous period, the average financing was at the level of \$4 billion.

Earlier, the Government stated that Ukraine needs **from \$3 to \$5 billion in foreign aid to cover budget expenditures per month.**

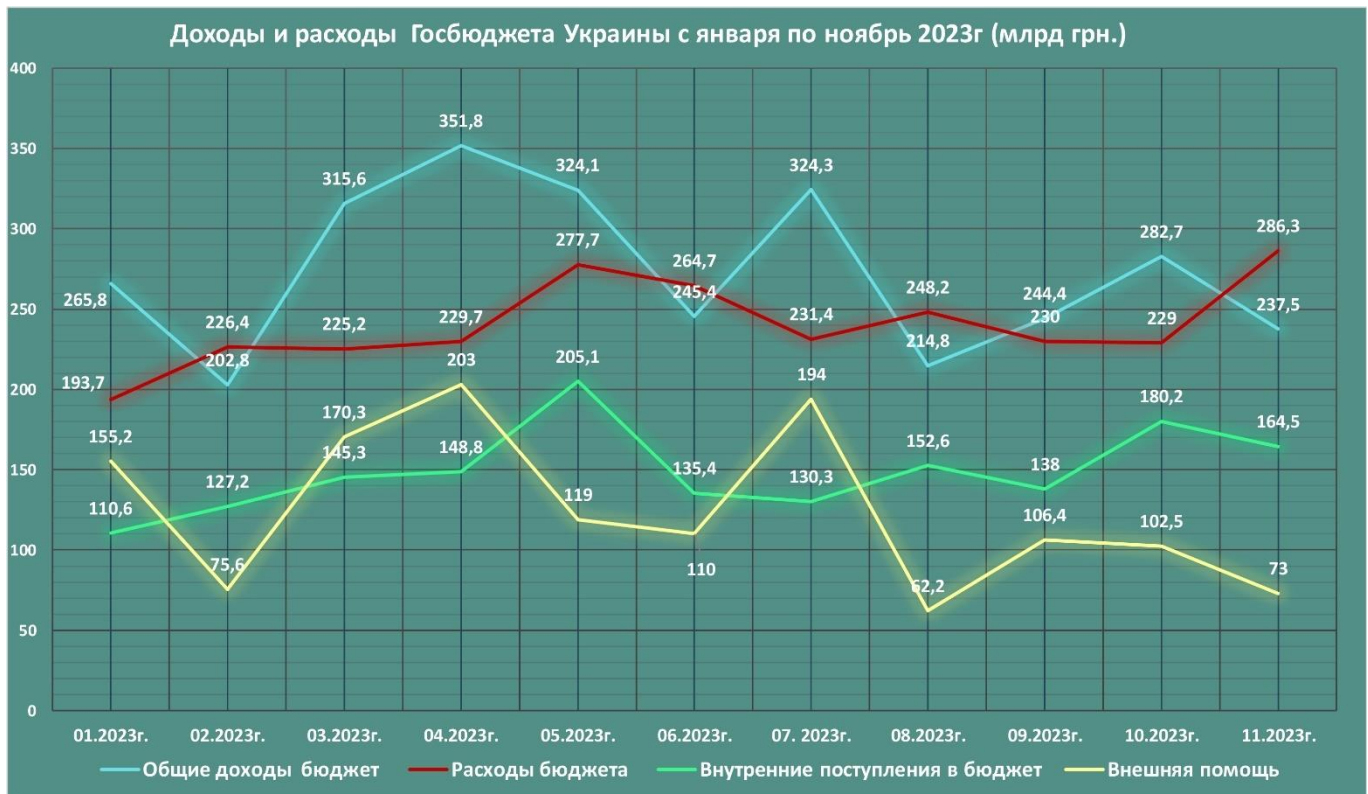
With regard to the **balance of income/expenditure of the budget, the most difficult month of the year is** November (balance - UAH 48.8 billion), also unprofitable were: February (- UAH 23.6 billion); June (- UAH 19.3 billion); August (- UAH 33.4 billion).

