

# Shifting Influences in Ukrainian Foreign Policy: The Role of Oligarchs in Agriculture, Energy, and Technological Sectors

Miao Wang<sup>1,2\*</sup>

<sup>1</sup> Faculty of Humanities and Social Sciences, Harbin Institute of Technology, Harbin 150001, Heilongjiang, China.

<sup>2</sup> School of Management Harbin Institute of Technology, Harbin Institute of Technology, Harbin 150001, Heilongjiang, China.

Corresponding Author: Miao Wang, Email: mwang10@hit.edu.cn

## Abstract:

This article investigates the role of Ukrainian oligarchs in shaping the country's foreign policy decision-making process. The study examines the emergence and consolidation of the oligarch class following Ukraine's independence and the privatization reforms of the 1990s. Using a historical and political analysis approach, the article explores how oligarchs have built their economic and political networks, which allowed them to influence Ukraine's external relations through lobbying, media manipulation, and international business expansion. The results highlight that, while oligarchs have shaped foreign policy, their actions often prioritized personal or group interests over national objectives, complicating policy coherence. In the context of de-oligarchization reforms and the Russia-Ukraine conflict post-2014, the article finds that, although their influence has been constrained, oligarchs continue to play a significant role in foreign affairs. The article concludes by offering insights into the persistent and evolving influence of oligarchs on Ukraine's foreign policy, emphasizing the complexity of their involvement within a shifting political landscape.

**Keywords:** Ukrainian oligarchs; Foreign policy decision-making; Political influence; Russia-Ukraine conflict

## INTRODUCTION

In recent years, the influential role of Ukrainian oligarchs in the country's political and economic life has attracted widespread international attention. The 2014 Ukrainian crisis and the full-scale outbreak of the Russia-Ukraine conflict in 2022 have further highlighted the oligarchs' pivotal position in Ukraine's domestic and foreign affairs. Some Western countries believe that the oligarchs' excessive influence over national policies has undermined Ukraine's democratic process and provided opportunities for external forces to intervene in Ukrainian affairs. Meanwhile, domestic anti-corruption movements and calls for "de-oligarchization" have been growing louder in Ukraine, with the Zelenskyy government introducing a series of measures aimed at weakening the influence of oligarchs. Under the interplay of domestic and international factors, the role of Ukrainian oligarchs in foreign affairs has been increasingly questioned. On one hand, oligarchs have utilized their resource advantages to lobby and advocate for international support for Ukraine. On the other hand, their special connections with foreign forces have raised concerns about Ukraine's sovereignty and territorial integrity. To what extent do Ukrainian oligarchs influence the country's foreign policy orientation? What roles do they play in Ukraine's foreign affairs? Faced with the dual challenges of domestic anti-oligarch movements and a complex external environment, what will be the future trajectory of Ukrainian oligarchs? Researching these questions will not only help understand contemporary Ukraine's foreign relations but also provide an important perspective for exploring the influence of non-state actors in 21st-century international relations.

## MATERIALS AND METHODS

This article analyzes the role and influence of Ukrainian oligarchs in the country's foreign policy decision-making process. It traces the emergence and consolidation of the oligarch class following Ukraine's independence and privatization reforms in the 1990s. As their economic power and political networks grew stronger over the next two decades, oligarchs became deeply embedded in Ukraine's political system and actively engaged in shaping its external relations through lobbying, media propaganda, and business expansion overseas. However, their motivations often served private interests rather than national priorities, posing challenges for policy coherence. Since 2014, domestic de-oligarchization reforms and the escalating Russia-Ukraine conflict have constrained their activities and posed new uncertainties. Nevertheless, oligarchs retain significant resources and continue participating in foreign affairs in complex, evolving ways. The article systematically examines their interactions with Ukraine's shifting political landscape and relations with external powers to provide insights into the country's foreign policy decision-making dynamics.

## RESULTS

The term "oligarch" typically refers to extremely wealthy businessmen and billionaires who have good political connections and are the primary owners of business groups with close ties to state leaders. After the dissolution of the Soviet Union, the privatization reforms during Ukraine's economic transition provided a breeding ground for the formation of the oligarchic class. In the early 1990s, Ukraine initiated a large-scale privatization process. However, due to a weak legal foundation and imperfect market mechanisms, privatization largely degenerated into a rent-seeking game of power. Some former Soviet bureaucrats and "red capitalists" with political-business backgrounds quickly seized the opportunity, leveraging their power to influence the privatization process and acquire substantial state assets [1].

