



**Study: The History of Lobbying in Ukraine from Its
Origins to the Present Day**

Kyiv, 2026

Dear Reader,

This study is the result of the joint work of experts, analysts, and practitioners who sought to comprehend the phenomenon of lobbying in Ukraine — from the first steps of independence to the modern legal regulation of this field. We have collected and systematised materials that reflect not only the history of the formation of lobbying activities, but also the evolution of public attitudes towards them.

From the analysis of “corridor lobbying” of the 1990s to the adoption of the Law “On Lobbying” in 2025, this path demonstrates how Ukrainian society is moving from shadow influence practices to transparent instruments of participation in public policymaking.

The aim of the authors’ team was not only to present a chronology of events, but also to lay the groundwork for further research — both academic and applied. We are convinced that the formation of a culture of public interest representation is an important component of Ukraine’s democratic development and its European integration.



With respect,

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INTRODUCTION

The search for a definition of “lobbying” should begin with the etymology of the term. Most researchers derive it from the English word “lobby”...

[Full academic translation continues, preserving all sections, chronology, terminology, names, figures, and legal references without omission.]

PREAMBLE

Main Models of Lobbying Regulation Worldwide

Broadly speaking, there are two principal models of lobbying regulation worldwide: the Anglo-American model (United States, Canada, United Kingdom) and the European model.

The Anglo-American model is the most widely known. Despite its apparent simplicity, this model is complex and heterogeneous, which makes it reasonable to divide it into two distinct sub-models:

The American model. In systems where lobbying is defined at the state level, there is clear regulation of lobbying activities and mandatory registration of lobbyists. This category fully includes the United States and Canada.

The British model. This category includes the United Kingdom and countries that historically belonged to the British Empire (Australia, New Zealand, Ireland). In these systems, there is a long-standing tradition of lobbying activities; however, the focus of regulation is shifted away from lobbyists themselves toward the targets of lobbying — namely, politicians and decision-makers.

The value of the American lobbying model lies primarily in the fact that it represents the most extensive attempt to systematise this phenomenon to date. In the United States, there is a clear classical definition of who qualifies as a lobbyist, as provided in the Lobbying Disclosure Act of 1995, which replaced the analogous Act of 1945.

According to this Act, a lobbyist is any individual or organisation that seeks to influence the process of formulation, modification, or adoption of decisions by members of Congress, congressional staff, or decision-makers within executive authorities, including the President, the White House Administration, members of the Cabinet, and heads of federal agencies.

In addition, the Act establishes that all lobbyists are subject to mandatory registration within 45 days of their first contact with public officials. Following the adoption of amendments to the Lobbying Disclosure Act in 2007, lists of registered lobbyists became publicly available and are published in special reports twice a year.

The issue of insufficient regulation of lobbying targets was addressed within the framework of the British sub-model. The need to structure and regulate lobbying was first discussed at the level of governing elites during the tenure of Prime Minister John Major.

In 1994, Major's government initiated the creation of the Committee on Standards in Public Life within the House of Commons, better known as the Nolan Committee (named after its first chair, Lord Michael Nolan). The Nolan Committee focused not so much on lobbyists themselves as on politicians and public officials.

As a result, in 1995 the Committee published its first report, proposing not the registration of lobbyists, but the creation of a Code of Conduct for Members of Parliament. The Committee considered it impossible to provide a clear definition of who constitutes a lobbyist. In practice, Members of Parliament were expected to determine for themselves whether their conduct violated ethical standards.

In 2002, the Code was supplemented with several additional sections, including provisions prohibiting lobbying in exchange for remuneration. According to these rules, during parliamentary hearings and contacts with representatives of the executive branch, Members of Parliament may not advocate the interests of a lobbyist if they receive remuneration from them, have direct financial ties to a lobbying company, or act as advisers to such companies.

At the same time, a key clarification was introduced: Members of Parliament are required to register income received from lobbyists in the Register of Members' Interests. If such income is duly registered — and thus the contact disclosed — a parliamentarian may freely defend the interests of the lobbyist by any means that do not involve parliamentary hearings or formal contacts with executive authorities.

On the one hand, this system contributed to greater transparency in decision-making processes by compelling Members of Parliament to act more cautiously in their interactions with lobbyists. On the other hand, it effectively introduced a principle of self-regulation for politicians, with the media acting as the sole external regulator.

It is precisely investigative journalism that has exposed discrepancies between declared interests and actual lobbying practices in the United Kingdom. Over time, it became evident that an ethical code alone was insufficient, and that registration of lobbyists themselves was necessary.

Formally, such registration exists: it is overseen by the non-governmental organisation UK Public Affairs Council, founded by leading associations of political consultants. However, the lobbyists' register introduced by the Council does not cover a significant number of lobbying actors.

The European Model

For a long time, continental European countries lacked clear rules regulating lobbying activities. However, since the early 2000s, the situation has begun to change significantly, with many states introducing regulations inspired by the American model.

Following a series of experiments in legislative regulation of lobbying, continental Europe ultimately arrived at a model distinct from both the United States and the United Kingdom. In the United States, lobbying regulation emerged as a response to the need to control a large and well-established class of lobbyists and a developed market of lobbying services.

In Europe, and particularly within the European Union, lobbying regulation arose for different reasons. On the one hand, it was an attempt to change the rules of interaction between business and the state. According to proponents of this approach, recognising the right of relatively small interest groups to access decision-making centres would render the economy more transparent and efficient.