According to the Government, without the help of the United States, problems with social payments in Ukraine may begin as early as January 2024. The deficit in the first month of 2024 may amount to UAH 20 billion. The total budget deficit for 2024 is UAH 1.57 trillion. The Government does not exclude the resumption of the issue of hryvnia, which will lead to an increase in inflation and devaluation of the national currency.

Revenues and expenditures of the budget of Ukraine in 2023*

	Total income billion UAH	Domestic resources		External help			Balance billion UAH	Budget expenditures UAH billion
		billion UAH	%	billion UAH	%	USD bln		
January	265.84	110.6	42	155.24	58	4.2	+72.14	193.7
February	202.8	127.2	63	75.6	37	2	-23.6	226.4
March	315.68	145.3	46	170.38	54	4.6	+90.48	225.2
April	351.8	148.8	42	203	58	5.55	+122.1	229.7
May	324.1	205.1	63	119	37	3.25	+46.4	277.7
June	245.4	135.4	55	110	45	3	-19.3	264.7
July	324.3	130.3	40	194	60	5.3	+92.9	231.4
August	214.8	152.6	72	62.2	28	1.7	-33.4	248.2
September	244.4	138	56	106.4	44	2.9	+14.4	230
October	282.7	180.2	64	102.5	36	2.8	+53.7	229
November	237.5	164.5	69	73	31	2	-48.8	286.3

**(The dynamics of expenditures and financial revenues to the budget is indicated on the graph). The data is summarized from the publications of the Telegram channel of the People's Deputy of Ukraine, First Deputy Chairman of the Committee on Finance, Tax and Customs Policy Yaroslav Zheleznyak.)*



3. Budget for 2024

In November, the **state budget of Ukraine for 2024, agreed with the International Monetary Fund, was adopted in Ukraine.** The Budget contains standard macroeconomic indicators, but it can provoke increased friction and conflict between the central government and local government because it **provides for the transfer to the central state budget of a personal income tax for servicemen of about 800 billion hryvnias**, which previously filled local budgets.

Compared to the first reading, **the revenue plan increased by UAH 22.2 billion (to UAH 1.768 trillion) (USD 48.1 billion)** due to an increase mainly in VAT on goods imported into Ukraine, as well as bank profit tax, import duty and rent. **Increased spending by UAH 97 million (to UAH 3.35 trillion) (USD 91.2 billion); reduced the deficit by UAH 22 billion (will be 20.6% of GDP, or UAH 1.57 trillion) (USD 42.7 billion).**

The main item of expenditure is **defense: 22.1% or UAH 1.69 trillion (USD 46 billion) will be spent on security and defense forces** (UAH 1.141 trillion in 2023). The document also provides for **expenses for the development of the military-industrial complex.**

The draft budget for 2024 included the provisions of law No.10037 on military personal income tax. Document on the withdrawal of tax from the local level to the central special fund.

The State Fund for Regional Development will not be financed (in 2023, 2 billion were pledged to it, and then transferred to the Armed Forces of Ukraine). Also **not financed are the Road Fund** (a source of shadow income for the authorities), and investment projects

of the Ministry of Economy, within the framework of which it was planned to repair or reconstruct state-owned facilities.

The Fund for the Elimination of the Consequences of Armed Aggression has been preserved. At the insistence of the IMF, the National Bank next year will attribute its net profit to the general fund of the state **budget – only UAH 17.7 billion**. The Fund for the Elimination of the Consequences of Armed Aggression will be replenished only from confiscated and sold Russian property.

Budget deficit

As for international financial revenues for the next year, they are still in question, since the largest donors of Ukraine — the United States and the EU — have not yet been able to approve the relevant budgets.

External borrowings for 2024 were initially left at \$40 billion, actually at the level of 2023. Later, the Ministry of Finance said that the need for external financing for 2024 was reduced from \$40 billion to \$37.3 billion thanks to measures to maximize state budget revenues, activate the domestic borrowing market and other measures. All capital expenditures of the state budget have been reduced. This amount was verified by experts of the International Monetary Fund (IMF).