Entering the 21st century, the alliance between Ukrainian oligarchs and political elites became more entrenched, exhibiting an intertwined and symbiotic relationship. In the 2002 parliamentary elections, oligarchs like Akhmetov and Kolomoisky provided funding to help several pro-oligarch parties become the largest parliamentary faction [2]. In return, they gained the privilege of appointing loyalists in the government and state-owned enterprises, further expanding their power. Some oligarchs even directly assumed high-ranking government positions. In 2003, the then Prime Minister Yanukovich appointed the Donetsk oligarch Andriy Klyuyev as Minister of Economy, responsible for promoting pro-oligarch policy agendas. By the mid-2000s, some oligarch families had already become an indispensable part of Ukrainian politics. For instance, the Akhmetov family had extensive representatives in the political arena and was widely recognized as a key supporter of President Kuchma's re-election. Before the Orange Revolution, half of the seats in the Supreme Rada were dominated by nine oligarch factions, primarily representing the interests of business groups.

The "Orange Revolution" was once viewed as a turning point for the anti-oligarch movement. The pro-Western political forces led by Yushchenko came to power, promising to "rectify" privatization and limit the oligarchs' influence on politics. However, due to their limited influence, the reform measures had little effect. On one hand, the intense political struggles lacked sustained momentum for reform. On the other hand, oligarch groups quickly penetrated the new regime's core through political donations and media campaigns. According to Ukrainian media reports, in the 2006 parliamentary elections, oligarchs like Kolomoisky and Firtash provided substantial campaign funds to Yushchenko's party in exchange for the right to appoint personnel in the new government [3]. In the following decade, the oligarch class further consolidated its political and economic position. By 2012, parties controlled by oligarchs occupied more than half of the parliamentary seats [4]. The alliance between oligarchs and political elites became more deeply entrenched, and state power in Ukraine was further privatized.

It was not until the 2014 Ukrainian crisis that the oligarchs' power began to loosen significantly. The crisis sparked an outburst of anti-oligarch sentiment among the Ukrainian public, with calls for "de-oligarchization" growing louder. According to opinion polls, in 2015, more than 70% of Ukrainians viewed oligarchs as the main obstacle to the country's development. Under public pressure, the post-crisis Ukrainian government initiated a series of institutional reforms aimed at weakening the influence of oligarchs. In October 2014, the Ukrainian Supreme Rada passed the "Oligarch De-Politicization" law, prohibiting managers of state-owned enterprises from holding party positions and requiring public officials to disclose their assets. In 2015, the government further established the National Anti-Corruption Bureau, increasing anti-corruption investigations into oligarchs. Some well-known oligarchs were subjected to scrutiny, with some even forced into exile abroad. Statistics show that between 2014 and 2016, Ukraine issued anti-corruption fines totaling \$50 million against oligarchs [5]. Simultaneously, the government launched antitrust investigations into oligarch-controlled enterprises and re-examined their franchise rights. Between 2015 and 2019, more than 30 oligarch-owned enterprises were investigated by law enforcement agencies, and over 10 had their monopoly profits confiscated [6]. Although the oligarch reforms faced significant resistance and made limited progress, they objectively curbed the unlimited expansion of oligarch power and created favorable conditions for subsequent reforms.

In 2019, the young political novice Volodymyr Zelenskyy won the presidential election on an anti-oligarch platform, ushering in a new chapter in Ukraine's de-oligarchization process. The Zelenskyy government introduced a series of sweeping reforms, including intensifying antitrust and anti-corruption investigations into oligarchs and pushing for the nationalization of oligarch assets. Zelenskyy signed an order to shut down television stations owned by oligarchs like Kolomoisky, cutting off their propaganda channels. Subsequently, the government announced the criteria for identifying oligarchs and publicly named 13 "official oligarchs" for the first time, declaring war on the oligarchs [7]. In December 2021, the Ukrainian parliament passed the long-awaited "Anti-Oligarch Law," granting the government legal authority to scrutinize oligarch assets and restrict their political activities. According to the law, individuals and their affiliated companies designated as oligarchs will face a range of restrictions, including being prohibited from financing political parties and participating in the privatization of state assets. The