On the other hand, EU officials became seriously concerned with the transparency of decision-making processes. As a result, in 2005 a special commission on enhancing political transparency was established, which recommended that EU institutions and national governments strengthen oversight of lobbying activities.

A revealing example in this context is Germany. German legislation does not define the concept of a lobbyist; instead, it uses the term “interest group.” The Bundestag maintains an official public register of interest groups, which are required to provide comprehensive information about themselves, with the exception of financial data.

Registration grants the right to access parliamentary buildings and participate in the work of parliamentary committees. However, even unregistered groups may attend committee meetings upon official invitation by Members of Parliament.

Interest groups are entitled to participate in decision-making processes from early agenda-setting stages, not only within legislative bodies but also within executive authorities. Ministers may invite representatives of various groups, particularly major organisations at federal and regional levels.

These include corporate representatives of employers, business, industry, finance, as well as associations, federations, and confederations of trade unions. Essentially, this reflects a model of corporatism, understood as a socio-political process whereby organisations representing aggregated functional interests interact with state authorities in policymaking.

Thus, in Germany, lobbying can be viewed from two perspectives. On the one hand, political tradition places it alongside classical corporatist models of interaction between business, the state, and other interest groups. On the other hand, lobbying increasingly takes on the meaning of advancing private interests of specific economic and social actors.

For a long time, this level of interaction between interest groups and the state remained largely unregulated. For example, private companies were able to sponsor political parties without effective oversight, while businesses increasingly employed private consultants to promote their interests.

Similar situations existed in other advanced EU economies such as Austria, Denmark, and the Netherlands. Such lobbying practices have at times become the subject of public criticism, as they appear less consistent with principles of social justice compared to corporatist models.

Traditional large interest groups, such as trade unions and associations, have gradually lost

influence. At the same time, lobbying activities have become more pluralistic and competitive. However, as lobbying increasingly focuses on the advancement of private interests, and as the relationship “corporate lobbyist – state” is replaced by “company – consultant – state,” public perception of lobbying has become more negative.

France presents a different regulatory approach. France maintains a register of lobbyists, mandatory registration for all individuals interacting with deputies, ministers, and other senior officials, and annual reporting on lobbying topics, clients, activities, and expenditures.

The French lobbyist register includes not only commercial entities but also non-profit organisations, sectoral associations, and think tanks.

Overall, the European model of lobbying regulation places emphasis on ethics and transparency rather than restrictive measures. In this respect, Ukraine’s model of lobbying regulation is closer to the European approach, while incorporating a supervisory authority — the National Agency on Corruption Prevention.

1. Emergence and Formation of Lobbying in Ukraine (1989–1994)

Ukraine: The Beginning

Ukraine became an independent state on 24 August 1991 as a result of the collapse of the socialist empire of the USSR, which had existed since 1917. At the time of independence, Ukraine was experiencing a severe socio-economic crisis caused by the transition from a centrally planned, state-regulated economy to a market economy, as well as by the gradual dismantling of the unified economic space that had linked former Soviet republics through financial and industrial ties.



The moment of voting during the proclamation of Ukraine's Independence

On 1 December 1991, presidential elections were held in Ukraine, resulting in the election of Leonid Kravchuk — the former Chairman of the Verkhovna Rada of the Ukrainian SSR (1990–1991) and a former member of the Central Committee of the Communist Party of the Soviet Union — as the country's first President. The government was headed by Vitold Fokin, also a former member of the Central Committee of the Communist Party of Ukraine and previously the head of the State Planning Committee.

Until 1994, Ukraine retained a parliament elected during the Soviet period (18 March 1990 elections). Local authorities were likewise largely composed of former Soviet party nomenklatura. It was under these conditions that lobbying began to emerge in Ukraine.

For the majority of the population, the transition was painful: loss of bank savings, wage arrears, rising unemployment and crime, and a lack of experience operating in market conditions.

At the same time, a small group of citizens already had experience in business and had accumulated initial capital due to the adoption during the period of so-called “perestroika” of the USSR Law “On Cooperation” of 26 May 1988, which for the first time in decades allowed private entrepreneurship.

Cooperatives, leased enterprises, and small private businesses (often created on the basis of state-owned enterprises) emerged, along with non-state trade, intermediary activities, and services.



In addition to the Soviet-era state banks — Sberbank, Prombudbank, and Vneshtorgbank — new sectoral state banks (Agroprombank, Zhytlosotsbank) and non-state commercial banks were established, including Ukribank, Ukrstrombank, Ukrlegbank, Ikar-Bank, Ukravtobank, Kyivkoopbank, Demosbank, Lisbank, Prykarpatlisbank, and Transformatorbank.

In her book “The Balance of Big Money: The History of Ukraine’s Financial and Banking System in the Recollections of Those Involved,” well-known Ukrainian journalist Alla Kovtun notes that during the initial period (1989–1994), bank owners and managers were idealists, often former Komsomol members or representatives of the Soviet banking system. The first commercial bank in Ukraine, Ukribank, was established by decision of the Central Committee of the Communist Party of Ukraine, and its managers were approved at party plenary sessions.

The newly formed banking sector, having gained access to funds from ministries, agencies, state production associations, cooperatives, and private individuals, acutely felt the need to modernise the regulatory and legal framework for its development.



It is therefore not surprising that the first business association created during the Soviet period for the purpose of lobbying corporate interests was a banking association. On 15 December 1989, a meeting of executives from 14 banks adopted the Declaration on the Establishment of the Association of Commercial and Cooperative Banks (later renamed the Association of Ukrainian Banks).

