

iMoRe 35: May Mire, or Contradictory Reforms: odious law on the Prosecutor General's Office and contested opening of air transportation market

iMoRe index reveals that reforms in Ukraine switched from small to paltry steps in the second half of May. What was important in the country and how it affected the pace of reforms?

The second decade of May has seen very few with reforms. Experts evaluated six events, while the Index for Monitoring Reforms declined to one of the lowest levels: +0.4 points. The only event graded slightly higher than one was the liberalization of the airline market. On the other hand, contradictory and negative events start appearing in the surveys with increasing frequency. In particular, this time experts' reaction to changes to the Law on the Prosecutor General's Office was quite mixed. The law was adopted with the speed of light. We regret that more progressive reforms are not adopted this fast; on the contrary, they often gather dust on the shelves.

Chart 1. iMoRe dynamics*



* iMoRe team considers index value of at least 2 an acceptable pace of reform

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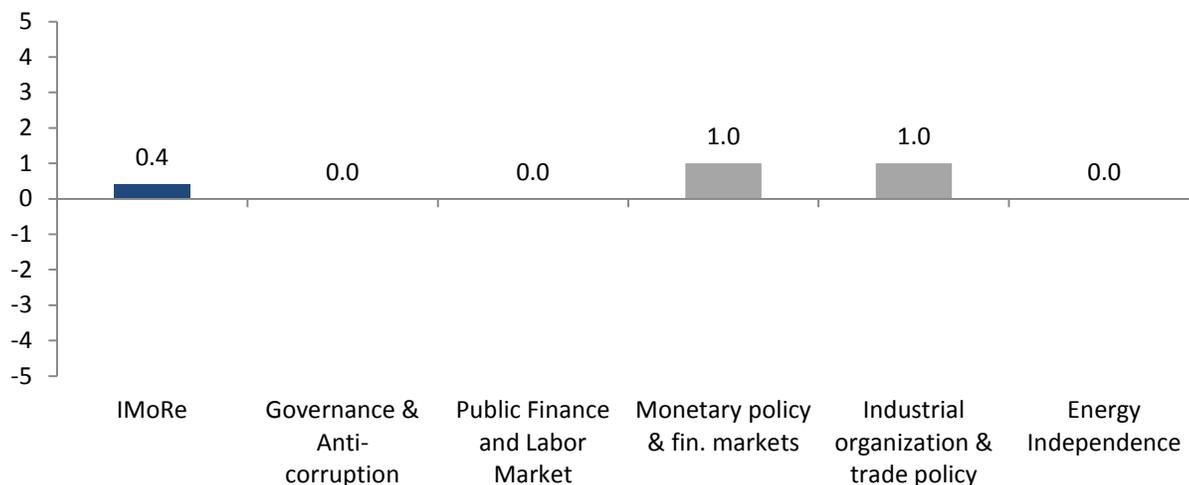
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Chart 2. iMoRe and its components in the current round



Doubtful progress

1) The law on amendments to some legislative acts on the activities of the Prosecutor General's Office of Ukraine: 0.0 points

The overall assessment of the law is 0, though experts' grades ranged from -2 to +1 point. The law (1355-VIII of 12.05.2016) canceled the requirement of a law degree for the Prosecutor General (the requirement for higher education degree remained) while the requirement of work experience as a prosecutor was replaced by work experience in the field of law.

Another change essential is related to the investigation in absentia. Now it becomes unnecessary to put a person on the international wanted list for absentee investigation. The special pre-trial investigation can be applied if a person is hiding from the investigation and/or is outside Ukraine, in the temporarily occupied territory or the anti-terrorist operation zone for more than six months, but is not put on the international wanted list. The latter change primarily concerns cases against the former president and his cronies.

In general, most criticism was about the fact that the law was designed for a particular candidate for the Prosecutor General. The speed of adoption, signing and publication of the law, together with the appointment of the new Prosecutor General, only increased experts' and public indignation.

"This law is tailored to a specific individual to be appointed to a specific institution. This is a violation of the fundamental principle of even rules for everyone and commitment to uphold these rules in spite of political pressure and self-serving considerations."

Tymofiy Mylovanov, the University of Pittsburgh

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“The positive side of these amendments to the law is the possibility to appoint people “from outside the system” (due to the cancellation of prosecutorial experience requirements). The negative side is the adoption procedure, in particular, the fact that it was tailored to a specific person.”