enactment of the Anti-Oligarch Law was hailed as a crucial step in Ukraine's de-oligarchization reforms. After the outbreak of the Russia-Ukraine conflict, the surge of radical nationalist sentiment further accelerated Ukraine's de-oligarchization process. In April 2022, the Ukrainian Security Service announced that it would investigate several pro-Russian oligarchs for treason, including Viktor Medvedchuk, one of Ukraine's wealthiest oligarchs, who was accused of passing intelligence to Russia during the conflict and subsequently had all his assets confiscated by the government. Some pro-Russian oligarchs in exile also faced the risk of being stripped of their citizenship. Under wartime public pressure, even some pro-Western oligarchs made statements claiming they would sell their assets to support the war effort against Russia, attempting to reshape their image [8]. In the post-war Ukrainian political landscape, the role of oligarchs faces great uncertainty.

## DISCUSSION

Ukrainian oligarchs not only wield significant influence in domestic political and economic spheres but also play an important role in foreign affairs. They actively participate in shaping Ukraine's foreign relations by leveraging their economic power and political influence through lobbying activities, media propaganda, and business expansion. However, the role of oligarchs in foreign affairs is often fraught with contradictions and tensions, as their personal interests do not always align with the country's overall foreign policy objectives.

First, Ukrainian oligarchs actively engage in lobbying Western countries to influence their policies toward Ukraine. Some pro-Western oligarch families have extensive political and business networks in Europe and the United States, where they hire lobbying firms and think tanks to advocate for Ukraine's interests. For instance, the billionaire Victor Pinchuk has been a frequent visitor to the American political establishment. Not only is he a major donor to the Clinton Foundation, but he has also employed numerous former U.S. officials as directors or advisors for his family's enterprises. During the Orange Revolution, Pinchuk successfully lobbied the U.S. government, prompting then-Secretary of State Powell to issue a statement supporting Yushchenko, which was considered a crucial factor in the revolution's success [1]. After the 2014 Ukrainian crisis erupted, Pinchuk again leveraged his connections in the United States, actively explaining Ukraine's grievances to the American political establishment. He not only funded renowned American think tanks like the Atlantic Council to produce reports supporting Ukraine but also led delegations to the U.S. to "advise" senior U.S. officials on policies toward Ukraine.

In contrast, some pro-Russian oligarchs have served as "agents" for Russia to exert influence in Ukraine. They have used their political and economic clout in Ukraine to lobby for policy shifts favoring Russia. For example, the natural gas tycoon Dmytro Firtash has long been the economic spokesperson for Russia's Gazprom in Ukraine. Not only did he dominate the Russia-Ukraine natural gas trade, but he also used his media influence to publicly oppose Ukraine's accession to the European Union and advocate for economic integration with Russia. In 2010, through Firtash's maneuvering, the pro-Russian politician Yanukovich won the presidential election, and Ukraine's foreign policy subsequently tilted heavily toward Russia [9]. During Yanukovich's presidency, Firtash became the "sole agent" for Russia-Ukraine gas deals, earning him tens of billions of dollars in economic benefits [10]. It was not until the Ukrainian crisis erupted that Firtash's political-business empire in Ukraine came crashing down. He also became the subject of a U.S. Department of Justice investigation, accused of illegal political lobbying in the United States, leading to the freezing of his assets in the country [11]. Firtash's experience reflects the complex and sensitive role played by pro-Russian oligarchs in Ukraine's foreign affairs.