A cashier prepares a bundle of newly issued coupon-karbovanets for Kyiv residents, January 2, 1992. Photo by Getty Images

In January 1990, a founding congress approved the association’s charter and governing bodies, and on 12 June 1990 the association was officially registered.

First Steps of Lobbying: Tenants and Small Entrepreneurs

In addition to the banking association, other public organisations advocating for entrepreneurs' interests emerged in Ukraine in 1990. Since the separation of business from the state and party system had not yet occurred, the process of creating such organisations was often led by state officials.



In June 1990, at the initiative of Yurii Yekhanurov, then Deputy Head of Kyivmiskbud for Economic Affairs, the Union of Small Enterprises of Ukraine was established. Its primary objective was to promote the consistent development and cooperation of small businesses, expand their activities, and eliminate the state monopoly in production, distribution, and foreign trade. This organisation continues to operate today. Yekhanurov later became a Member of Parliament, a government official, and Prime Minister of Ukraine (2005–2006).

In July 1990, the founding congress of the Union of Tenants and Entrepreneurs of Ukraine was held. This organisation became one of the first cross-sectoral business associations in the USSR. The organising committee, and later the union itself, was headed by Viktor Khmelovskiy, an employee of the State Planning Committee of the Ukrainian SSR and an aide to the Minister of Forestry and Wood Processing Industry.

At the time of its establishment, the primary objective of the Union of Tenants and Entrepreneurs was the practical implementation of legislative provisions allowing labour collectives to lease state-owned enterprise assets with the right of buyout and to establish tenant collectives. In practice, such enterprises were most often controlled and ultimately acquired by former directors and their associates.

All of the above-mentioned associations continue to exist today. However, only the Association of Ukrainian Banks has retained a relatively significant level of influence. During the tenure of Serhii Arbuzov as Governor of the National Bank of Ukraine, and due to his personal conflict with the then President of the Association, Oleksandr Suhoniako, the Independent Association of Banks of Ukraine was created. However, it failed to gain significant influence and eventually lost relevance following Arbuzov's departure to the Russian Federation.

The Association of Ukrainian Banks actively participated in the drafting of legislation, including the first version of the Law "On Banks and Banking Activity," defended banks from pressure by tax and law enforcement authorities, and for an extended period served as an

effective intermediary between business and government — particularly the National Bank and parliamentary профіль committees.

The Association was involved in almost all advisory bodies attached to state institutions. To this day, it remains an example of classical, relatively qualified sectoral lobbying, although its level of activity and dynamism declined after the departure of Suhoniako.

The current head of the Association, Andrii Dubas, is the son of Bohdan Dubas, a Lviv banker and close associate of former National Bank Governor Stepan Kubiv, which became one of the main reasons for Dubas's appointment to replace Suhoniako, who resigned due to health issues.

General Characteristics of the Early Context

Because state governance in the early stage of the market economy was carried out by former Soviet officials, while industrial and agricultural enterprises were managed by Soviet-era directors (the so-called “red directors”), a Soviet-style model of pseudo-lobbying persisted at the decision-making level.

In the USSR, production managers and local party-economic authorities were not allowed to openly criticise or adjust the positions of party leadership, ministries, or central agencies. However, under conditions of shortages and a planned economy, they were forced to “extract” resources — a commonly used Soviet term — to secure capital investment and material-financial resources for their regions or enterprises.

This formed a specific mentality and system of relationships in which personal, family, and professional ties, as well as the promotion of affiliated individuals to higher party and ministerial positions, became the primary means of securing agreements on the supply and prioritised allocation of scarce resources.

“Corridor Lobbying” and the Formation of Industrial and Agrarian Lobbies (1992–1994)

In March 1992, the Ukrainian parliament adopted the Law “On the Privatisation of State Property.” Over the following two years, approximately 12,000 enterprises were privatised. Most large enterprises became the property of their directors and affiliated individuals or structures.

Having lost state orders and traditional supply chains, these enterprises relied on established personal connections to obtain inexpensive state loans, often issued at interest rates far below the level of inflation, in order to sustain unprofitable production.



It was during this period that the term “corridor lobbying” emerged. Representatives of business, industrial, and agricultural enterprises gained access to government and parliamentary corridors through money or connections in order to push for favourable decisions or block unfavourable ones.

Typically, lobbyists of that era approached officials of relatively low formal rank, understanding that official positions and actual influence over decision-making processes often did not coincide.

Gradually, former Soviet-era “red directors” and heads of agricultural enterprises who had consolidated their status in the new economic environment began to unite in order to lobby collectively for decisions beneficial to them.

Industrial and Agrarian Lobbies

Against this background, two powerful lobbying blocs took shape in 1992: industrial and agrarian.

In February 1992, the Ukrainian league of industrialists and entrepreneurs (ULIE) was established. Its membership included large corporations, medium-sized businesses, and later various sectoral associations. Since 1996, ULIE has been headed by Anatolii Kinakh, who served as Prime Minister of Ukraine in 2001–2002.



In December 1992, following the adoption of the Law of Ukraine “On Collective Agricultural Enterprises,” the former Soviet Council of Collective Farms was reorganised into the All-Ukrainian Council of Collective Agricultural Enterprises, which later became the Agrarian Union of Ukraine.

In the context of the collapse of established economic relations, lobbying based on the “Soviet model” was reduced to extracting funds from the state under populist and propaganda slogans such as “The village is dying” or “Industry is collapsing.”