Finance Minister Sergii Marchenko specified the **expected sources of external financing**: the IMF – \$5.4 billion, the United States – \$8.5 billion (of which \$11.8 million this year), the EU – \$18 billion. The total amount is \$31.9 billion. **Additional funds** will be sought in negotiations with the governments of Canada, Norway, Japan and South Korea. The World Bank may add a little more.

On December 19, during a press conference, President V. Zelensky announced that **Belgium** (\$1.7 billion) could provide additional funding to Ukraine. **Denmark** (\$4.2 billion), **South Korea** (\$2.3 billion), **Latvia, Lithuania, the Netherlands** (we are talking about hundreds of millions), **Norway** (\$7.5 billion.), **France** (\$2 billion), **Germany** – (\$8 billion), **Sweden** – (\$0.5 billion), assistance from **Japan is also expected**. At the same time, we are talking **about assistance for several years** intended for different purposes (*humanitarian purposes, economic support, social benefits*).

As of October 31, 2023, the state and state-guaranteed debt of Ukraine amounted to UAH 4,958.37 billion, or USD 136.35 billion, including: state and state-guaranteed external debt – UAH 3,373.78 billion (68.04% of the total state and state-guaranteed debt), or USD 92.77 billion. USD; public and publicly guaranteed domestic debt – UAH 1,584.59 billion (31.96%) or USD 43.57 billion. USA

The **public debt of Ukraine amounted to UAH 4,638.27 billion** (93.54% of the total amount of public and state-guaranteed debt), or USD 127.54 billion. THE USA. **Public external debt amounted** to UAH 3,122.92 billion (62.98% of the total amount of public and state-guaranteed debt), or USD 85.88 billion. THE USA. **The state domestic debt amounted** to UAH 1,515.35 billion (30.56% of the total amount of state and state-guaranteed debt), or USD 41.67 billion. USA

In October 2023, the **amount of state and state-guaranteed debt of Ukraine** increased in UAH equivalent by **UAH 71.77 billion**, and in USD equivalent by **USD 2.72 billion**.

Russian strikes on critical infrastructure and readiness for the winter season.

Since the beginning of the year, the **Russian Federation has been trying to implement the strategy of missile terror of Ukrainian cities in order to put pressure on the Ukrainian authorities and society** (to provoke a blackout, cause a mass outflow of population, a drop in the level of the economy, etc.). Ukraine's energy infrastructure was mainly subjected to massive strikes (using missiles and drones).

The strategy of the Russian Federation to destroy the critical infrastructure of Ukraine has not achieved its goals. This was mainly due to the improvement of the work of the air defense/missile defense of Ukraine and a set of protective measures in the energy sector, effective processes for repairing damaged infrastructure. **In general, the power engineers state significant damage to the infrastructure, but it was not possible to get a blackout of the Russian Federation.** Since the beginning of the full-scale invasion as a result of missile and drone attacks, as well as due to the occupation of the Zaporizhzhia nuclear power plant, **Ukraine has lost 44% of nuclear generation and three quarters of thermal power plant capacity.** It is reported that Ukrenergo has attracted 700 million euros to restore the energy system, and \$1 billion will be needed to continue the restoration work in 2023.

In May 2023, on the eve of the great Ukrainian counteroffensive, the Russian Federation continued its tactics of missile terror. In particular, from air attacks of the city of Kyiv.

In July, after the termination of the "grain deal" on July 18-20, Russia intensified massive strikes on Ukraine with missiles and drones, the main target of the attacks were critical and port infrastructure and defense facilities. Most of the "hits" were in Odessa, and now Mykolaiv is also being hit.

Over the past year, Ukrainian air defense has significantly increased its level of quality and efficiency. If in September 2022, Ukraine's air defense systems successfully shot down about 20–30% of missiles, **in April-July 2023 this figure increased to about 80–90%.** Although air defense over the Kyiv region successfully intercepts almost all cruise and ballistic missiles, in most cases missile attacks on other regions of the country remain a significant threat. With the arrival of autumn, when the focus of Russian missile attacks shifted to the south, the percentage of successful intercepts decreased to 50–60%, which means that not all missiles can be destroyed. In addition to air defense, an important priority of the Ukrainian government was the program for the creation of engineering protection of energy facilities. In particular, **UAH 9.74 billion was allocated for energy infrastructure shelter facilities from the Fund for Elimination of the Consequences of Armed Aggression.**

5. The situation around the export of Ukrainian agricultural products (Stopping the grain deal. Blockade of the Polish border).