Ilona Sologoub, Kyiv School of Economics

The most important positive developments

2) State Aviation Administration simplified access to the air transportation market: +1.5 points

The State Aviation Administration of Ukraine amended (Order 222 of 04.04.2016) Aviation Rules of Ukraine regarding procedure of granting and revocation of a right to operate airline routes.

The development is aimed at liberalizing air transportation market, creating equal conditions for all market participants, strengthening competition. In particular, the new order canceled discriminatory provision, according to which rights for international air transportation could be given to only those companies that performed scheduled air transportation within Ukraine for at least a year.

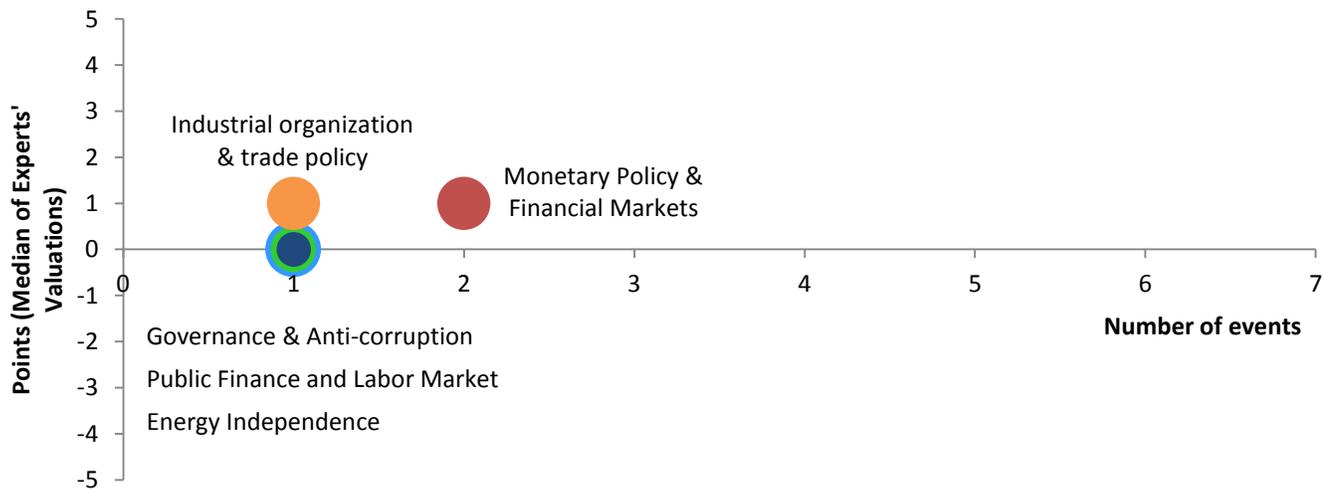
Secondly, the development canceled duplication of verification of substantial ownership and effective control of the company for obtaining the right to operate an airline route. The carrier undergoes this procedure when obtaining a license. More to that, full payment of state fees foreseen by Air Code of Ukraine became a necessary condition to obtain the rights to operate airline routes.

However, the new rules are challenged in court at the moment.

“This decision is extremely important to encourage competition in the industry, and therefore provide for lower prices and quality improvement of air transportation. Hopefully, it is not blocked by lawsuits, particularly the cancelation of the requirement on operating experience in the domestic market as a prerequisite for entering the international one.”

Veronika Movchan, the Institute for Economic Research and Policy Consulting

Chart 3. Value of iMoRe components and number of events April 18 – May 8, 2016



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Index for Monitoring Reforms (iMoRe)

Release 35

Monitoring period: May 9– 22, 2016



(Please see other charts on the website http://imorevox.in.ua/?page_id=577, http://imorevox.in.ua/list_rounds.php)

Note: Index for Monitoring Reforms (iMoRe) from VoxUkraine aims to provide a comprehensive assessment of reform efforts by Ukraine’s authorities. The Index is based on expert assessments of changes in the regulatory environment in five areas:

1. *Governance and Anti-Corruption*
2. *Public Finance and Labor Market*
3. *Monetary Policy and Financial Markets*
4. *Industrial Organization and Foreign Trade*
5. *Energy Independence*

For details please visit imorevox.in.ua.

VoxUkraine is a group of global economists and members of the Ukrainian policy community who are working on reforms in Ukraine. The goals of VoxUkraine are to promote research-based policy analysis and commentary on economic developments in Ukraine, to formulate a systemic approach to reforms, to provide high-quality discussion platforms, and to integrate Ukraine into the global network of economists and public policy leaders.

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