Second, the media empires controlled by oligarchs are an important tool for influencing Ukraine's international image. Most mainstream media outlets in Ukraine are owned by oligarchs, who can shape external perceptions of Ukraine through agenda-setting and opinion guidance, thereby influencing international policies toward the country [12]. During the Ukrainian crisis, pro-Western and pro-Russian media outlets fiercely clashed, becoming a microcosm of the complex game among Ukraine, Russia, Europe, and the United States. For example, the pro-Western oligarch Ihor Kolomoyskyi's "1+1" television station continuously reported on anti-government protests during the crisis, criticized the then-President Yanukovich's pro-Russian stance, and called on the public to "resist tyranny." In contrast, the pro-Russian oligarch Medvedchuk's "112 Ukraine" and "NewsOne" television stations acted as mouthpieces for Russia, portraying the anti-government protests as a "color revolution" and a supposed threat of "neo-Nazism." Russian official media frequently cited reports from these two stations as justification for supporting the Yanukovich regime. As can be seen, Ukrainian oligarchs often used their media resources to propagate their respective geopolitical stances rather than objectively and neutrally reporting on international affairs, undoubtedly exacerbating the divide between Ukraine's domestic politics and foreign policy.

In fact, the role of Ukrainian oligarchs in foreign affairs is strongly driven by private interests. For the sake of their business interests, they are eager to lobby in Europe and the United States and seek international public support, but rarely take genuine actions to promote reforms and Europeanization in Ukraine. For example, while Pinchuk publicly supported Ukraine's

accession to the EU, the governance structure and conduct of his family's enterprises were far from meeting EU standards. For years, the Pinchuk family has used related-party transactions and other means to reap substantial benefits from the Ukrainian state budget while evading corresponding tax obligations. Such rent-seeking behavior is clearly at odds with the pro-European values he advocates. On the other hand, pro-Russian oligarchs have intentionally ignored Russia's "threats" to Ukraine while advocating "Ukraine-Russia friendship" and promoting economic integration between the two countries. Take Medvedchuk as an example – he has long been regarded as Putin's most important proxy in Ukraine. After the Crimea crisis erupted, Medvedchuk refused to condemn Russia's actions and defended Russia on his controlled television stations, claiming that Crimea's "reunification" with Russia was in line with public opinion. Until 2018, Medvedchuk continued to publicly deny Russia's "invasion" of Crimea and described Russia as Ukraine's "strategic partner." Medvedchuk's words and actions clearly demonstrate that pro-Russian oligarchs tend to act as geopolitical tools for Russia in foreign affairs rather than defending Ukraine's national interests.

The Ukrainian crisis and the subsequent outbreak of the Russia-Ukraine conflict further highlighted the complex role of oligarchs in Ukraine's foreign affairs. On the eve of the crisis, the pro-Russian President Yanukovich announced the suspension of negotiations with the European Union under pressure from Russia, sparking strong dissatisfaction among pro-European Ukrainians. As the protests escalated, some oligarchs began distancing themselves from Yanukovich and instead supported the pro-European demonstrators. For instance, the steel tycoon Akhmetov publicly called for Yanukovich's resignation and a halt to the violent crackdown on civilians to defuse the crisis. Some analysts believe that Akhmetov "defected" because he was concerned that Yanukovich's pro-Russian stance would harm his business interests in Europe [13]. Pro-Western oligarchs like Kolomoyskyi went even further, providing funds and logistical support to the protesters in an attempt to weaken pro-Russian forces and expand their own influence. These cases clearly illustrate that Ukrainian oligarchs in foreign affairs often side with public opinion and the international situation to reduce risks and protect their interests. This wavering and opportunistic behavior undoubtedly challenges the coherence of Ukraine's foreign policy decision-making.

In February 2014, the Yanukovich regime fell, and Ukraine welcomed a pro-European government. However, Russia soon launched a military intervention in Crimea. Faced with Russia's actions, pro-Western oligarchs unanimously voiced support for the Ukrainian government and condemned Russia's aggressive behavior. Oligarchs like Kolomoyskyi and Taruta even personally provided funds to equip the government's military and assist in suppressing the rebellion in eastern Ukraine [14]. Meanwhile, pro-Russian oligarchs faced criticism from domestic public opinion and investigations by law enforcement agencies. In 2017, the Ukrainian Prosecutor's Office filed a treason lawsuit against Firtash. The following year, the Ukrainian Security Service confiscated assets worth billions of dollars belonging to Firtash on grounds of threatening national security. The escalation of the Russia-Ukraine conflict essentially accelerated the polarization between pro-Western and pro-Russian forces within Ukraine, allowing pro-Western oligarchs to gain more influence while pro-Russian oligarchs found themselves in dire straits.