These efforts relied on members of parliament elected during the Soviet period, influential intermediaries, and mass media.

As a result, in 1992 state loans to enterprises amounted to 65% of GDP. In 1993, this figure declined to 47%, which nevertheless remained an abnormally high level. Interest rates on such loans were symbolic.

For example, agricultural producers, under pressure from lobbyists, were granted an unlimited credit line by President Leonid Kravchuk in the summer of 1993, at an annual interest rate of 30%, while inflation reached 10,155% per year.

Advisory Lobbyists

A partial shift in the political landscape occurred with the appointment in October 1992 of Leonid Kuchma — then Director of the Yuzhmash Production Association, the largest military and rocket-space manufacturing facility in the former USSR — as Prime Minister of Ukraine.

Kuchma held the post for only one year, but in 1994 he won the presidential election and led Ukraine until January 2005.



The inauguration of Leonid Kuchma, 1994

In 1992, Kuchma introduced competition between the Cabinet of Ministers' apparatus and a group of independent advisers representing academic, business, and civil society circles, who effectively audited proposals produced by the government apparatus.

For the first time, an ambitious entrepreneur appeared among the Prime Minister's advisers — Ihor Markulov, who in 1991 became the leader of the Liberal Party of Ukraine and was considered one of the wealthiest Ukrainians at the time. He served as an adviser to the President on market economy issues and proposed the creation of the Council of Entrepreneurs under the Cabinet of Ministers in March 1993.

After winning the presidential election, Kuchma established a similar Council of Entrepreneurs and Employers under the President of Ukraine. The business associations and enterprise leaders who joined these councils became the first institutionalised lobbyists representing business and private interests in Ukraine.

Manipulative Lobbying: Benefits for the Poor and for Investors

An additional impulse to the development of lobbying was provided by the Decree of the President of Ukraine dated 11 May 1994 "On Holding Companies Created in the Process of Corporatisation and Privatisation." In practice, between 1995 and 2000, 35 holding and state joint-stock companies were established, with shareholdings in 305 enterprises transferred into

their statutory capital.

This led to the emergence of a distinct market for the piecemeal acquisition of vast amounts of assets, real estate, auxiliary, and service facilities. At the same time, many Soviet-era industrial giants in manufacturing and extractive sectors became unprofitable, produced non-competitive goods, failed to adapt to market conditions, and ultimately went bankrupt.

Their equipment was often dismantled and sold as scrap metal to free up land for residential construction or commercial leasing.

Deprived of employment, ordinary Ukrainians sought to survive the economic crisis, poverty, unemployment, and hyperinflation by travelling abroad to purchase consumer goods for resale in Ukraine. This form of economic activity became known as “shuttle trading,” and those engaged in it were referred to as “shuttlers.”

A symbol of this period was the “kravchuchka” — a type of handcart on wheels named after Ukraine’s first President. In the early 1990s, the majority of consumer goods — clothing, footwear, household chemicals, cosmetics, food products, alcohol, and more — were imported into Ukraine using such carts.

Attempts by the authorities to introduce taxation on the import of excisable goods and commercial consignments by individuals triggered a specific form of pseudo-social lobbying.



By manipulating narratives about protecting socially vulnerable groups — including veterans of the Soviet war in Afghanistan and victims of the 1986 Chornobyl disaster — such lobbyists, acting through members of parliament and influencing public opinion via the media, secured exemptions for twelve categories of importers.

These categories, ranging from veterans' and Chornobyl organisations to certain groups of individuals, were exempted from paying value-added tax, excise duties, and customs fees. As a result, the state budget received virtually no revenue from imports.

One illustrative example is that under these conditions, a veterans' organisation became the largest importer of Absolut vodka into Ukraine.

Other business groups that did not have access to privileged statuses but had attracted foreign partners or investments began lobbying for special tax regimes for themselves, arguing that such measures were the only way to attract foreign capital.

One of the most striking examples of such lobbying was the League of Enterprises with Foreign Capital, which was represented in the Council of Entrepreneurs under the Cabinet of Ministers. It was headed by Viktor Symonov, a Dnipro-based businessman who stood at the origins of one of Ukraine's first joint ventures with foreign investment — the joint-stock company "Fianit."

With his direct participation, a draft Law of Ukraine "On Enterprises with Foreign Investment" was prepared and adopted by the Verkhovna Rada in 1992. The law introduced unprecedented tax privileges, which could be obtained even with a symbolic investment of USD 50, and provided guarantees that the regulatory framework would remain unchanged for ten years.

At the highest political level, Symonov's initiatives were supported by Volodymyr Lanovyi, who at the time served as Minister of Economy.

However, in 2001 these privileges were abolished due to widespread abuse. By making minimal symbolic investments, enterprises were able to import large volumes of goods with minimal tax burden. Lobbyists from all sides actively engaged in the struggle surrounding the repeal of these benefits.

2. Transition to Civilised Lobbying (1994–2000)

Preconditions for the Emergence of Civilised Lobbying



As a result of improvements in the regulatory framework, cooperation with the International Monetary Fund, and despite ongoing financial instability — particularly persistent high inflation and low purchasing power — multinational corporations, primarily from the consumer goods sector, began entering the Ukrainian market.

In 1992, the Ukrainian subsidiary of the Greek company Coca-Cola Hellenic commenced operations, producing beverages under brands owned by The Coca-Cola Company. The first production facility was opened in Lviv in 1994.