The Black Sea agreements on food exports ceased to be valid on July 17, 2023 (valid from July 22, 2022), which was repeatedly stated in the Russian Federation

earlier. So the termination of the "grain agreement", Kremlin spokesman D. Peskov said. The Russian Federation also announced that it would withdraw guarantees for the safety of navigation in the northwestern water area of the Black Sea, and the joint coordination center in Istanbul would be disbanded. Since the elections in Turkey were held, as well as Turkey and the Russian Federation concluded their grain agreement, the Russian leadership did not consider it necessary to extend the grain agreement.

The Russian Federation claims that it will return to the implementation of the "grain agreement", but on condition that its "agreements will be fulfilled". Recall that the Russian Federation required the fulfillment of a number of conditions relating to its own exports of agricultural products, fertilizers, the return of Rosselkhozbank to the SWIFT international payment system, etc.

On the part of the Russian Federation, it is also an element of the war against Ukraine, as well as a global confrontation for grain and food markets in the world.

According to our estimates, exports through ports during this period brought Ukraine about \$14.7 billion (total export profit in 2022 amounted to \$44 billion). **Approximately, exports under the grain deal could bring Ukraine about \$10 billion, about 33 million tons of agricultural products were exported.**

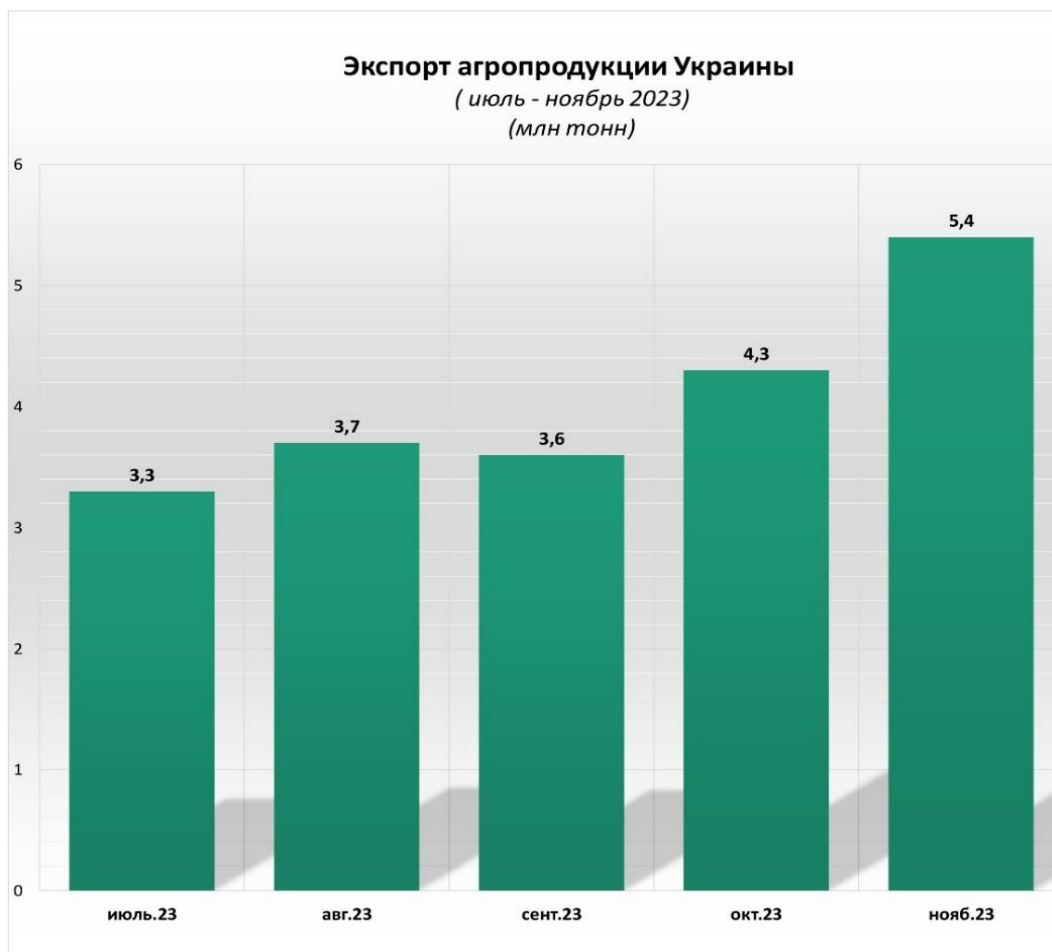
Since July, the Russian Federation has been systematically attacking **the port infrastructure of Ukraine**, including the ports of the Danube River, which makes this export virtually impossible.

