

# As Economy Improves, Poroshenko Leads in Polls

## CONTENTS

**President Poroshenko Leads in Polls; Vakarchuk Surprises**

**Poroshenko Commits to Tax Overhaul and Land Reform**

**Anti-Corruption Battle Wages Between NABU and SBU, PGO**

**New Supreme Court Chief Justice Offers Optimism for Reform**

**Poroshenko Talks New Macro-Financial Aid Program with EU**

**UAH Hovers Below 27, Despite Downward Pressure**

**Industrial Output Inches up 0.4% y/y on Erratic Performance**

**Retail Trade Slows to 4.4% y/y, Reflecting Official Income Gap**

**Consumer Prices Dip to 1.2% m/m, but Food Prices Stay High**

**Monetary Base Grows 0.9% m/m as Treasury Residuals Fall in October**

**Fiscal Accounts: Revenues Slow to +19.2%**

**External Accounts: Trade Deficit Expands Again**

**Calendar of Events**

Fresh voter polls are giving President Petro Poroshenko the best chance of winning the 2019 presidential race. Ukrainians seem to see that Poroshenko is not perfect, but he can claim some positive achievements, like the visa-free regime with the EU. Given the improving economic situation, he's likely to strengthen his position over the next year or so. Among popular measures he plans to benefit from is a tax on withdrawn capital — effectively a tax on dividends. The corporate profit tax offers plenty of interpretation room for the Tax Administration — and therefore corruption opportunities. A tax on withdrawn capital should eliminate this arbitrariness, and has been widely welcomed by business. There was a new wave of anti-corruption scandals in November. The National Anti-Corruption Bureau of Ukraine (NABU) organized a few high-profile arrests, but its courage only triggered active resistance from Ukraine's establishment. So the Prosecutor General's Office and the Security Bureau of Ukraine (SBU) aborted one of NABU's covert operations, and declassified its agents. The U.S. Department of State reacted harshly to this new attack on NABU>>>