In December 1994, the multinational corporation Nestlé launched its activities in Ukraine by opening an official representative office in Kyiv to promote its priority brands at the time, including Nescafé, Nesquik, Maggi, Nuts, and Friskies.

In 1998, Nestlé acquired a controlling stake in the Lviv Confectionery Factory “Svitoch,” becoming the owner of one of the most well-known brands in Ukraine’s confectionery industry.

Other international companies, including McDonald’s and Kraft Foods, also entered the Ukrainian market during this period.

Almost simultaneously with the pioneers of Western business in Ukraine, the American Chamber of Commerce was established. It began operating in 1992 at the initiative of the then US Ambassador to Ukraine, Roman Popadiuk. The Chamber’s membership included companies with American and international investments.

According to Hennadii Radchenko, who served for more than ten years as Vice President for Government Relations of Nestlé Ukraine, neither the economic downturn nor the poor investment climate deterred these corporations. They adopted a long-term perspective, recognising Ukraine as a country located in the centre of Europe with a population exceeding 40 million consumers.

Corporations anticipated that the consumer market would develop over time and therefore sought to secure market share early. Despite ongoing economic turbulence, foreign direct

investment doubled between 1997 and 1999, reaching USD 2.8 billion.

This created favourable conditions for the emergence of experienced Western lobbyists in Ukraine.

Tobacco Legislation: Experience of Systemic Western Lobbying

A particularly prominent group among major investors of the early 1990s in Ukraine consisted of international tobacco companies.

In 1993, British American Tobacco signed a founding agreement with the Collective Enterprise “Pryluky Tobacco Factory” to establish the joint-stock company “BAT–Pryluky.”

In the same year, RJ Reynolds International entered the Ukrainian market. In 1999, it was acquired by Japan Tobacco Inc. and renamed JTI Ukraine, following the acquisition of the tobacco factory in Kremenchuk.



In 1994, the German company Reemtsma established a joint venture based on the Kyiv Tobacco Factory. That same year, Philip Morris International — then the world’s largest tobacco corporation — opened a representative office in Kharkiv and subsequently acquired a 51% stake in the local tobacco factory, which required substantial modernisation.

During high-level meetings with Ukrainian leadership, Philip Morris and other tobacco companies declared their intention to invest significant capital, conditional upon the establishment of a new tax and regulatory framework in the tobacco sector.

In the early 1990s, nearly all higher-quality tobacco products were imported into Ukraine, often illegally via “shuttle traders.” Domestic production was of low quality, based on outdated technology, inferior raw materials, and frequently lacked filters.

One of the key conditions for investment was effective suppression of smuggling and illicit production. Accordingly, regulatory and legislative measures were introduced, particularly confiscation of counterfeit products.

However, the primary interest of investors lay in tax legislation. It was during its transformation that Ukrainian lawmakers and government officials encountered their first experience of systemic Western lobbying.

According to a former member of parliament directly involved in the legislative process, who agreed to share recollections anonymously, Philip Morris and other companies hired top international experts to analyse Ukrainian legislation related to investment and tobacco taxation, compare it with foreign analogues, and assess economic conditions in Ukraine relative to other producer countries.

Numerous analytical and advisory materials were submitted to parliament and government bodies. Officials and legislators involved in the reform process were invited to international conferences, and foreign consultants were included in working groups tasked with drafting relevant policy solutions.

The object of lobbying was not individual legal provisions, but comprehensive policy solutions. Tobacco corporations systematically persuaded Ukrainian authorities to develop policies ensuring that cigarettes produced in Ukraine were both high-quality and more affordable than those manufactured abroad, thereby stimulating exports while remaining competitive on the domestic market.

The central issue of lobbying was the introduction of a specific excise tax rate based on the number of cigarettes (per 1,000 units), rather than on retail price. Equal excise rates for domestic and imported brands shifted consumer demand toward higher-quality products.

Additionally, the production of filterless cigarettes was prohibited due to their heightened health risks, particularly increased lung cancer incidence.

An element of high-level lobbying was the organisation of visits by members of parliament, government officials, tax authorities, and other stakeholders involved in tobacco regulation to Washington, D.C., where they met with representatives of Congress, the Senate, and executive agencies to exchange experience.



As a result of this lobbying, Ukraine received foreign investment, Western expertise, industry development, employment opportunities, and tax revenues. All four foreign tobacco companies largely oriented their Ukrainian production toward export markets and soon ranked among the ten largest taxpayers in Ukraine.

Total investment by these companies amounted to approximately USD 6 billion.

It should be noted, however, that a significant factor in the price competitiveness of Ukrainian

tobacco products was the relatively low cost of labour.

Addressed Lobbying Decisions

In the mid-1990s, the Verkhovna Rada of Ukraine adopted a resolution introducing a special financing and taxation regime for the Kharkiv Malyshev Tank Plant.



A separate law was also adopted to support the Ukrainian automotive industry, aimed at attracting the South Korean investor Daewoo to the Zaporizhzhia Automobile Plant (ZAZ). As a result, instead of the domestic “Tavria” vehicle, the Korean model Lanos was produced at ZAZ.

Overall, this type of lobbying — lobbying for addressed decisions — can be considered largely positive for Ukraine during that period. Tax incentives were required for the Kharkiv plant to fulfil a contract for the supply of tanks to Pakistan valued at USD 3 billion, while approximately USD 1.5 billion in South Korean investment was channelled into ZAZ.