Since August 8, Ukraine has been making attempts to unilaterally resume the operation of ports. 200 vessels passed through the Ukrainian corridor established by the Ukrainian Navy to leave the ports and 226 to enter.

President Volodymyr Zelenskyy also announced the creation of a new grain corridor through Moldova and Romania. During the naval blockade, the transit of Ukrainian grain through Romania increased to 60%.

According to the Ministry of Agrarian Policy and Food

In November, exports of agricultural products amounted to 5.4 million tons. On average, Ukraine could earn about \$1.5 billion on it. At the same time, the main share of exports is 77% or 4.3 million tons accounted for by ports. **Thus, Ukraine actually managed to restore the volume of agricultural exports.**



In July, when the grain deal was suspended, exports of agricultural products were the lowest in 5 months of the 2023/2024 marketing year (started on July 1) - 3.3 million tonnes, in June this figure was 4.8 million tonnes.

In just five months, Ukraine exported **20 million tons of agricultural products**.

The Ukrainian Grain Association predicts 44 million tons of grain and oilseeds exports in the 2023/2024 marketing year.

In April, Poland and Hungary officially banned the import of Ukrainian grain, explaining this decision by protests from local farmers. Similar decisions followed from other countries through which Ukrainian grain is transported to Europe or for transshipment to ports - Romania, Slovakia and Bulgaria.

Later, by its decision, the European Commission imposed a ban on the most exported products from Ukraine until September 15, 2023, which account for more than 65% of the export profit from the sale of food. Or 35% of the total export profit of Ukraine.

In September, when the EU ban on the transit of Ukrainian grain through its territory expired (September 15, 2023.), **Poland, Hungary and Slovakia decided to unilaterally extend it.**

The blockade of the Polish-Ukrainian border, which began in the autumn, **led to a 90% reduction in border traffic.** Polish truckers are **protesting the cancellation last year of a permit system that limited the number of Ukrainian trucks crossing the border.** Ukrainian truckers suffer daily losses of 300 euros. **The blockade could lead to a 1% drop in Ukraine's projected GDP in 2023.**

5. Conclusions and forecasts for 2024.

It can be assumed that in the winter-spring next year (*the period before the elections in the Russian Federation in March 2024*), political consultations or negotiations on the future end of the war may begin between the parties to the conflict. Edit the probability of their success remains low. Ukraine's Western allies are entering a period of political instability and elections - the United States, Britain, EU countries – the consistency of support for Ukraine may be violated. Against the background of the fact that Ukrainian troops have not achieved significant success at the front, discussions will intensify inside the United States (*within the framework of the presidential election campaign of 2024*) **regarding further support for Ukraine at the current level and the need to ensure political control over the course of the war.** At the same time, **Ukraine's dependence on this support is increasing.** The **Russian Federation is also in a situation of serious sanctions pressure and a desire for stability during the presidential elections of 2024.**

During this period, the situation in Ukraine will be characterized by an **increase in internal political conflicts**, a **decrease in the level of international assistance and new Russian offensives.**

This is due to the fact that the issue of **assistance to Ukraine is becoming an instrument of pre-election confrontation in the United States**, as well as a subject of political bidding in European countries.

The budget crisis in the United States demonstrates that Ukraine in any case will not be able to receive more funding, without which the development of a counteroffensive at the front will be impossible. If current funding is maintained, Ukrainian troops will only be able to conduct local operations or even be forced to switch to strategic defense.

