

# UKRAINE UNDERGOES FIRST MAJOR GOVERNMENT RESHUFFLE SINCE THE START OF THE WAR

## Key takeaways from the restructuring of the Shmyhal Cabinet

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### SUMMARY

Ukrainian President Volodymyr Zelensky has initiated the first large-scale reshuffle of his government since Russia invaded Ukraine in February 2022. The restructuring brings significant personnel changes to the Cabinet of Ministers, with new stakeholders now in charge of key policy areas, including foreign affairs, justice, strategic industries, the reintegration of temporarily occupied territories, as well as agriculture and the environment. In office since March 2020, Ukrainian Prime Minister Denys Shmyhal remains in his position.

While President Zelensky argued the reshuffle was necessary to “bring new energy” to Ukraine’s government, some observers are of the opinion that the restructuring, widely expected both domestically and internationally for months, is aimed at creating a more loyal and manageable team within the government.

Several of the newly appointed government officials, including Foreign Minister Andriy Sybiha, Deputy PM Oleksiy Kuleba, Agriculture Minister Vitaliy Koval and Deputy PM – Minister of Justice Olha Stefanishyna, are believed to be closely associated with Andriy Yermak, the Head of the Presidential Office and widely seen as the second most influential public figure in Ukraine (after President Zelensky). As a result, the Government’s dependence on the Presidential Office and Yermak may increase.

As for policy implications, Aretera does not expect considerable changes in Ukrainian state policies. With changes at the leadership of several key ministries, international businesses are advised to strengthen their relationship with the Shmyhal Government.

 Below, Aretera takes a deeper look at the government reshuffle, as well as its political and policy implications.

## MAJOR CABINET SHAKE-UP

On 3<sup>rd</sup> September, several members of the Ukrainian government submitted their resignations to the Verkhovna Rada (Ukraine's parliament) as part of the largest (and a long-awaited) government reshuffle since Russia invaded Ukraine in February 2022. Ministers who submitted their resignations include (now former) Justice Minister Oleksiy Maliuska, Environment and Natural Resources Minister Ruslan Strilets, Deputy PM and Minister for the Reintegration of Temporarily Occupied Territories Iryna Vereshchuk, Strategic Industries Minister Oleksandr Kamyshyn and influential Foreign Minister Dmytro Kuleba, Deputy Prime Minister for European and Euro-Atlantic Integration Olha Stefanishyna (who was reappointed and also became responsible for the Ministry of Justice) and Head of the State Property Fund Vitaliy Koval.

New ministers have also been appointed to lead the ministries responsible for culture and information policy, agriculture, veterans' affairs, youth and sports as well as territorial development and infrastructure. In a bid to improve the image of his administration, Ukrainian President Volodymyr Zelensky also dismissed Rostyslav Shurma, one of the Deputy Heads of the Presidential Office (responsible for economic and energy policy), due to a loss of confidence over his inefficiency and alleged links to corruption.

## NEW FACES HEADING KEY PORTFOLIOS

As Foreign Minister, Kuleba has been replaced by his deputy, Andriy Sybiha, a career diplomat and Ukraine's former Ambassador to Türkiye, and who previously served as one of the Deputy Heads of the Presidential Office, with a focus on foreign policy. Kuleba was widely regarded as one of the most influential voices for Ukraine on the international stage, however the Presidential Office was reportedly dissatisfied with his failure to secure Western approval for Ukraine to target large-scale military targets inside Russia. The ex-Minister will reportedly stay in the diplomatic service, potentially as Ukraine's next Ambassador to the EU.

Deputy PM for European and Euro-Atlantic Integration Olha Stefanishyna has already taken over the justice portfolio from Minister Maliuska (who has reportedly wanted to step down for some time).

Deputy Head of the Presidential Office Oleksiy Kuleba, also a former Governor of the Kyiv Oblast (region), becomes Ukraine's Deputy PM, responsible for the reintegration of the country's temporarily occupied territories. Kuleba also took charge of the Ministry of the Development of Communities, Territories and Infrastructure, however Kyiv is expected to create a separate Infrastructure Ministry following the reshuffle.