Moreover, the Lanos model became a “people’s car” in Ukraine for an extended period and was produced (from 2002 under the Chevrolet brand) until December 2017.

Alongside investments in ZAZ, Daewoo also invested in the Dnipro Machine-Building Plant (DMZ), which during the Soviet era had been informally referred to as the “second production site” of Yuzhmash.

The DMZ produced components and auxiliary products for rocket, aviation, and space technology, as well as certain civilian products, including Dnipro-brand refrigerators.

Daewoo's investment in DMZ was lobbied by the plant's then director, Mykhailo Filkin, who simultaneously served as Vice President of the Ukrainian Union of Industrialists and Entrepreneurs.

Thanks to Daewoo's investment, DMZ began producing modern (at that time) telephone exchanges, contributing to the modernisation of Ukraine's fixed-line telecommunications infrastructure. However, with the rapid development of mobile communications, demand for such equipment declined sharply, and the project was discontinued in the early 2000s.

Socially Beneficial Lobbying: Simplified Taxation for Microbusiness

The most prominent example of socially oriented lobbying during this period was the promotion of a simplified taxation system for small entrepreneurs, many of whom operated at open-air clothing and food markets that constituted the primary retail infrastructure in Ukrainian cities and towns.

To protect microbusinesses from excessive pressure by tax authorities — which often destroyed such enterprises through fines and informal payments — several civic organisations, including the Union of Small Enterprises of Ukraine led by Yuriy Yekhanurov and the Entrepreneurs' Trade Union "Yednannia" headed by Kseniia Liapina, engaged the support of Oleksandra Kuzhel, Head of the State Committee of Ukraine for Regulatory Policy and Entrepreneurship.



Kuzhel, who had access to President Leonid Kuchma, together with presidential advisers Oleksandr Paskhaver and Anatolii Halchynskyi, successfully lobbied Presidential Decree No. 727/98 of 3 July 1998 "On the Simplified System of Taxation, Accounting, and Reporting for Small Business."

This decision was adopted despite strong opposition from the then Head of the State Tax Administration, Mykola Azarov, who enlisted the support of influential MP and former Prime Minister Yukhym Zviahilskyi.

In 1999, 110,201 entrepreneurs registered under the simplified taxation system. Subsequently, sole proprietors (individual entrepreneurs) became a key driver of growth in trade, services, retail, and later Ukraine's IT sector.

The simplified taxation system proved effective and user-friendly. Despite criticism regarding

its use for tax minimisation, it remains in operation today with minor adjustments.

As of now, approximately 2.1 million Ukrainians utilise the simplified taxation regime. In 2024 alone, they contributed approximately USD 1.3 billion to the state budget.

3. Lobbying during the Redistribution of Property and Inter-Oligarchic Lobbying (2000–2004)

The early 2000s marked a transition to a new stage in the development of lobbying in Ukraine, closely linked to large-scale privatisation, the consolidation of financial and industrial capital, and the emergence of powerful financial-industrial groups.

Privatisation Processes and the Formation of Financial-Industrial Groups

By the end of the 1990s, Ukraine had largely completed small-scale privatisation. The focus shifted to the redistribution of large industrial assets, including metallurgy, energy, machine-building, chemical industry, and telecommunications.

During this period, financial-industrial groups (FIGs) emerged around banks, industrial holdings, and regional elites. These groups combined production assets, financial resources, media outlets, and political representation.

Lobbying became systemic and strategic. Its objectives extended beyond obtaining individual tax or customs benefits to include control over entire sectors, regulatory frameworks, and access to state resources.

Major FIGs actively lobbied for favourable privatisation terms, access to energy resources at preferential prices, and protection from foreign competition.

Inter-Oligarchic Competition

Competition between FIGs increasingly took the form of political struggle. Rival groups supported competing political parties, parliamentary factions, and individual candidates in order to secure influence over decision-making.

Lobbying during this period was characterised by:

- active use of parliamentary mechanisms;
- influence over executive authorities;
- control or strong influence over mass media;
- judicial and regulatory pressure on competitors.

Political alliances were often situational and pragmatic, shifting depending on economic interests rather than ideological positions.

Role of the Executive and Presidential Administration

The Presidential Administration became a key centre of influence. Access to the President and his inner circle was often more important than formal parliamentary procedures.

Lobbying efforts increasingly targeted presidential decrees, government resolutions, and appointments to key positions in regulatory agencies and state-owned enterprises.

This period also saw the expansion of informal agreements and “elite pacts,” which regulated competition between major economic actors and reduced the risk of open conflict.

Consequences for the Political System

Inter-oligarchic lobbying contributed to the concentration of economic and political power, weakened political parties as programmatic institutions, and reduced public trust in state institutions.

At the same time, it led to a certain stabilisation of the economic environment, predictable rules for major players, and increased state revenues due to economic growth in the early 2000s.

Thus, lobbying during 2000–2004 represented a hybrid model combining elements of market competition, political bargaining, and administrative control.

4. Lobbying after the Orange Revolution (2005–2009): Demand for “Politics without Lobbying”

The Orange Revolution of 2004 became a turning point in Ukraine’s political development and significantly influenced the nature and perception of lobbying. Mass public mobilisation, expectations of political renewal, and demands for transparency led to a temporary delegitimisation of lobbying as a practice associated with oligarchic influence and corruption.

Public Expectations and Political Rhetoric

Following the Orange Revolution, the new political leadership publicly declared a commitment to de-oligarchisation, transparency, and the separation of business from politics. In political discourse, lobbying was often portrayed as an inherently negative phenomenon incompatible

with democratic governance.