In 2022, with the full-scale outbreak of the Russia-Ukraine conflict, Ukrainian nationalist sentiment and anti-Russian sentiment reached unprecedented heights in the context of wartime crisis, further compressing the survival space for pro-Russian oligarchs. Ukraine's National Security and Defense Council froze all assets of Medvedchuk and his allies, and the three television stations under his control were ordered to shut down. Medvedchuk himself was arrested on treason charges, facing a maximum sentence of 15 years in prison [15]. In contrast, pro-Western oligarchs represented by Akhmetov and Kolomoyskyi seized the opportunity to reshape their image, publicly announcing donations to the Ukrainian military and voicing support for the homeland's struggle against aggression. The brutal reality of war pushed the pro-Russian and pro-Western divide in Ukraine to the extreme, with pro-Russian oligarchs completely reduced to "street rats" while pro-Western oligarchs donned the cloak of "national heroes", redefining their role in Ukraine's future political landscape.

In summary, Ukrainian oligarchs leverage their economic and political resources through lobbying, opinion shaping, business expansion, and other means to play a pivotal role in Ukraine's foreign affairs. They either act as proxies for foreign powers in Ukraine or broadcast their own geopolitical ideologies, deeply participating in and influencing Ukraine's strategic decisions. However, the role of oligarchs in foreign affairs often serves their private interests, lacking a long-term national consciousness. Their repeated wavering in foreign affairs, and even becoming "pawns" in the games of external forces in Ukraine, undoubtedly undermine the independence and coherence of Ukraine's foreign policy decision-making.

## CONCLUSIONS

As the Russia-Ukraine conflict continues, the role and influence of the Ukrainian oligarch class in foreign affairs are also constantly evolving. Overall, Ukrainian oligarchs leverage their economic strength and political networks through lobbying,

propaganda, funding military efforts, and other means to play a pivotal role in Ukraine's foreign relations. They often selectively support pro-Russian or pro-Western foreign policies based on their own interests in Russia and the West. However, under the domestic wave of "de-oligarchization" reforms and the complex and changing international situation, Ukrainian oligarchs also face many constraints in their foreign affairs. Their transnational political-business networks are being impacted as never before, and their rent-seeking space is becoming increasingly limited.

Looking to the future, the role of Ukrainian oligarchs in foreign affairs has multiple possibilities: First, as wartime nationalist sentiment surges, pro-Russian oligarchs will be further marginalized, and their influence abroad will be greatly diminished. In contrast, those oligarchs who have timely shifted to support Ukraine's resistance against Russia may gain greater influence in the post-war reconstruction. Second, the attitude of Western countries such as the U.S. and the EU toward Ukraine's "de-oligarchization" will largely influence the oligarchs' space for foreign activities. If the West continues to pressure Ukraine to deepen reforms, the difficulty for oligarchs to influence diplomacy through transnational lobbying will increase significantly. Third, the tug-of-war between the Ukrainian government and the oligarchs will also affect the positioning of the oligarchs' role in foreign affairs. If the government further tightens regulations on oligarchs and limits their unilateral actions in the diplomatic realm, the phenomenon of oligarchs dominating Ukraine's foreign relations may be curbed. Fourth, the trajectory of the geopolitical situation is a key external variable determining the fate of Ukrainian oligarchs. If the Russia-Ukraine conflict remains unresolved and Ukraine is forced to "choose sides" between Russia and the West for an extended period, the oligarchs' room for maneuver in foreign affairs will be greatly limited.

In summary, the role of Ukrainian oligarchs in foreign affairs in the post-crisis period is bound to be full of uncertainties. On one hand, they cannot avoid their structural position in Ukraine's political and economic landscape. On the other hand, the complex and changing internal and external environment also poses new constraints and challenges for the oligarchs' foreign activities. Finding a balance between maintaining business interests and adapting to the country's strategic demands will be a significant test of the diplomatic wisdom of Ukrainian oligarchs. Whether Ukrainian oligarchs can transcend their own limitations and play a more positive and constructive role in foreign affairs will also be crucial to the success or failure of Ukraine's foreign policy transformation. In-depth research on the interaction between Ukrainian oligarchs and foreign relations in the post-crisis era will not only help understand the complex role of a country's economic elites in foreign policy decision-making but also provide an important reference for exploring the impact of the evolution of state-society relations on diplomacy.