Herman Smetanin, head of the state-owned defence industrial conglomerate Ukroboronprom, will now serve as Strategic Industries Minister and take charge of the industries considered critical for the war effort. With Ruslan Strilets reportedly dismissed due to a lack of policy achievements, the Environment and Natural Resources Ministry will be led by Svitlana Hrynychuk, who previously worked as Deputy Energy Minister but has also held environment policy-related leadership positions in the government.

As for those ministries which did not have permanent heads, agriculture policy was assigned to Vitaliy Koval, who stepped down from his position as Head of Ukraine's State Property Fund. Longtime diplomat Mykola Tochytskyi will serve as Culture and Information Minister, while the Veterans' Affairs Ministry will be headed by Natalia Kalmykova, a former Deputy Defence Minister. Matviy Bidnyi became the only acting Minister who kept his job, as Youth and Sports Minister.

## THE COMPOSITION OF THE SHMYHAL CABINET

Cabinet Composition as of 9 <sup>th</sup> September, 2024		
Cabinet Member	Position	Portfolio
Denys Shmyhal	Prime Minister	-
Yuliia Svyrydenko	First Deputy PM & Minister	Economy
Oleksiy Kuleba	Deputy PM & Minister	Restoration, Development of Communities & Territories
Olha Stefanishyna	Deputy PM & Minister	Euro-Atlantic Integration & Justice
Mykhailo Fedorov	Deputy PM & Minister	Education, Innovation, Science, Technology & Digital Transformation
Oleh Nemchinov	Minister	Minister of the Cabinet of Ministers
Matvii Bidnyi	Minister	Youth & Sports
German Galuschenko	Minister	Energy
Svitlana Hrynychuk	Minister	Environmental Protection & Natural Resources
Natalia Kalmykova	Minister	Veterans' Affairs
Ihor Klymenko	Minister	Internal Affairs
Vitaliy Koval	Minister	Agriculture & Food Policy
Viktor Liashko	Minister	Health
Oksen Lisovyi	Minister	Education & Science
Serhii Marchenko	Minister	Finance
Herman Smetanin	Minister	Strategic Industries
Andriy Sybiha	Minister	Foreign Affairs
Mykola Tochytskyi	Minister	Culture & Strategic Communications
Rustem Umerov	Minister	Defence
Oksana Zholnovych	Minister	Social Policy

Source: [Government of Ukraine](#)

### KEY TAKEAWAYS FROM THE RESTRUCTURING

Commenting on the reshuffle, President Zelensky [said](#) he is grateful for the service of the departing cabinet members, however noted that the government “needs new energy and the strengthening of certain [political] directions.” Those in favour of the restructuring note that several ministers are believed to be exhausted due to the enormous emotional and physical toll their jobs have required since the Russian invasion.

At the same time, critics argue that the reshuffle, which was widely expected both domestically and internationally for months, will create a more loyal and manageable team within the government as

many of the newly appointed government officials are often perceived by political commentators as closely associated to Andriy Yermak, Head of the Presidential Office.

## PM SHMYHAL TO STAY – FOR NOW

Prior to the reshuffle, there was speculation over a meeting between President Zelensky and Prime Minister Denys Shmyhal at which the Ukrainian PM supposedly demanded that Zelensky either put an end to alleged rumours about his forthcoming resignation (which Shmyhal considered disruptive to his Cabinet) or dismisses him. According to these rumours, Zelensky eventually decided that Shmyhal should continue as Prime Minister in the absence of another viable candidate for the role.

In Ukraine, replacing the Prime Minister and, consequently, the whole cabinet is prohibited martial law, which would have made such a decision even more difficult. However, the PM can resign for health reasons and – under such a scenario – would be replaced by an acting head of government, although they would be limited in terms of decision-making.


## POLICY IMPLICATIONS

The first large-scale government restructuring since the start of Russia's war means significant personnel changes, however Aretera does not expect considerable changes in Ukrainian state policies. Kyiv will continue to focus on strengthening defence efforts needed to counter the ongoing Russian aggression, broadening international support for Ukraine and advancing the country's Euro-Atlantic aspirations.

For international investors, the restructuring means significant changes among key public stakeholders, including those responsible for overseeing Ukraine's Euro-Atlantic trajectory, strategic industries and a number of corporate-relevant policy areas. Accordingly, international businesses are advised to strengthen their relationships with the reshuffled Shmyhal Cabinet.

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