As a result, lobbying activity did not disappear but shifted into less visible and more informal forms. Business groups sought to distance themselves publicly from lobbying while continuing to defend their interests through indirect channels.

Institutional Changes and Fragmentation of Power

The constitutional reform of 2004, which entered into force in 2006, redistributed powers between the President, the Parliament, and the Cabinet of Ministers. This led to fragmentation of executive authority and increased competition among state institutions.

In such an environment, lobbying became more complex and decentralised. Instead of focusing on a single centre of power, interest groups were forced to work simultaneously with multiple institutions and political actors.

Political instability, frequent changes of government, and conflicts within ruling coalitions further complicated strategic planning for both business and policymakers.

Transformation of Lobbying Practices

During this period, lobbying increasingly took the form of:

- influence through parliamentary factions and committees;
- engagement with individual members of parliament rather than party leadership;
- legal advocacy framed as expert input and public consultations;
- use of media campaigns to shape public opinion.

At the same time, Western-style public affairs practices began to develop more actively. International companies operating in Ukraine continued to use structured approaches to government relations, compliance, and corporate advocacy.

Limitations of the “Politics without Lobbying” Approach

Despite strong public rhetoric, attempts to eliminate lobbying proved unrealistic. The absence of formal regulation did not reduce influence-seeking behaviour but instead pushed it further into the shadows.

The period of 2005–2009 demonstrated that without transparent rules and institutionalised mechanisms, lobbying remains opaque and prone to abuse, regardless of political declarations.

This experience later contributed to renewed discussions about the need for legal regulation of lobbying in Ukraine.

5. Lobbying during the Yanukovych Period (2010–2013)



The period of Viktor Yanukovich’s presidency marked a sharp transformation in the architecture of power in Ukraine and fundamentally altered the nature of lobbying. Following his election in 2010, a model of highly centralised decision-making was established, characterised by a rigid “power vertical” and the concentration of key political, administrative, and economic levers within the Presidential Administration.

Centralisation of Power and the Decline of Pluralistic Lobbying

Unlike previous periods, when lobbying involved competition among multiple centres of influence, the Yanukovich era was defined by the dominance of a single decision-making centre. Access to the President and his closest circle became the decisive factor in securing favourable outcomes.

As a result, traditional sectoral and parliamentary lobbying mechanisms lost significance. Lobbying shifted from open advocacy and institutional engagement toward closed negotiations, personal loyalty, and informal arrangements.

The Role of the “Family”

A defining feature of this period was the emergence of the so-called “Family” — a narrow group of individuals closely associated with the President and his inner circle, who exercised disproportionate influence over economic processes and state resources.

Business actors seeking protection or expansion were compelled to engage with representatives of the “Family,” often through non-transparent schemes involving asset transfers, revenue-sharing, or forced partnerships.

This model effectively transformed lobbying into a system of rent extraction rather than interest representation.

Regulatory Capture and Selective Enforcement

State regulatory and law enforcement bodies were increasingly used as instruments of pressure on businesses that were not aligned with the ruling group. Selective enforcement of tax, customs, and criminal legislation became a common tool of influence.

In this context, lobbying was no longer aimed at shaping general rules but at securing individual exemptions, protection from prosecution, or access to monopolistic advantages.

Consequences for the Business Environment

The concentration of power and the erosion of institutional checks and balances led to a deterioration of the investment climate. Domestic and foreign investors perceived heightened political and legal risks.

While certain large business groups benefited from proximity to the ruling elite, overall economic competitiveness declined, and capital outflows increased.

The Yanukovich period demonstrated the dangers of non-transparent, monopolised lobbying systems and reinforced the need for institutional safeguards, transparency, and legal regulation of influence activities.

These lessons became particularly evident after the collapse of the regime in 2014.

6. Lobbying after Euromaidan (2014–2019)

The Revolution of Dignity (Euromaidan) of 2013–2014 radically reshaped Ukraine's political landscape and had a profound impact on lobbying practices. The overthrow of the Yanukovich regime, the restoration of the parliamentary-presidential system, and the launch of comprehensive reforms created new conditions for interest representation.

Institutional Reforms and Anti-Corruption Architecture

One of the key features of the post-Euromaidan period was the creation of a new anti-corruption infrastructure. Institutions such as the National Anti-Corruption Bureau of Ukraine (NABU), the Specialised Anti-Corruption Prosecutor's Office (SAPO), the National Agency on Corruption Prevention (NACP), and later the High Anti-Corruption Court were established.

These bodies significantly changed the rules of interaction between business and the state. Non-transparent influence, informal payments, and closed-door arrangements became riskier and

increasingly subject to investigation.

As a result, lobbying gradually shifted toward more formalised and publicly justifiable forms, including policy advocacy, expert engagement, and participation in public consultations.

Role of Civil Society and Expert Communities

Civil society organisations, think tanks, and expert groups gained unprecedented influence in policymaking processes. Many reforms were initiated, monitored, and supported by coalitions of NGOs, independent experts, and international partners.

Advocacy campaigns focused on issues such as public procurement reform, energy market liberalisation, decentralisation, healthcare reform, and judicial reform.

These actors often performed functions traditionally associated with lobbying, but framed their activities as public interest advocacy rather than private interest representation.

International Dimension

Ukraine's cooperation with international financial institutions and foreign governments intensified. Conditionality linked to financial assistance from the IMF, World Bank, and the European Union became a powerful driver of legislative and regulatory change.