If the US Congress does not solve the problem of allocating assistance to Ukraine, this may **cause a significant deterioration in the economic situation**, even if the Ukrainian Government will have to delay payments to state employees or return to the practice of issuing hryvnia, which will lead to an increase in inflation, and a political crisis.

President V. Zelensky and Commander-in-Chief of the Armed Forces of Ukraine V. Zaluzhny were equal in ratings, as a result of which the entire political system "sprawls" potentially into two parties – V. Zelensky and V. Zaluzhny.

In March 2024, elections will be held in the Russian Federation, after which President Vladimir Putin will "unleash his hands" **to escalate the situation: conducting new mobilizations and intensifying attacks on Ukraine.**

Even if the leadership of the Russian Federation does not believe in achieving new victories over Ukraine, **the seizure of new territories can play a key negative role in the American presidential election**, depriving the incumbent President D. Biden of the chance to win. It will also create additional arguments and conditions **for the Russian Federation to start negotiations with the new US Administration.** Therefore, the Russian window of opportunity in this regard, in **the period from March to November 2024** (*before the US presidential election*), or a little longer, is likely to be characterized by the **maximum military escalation at the front.** Also, Russia's attempts to destabilize the internal situation in Ukraine are not excluded.

The elections in the United States (*November 5, 2023*) will be of great importance for the situation in Ukraine. If the Republican candidate D. Trump wins, the financing of Ukraine will be significantly reduced or terminated, since D. Trump's policy is more focused on the domestic agenda.

Ukraine will try to speed up the negotiation process as much as possible before the elections to the European Parliament in 2024 (09.06.2024) and the presidency of Hungary in the Council of the EU from 1.07.2024. President V. Zelensky said that in the spring it is expected to develop a framework for negotiations on Ukraine's accession to the EU. And in the coming days, together with the European Commission, Ukraine will officially begin the process of assessing Ukrainian legislation for compliance with EU legislation – the screening process. In general, the situation at the front (which in turn directly depends on the financing and supply of weapons) will influence the prospect of further European integration. If the Russian Federation continues its offensive, the issue of Ukrainian European integration may be removed from the agenda due to increased military and political instability.

Therefore, in the period of 2024, Ukraine is likely to experience the most crisis moment in its history comparable to February 2022, during the beginning of the Russian invasion.

Political calendar of 2023

1. Formation of a republican majority in the House of Representatives - **January 2023.**
2. Fall of Soledar – **January 2023**
3. Death of the Minister of Internal Affairs of Ukraine -**January 18, 2023**
4. Decision on the delivery of tanks – **January 20, 2023.**
5. The fall of Bakhmut - early **June 2023.**
6. The beginning of the Ukrainian counteroffensive - **June 6, 2023.**
7. Bombing of Kakhovska HPP - **June 6, 2023**
8. Granting Ukraine candidate status in the EU - **June 23, 2022**
9. Prigozhin rebellion – **June 23-24, 2023**
10. NATO's refusal. Vilnius Summit - **July 10-14, 2023**
11. The White House made a final decision to transfer ATACMS long-range missiles to Ukraine **on August 30**, and sent them as part of a military assistance package announced **on September 21.**
12. Decision on the delivery of aircraft - **August 2023.**
13. Arrest of Kolomoisky - **September 2, 2023.**
14. Dismissal of Reznikov - **September 5, 2023.**
15. The beginning of hostilities in Gaza - **October 7, 2023.**
16. Parliamentary elections in Poland: the return of the Polish son to the EU - **October 15, 2023.**
17. Dismissal of the Commander of the Special Operations Forces of Ukraine – **November 3, 2023.**
18. Adoption of the Law on the State Budget of Ukraine - **November 9, 2023.**
19. Completion of the Ukrainian counteroffensive -**November 2023.**
20. Failure of negotiations on the allocation of a new US aid package – **December 2023.**
21. The beginning of negotiations on EU membership – **December 14, 2023.**
22. "Hungarian veto" on the EU aid package - **December 14, 2023.**

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