#### **DATA SHARING AGREEMENT**

The datasets used and/or analyzed during the current study are available from the corresponding author on reasonable request.

#### **COMPETING INTERESTS**

The authors have no relevant financial or non-financial interests to disclose.

#### **ACKNOWLEDGMENT**

This article was supported by no fund.

#### **REFERENCES**

- [1] Åslund, Anders. 2009. How Ukraine became a market economy and democracy. Washington D.C.: Peterson Institute for International Economics.
- [2] Melnykovska, Inna, and Rainer Schweickert. 2008. "Who you gonna call? – Oligarchic clans as a bottom-up force of neighborhood Europeanization in Ukraine." Arbeitspapiere des Osteuropa-Instituts der Freien Universität Berlin. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-439783>.
- [3] Leshchenko, Serhiy. 2016. "Sunset and/or sunrise of the Ukrainian oligarchs after the Euromaidan revolution?" In *Beyond the Euromaidan: Comparative Perspectives on Advancing Reform in Ukraine*, edited by Henry E. Hale and Robert W. Orttung, 99-114. Redwood: Stanford University Press.
- [4] Kudelia, Serhiy. 2012. "The sources of continuity and change of Ukraine's incomplete state." *Communist and Post-Communist Studies* 45 (3): 417-428. <https://doi.org/10.1016/j.postcomstud.2012.06.006>.
- [5] Leshchenko, Sergii. 2013. "Ukraine: Yanukovich's 'family' spreads its tentacles." *openDemocracy*. <https://www.opendemocracy.net/en/odr/ukraine-yanukovichs-family-spreads-its-tentacles/>.



- [6] Antimonopoly Committee of Ukraine. 2020. "Annual Report on Competition Policy Developments in Ukraine." Antimonopoly Committee of Ukraine. Accessed February 11, 2024. <https://amcu.gov.ua/storage/app/uploads/public/611/40b/177/61140b177816d149460296.pdf>.
- [7] Sorokin, Oleksiy. 2021. "Security Council says Ukraine has 13 oligarchs." Kyiv Post. <https://www.kyivpost.com/post/7709>.
- [8] Sullivan, Kevin, David L. Stern, and Kostiantyn Khudov. 2022. "War has tamed Ukraine's oligarchs, creating space for democratic change." The Washington Post. <https://www.washingtonpost.com/world/2022/12/08/ukraine-oligarchs-power-war/>.
- [9] Grey, Stephen, Tom Bergin, Sevgil Musaieva, and Roman Anin. 2014. "SPECIAL REPORT-Putin's allies channeled billions to Ukraine oligarch." Reuters. <https://www.reuters.com/article/russia-capitalism-gas-special-report-pix-idUSL3N0TF4QD20141126/>.
- [10] Balmaceda, Margarita M. 2015. The politics of energy dependency: Ukraine, Belarus, and Lithuania between domestic oligarchs and Russian pressure. Toronto: University of Toronto Press.
- [11] U.S. Department of Justice. 2014. "Six defendants indicted in alleged conspiracy to bribe government officials in India to mine titanium minerals." U.S. Department of Justice. Accessed February 11, 2024. <https://www.justice.gov/opa/pr/six-defendants-indicted-alleged-conspiracy-bribe-government-officials-india-mine-titanium>.
- [12] Ryabinska, Natalya. 2011. "The media market and media ownership in post-communist Ukraine: Impact on media independence and pluralism." Problems of Post-Communism 58 (6): 3-20. <https://doi.org/10.2753/PPC1075-8216580601>.
- [13] Kuzio, Taras. 2014. "Crime, politics and business in 1990s Ukraine." Communist and Post-Communist Studies 47 (2): 195-210. <https://doi.org/10.1016/j.postcomstud.2014.04.011>.
- [14] Puglisi, Rosaria. 2015. "Heroes or villains? Volunteer battalions in post-Maidan Ukraine." IAI Working Papers. <https://www.iai.it/en/pubblicazioni/heroes-or-villains>.
- [15] Reuters. 2022. "Ukraine files treason case against Putin ally." Reuters. Accessed February 12, 2024. <https://www.reuters.com/world/europe/ukraine-files-treason-case-against-putin-ally-2022-06-02/>.