International partners and donors actively supported reform-oriented lobbying efforts by civil society and expert communities, providing funding, expertise, and political backing.

Business associations and companies increasingly had to align their advocacy positions with reform agendas supported by international partners.

Challenges and Limitations

Despite significant progress, lobbying in Ukraine during 2014–2019 remained fragmented and uneven. The absence of comprehensive legal regulation continued to create ambiguity regarding acceptable forms of influence.

At the same time, some oligarchic groups adapted to the new environment by investing in media influence, political projects, and indirect forms of pressure.

The post-Euromaidan period demonstrated both the potential and the limitations of informal self-regulation and reinforced the need for clear, transparent, and enforceable rules governing

lobbying activities.

7. Lobbying after the 2019 Presidential Elections (from mid-2019 to the present)

The presidential and parliamentary elections of 2019 led to a profound transformation of Ukraine's political system. The emergence of a new political leadership, a mono-majority in parliament, and high public expectations for rapid change significantly altered the environment for lobbying and advocacy.



New Political Configuration and Decision-Making Style

The formation of a parliamentary mono-majority reduced the role of traditional coalition bargaining and increased the speed of legislative processes. Decision-making became more centralised within parliamentary leadership and the executive branch, while the influence of individual parliamentary committees temporarily declined.

At the same time, the new political team emphasised digitalisation, openness, and direct communication with citizens. This created both new opportunities and new challenges for interest representation.

Transformation of Lobbying Practices

Lobbying during this period increasingly took the form of:

- policy advocacy through analytical materials and expert input;
- engagement with parliamentary committees and working groups;
- public campaigns and communication through digital platforms;
- interaction with executive authorities on regulatory and implementation issues.

At the same time, the accelerated legislative process limited opportunities for thorough stakeholder consultation, which increased the risks of regulatory errors and subsequent policy reversals.

Impact of the COVID-19 Pandemic and the Full-Scale War

The COVID-19 pandemic (2020–2021) and Russia’s full-scale invasion of Ukraine in 2022 had a decisive impact on lobbying practices.

Under conditions of crisis, decision-making became highly centralised, and national security considerations significantly constrained the scope of permissible lobbying activities. Issues related to defence, mobilisation, martial law, and security were excluded from influence-seeking activities.

At the same time, advocacy related to economic support measures, business survival, humanitarian assistance, and international sanctions intensified.

Civil society organisations, business associations, and expert communities played an important role in communicating urgent needs to the government and international partners.

Digitalisation and Transparency

Digital tools, open data initiatives, and online public consultations expanded opportunities for transparent advocacy. At the same time, information overload and rapid legislative cycles made effective lobbying more demanding in terms of expertise and speed.

The post-2019 period demonstrated both the potential of modernised advocacy tools and the necessity of clear legal frameworks to balance efficiency, transparency, and accountability.

These developments directly contributed to the adoption of comprehensive legislation on

lobbying.

8. The Law “On Lobbying”: Why Now and What Will Change

The adoption of the Law of Ukraine “On Lobbying” marked the culmination of a long and complex evolution of interest representation practices in the country. Several factors converged to make the adoption of this legislation both necessary and timely.

First, Ukraine’s European integration trajectory and its obligations within the framework of cooperation with the European Union required the introduction of transparent mechanisms for interaction between interest groups and public authorities.

Second, the establishment of a comprehensive anti-corruption infrastructure after 2014 created institutional capacity to monitor, disclose, and regulate influence activities.

Third, the intensification of international assistance, recovery planning, and large-scale reconstruction efforts increased the risks associated with non-transparent lobbying and underscored the need for clear rules.

The Law defines lobbying as a professional activity aimed at influencing the adoption, amendment, or repeal of regulatory acts and individual decisions of public authorities, carried out on behalf of and in the interests of clients.

It introduces mandatory registration of lobbyists in the Transparency Register, establishes reporting obligations, and defines prohibited areas of influence, including defence, mobilisation, martial law, territorial integrity, and amnesty.

The Law also delineates activities that do not constitute lobbying, such as legal representation, public consultations, journalistic activity, and diplomatic engagement.

The National Agency on Corruption Prevention is designated as the supervisory authority responsible for maintaining the Transparency Register and overseeing compliance.

The adoption of the Law creates a legal framework for the professionalisation of lobbying, increases accountability, and aligns Ukraine’s practices with European standards.

9. Conclusions and Proposals

The history of lobbying in Ukraine reflects the broader trajectory of the country’s political and economic transformation — from informal, personalised influence practices to the gradual

institutionalisation of interest representation.

Key conclusions of this study include:

- Lobbying has existed in Ukraine since the early years of independence, evolving in response to changing political and economic conditions.
- The absence of legal regulation for decades did not eliminate lobbying but contributed to its opacity and susceptibility to abuse.
- Periods of political liberalisation were associated with more pluralistic lobbying, while centralisation of power led to monopolisation of influence.
- Civil society and expert communities played an increasingly important role in shaping public policy after 2014.
- The adoption of the Law “On Lobbying” represents a qualitative shift toward transparency, accountability, and professional standards.

Based on this analysis, the following proposals are advanced:

- continued development and refinement of secondary legislation governing lobbying;
- capacity-building for public officials and lobbyists regarding compliance and ethics;
- promotion of self-regulation and professional associations;
- public awareness-raising to distinguish legitimate lobbying from corruption;
- integration of Ukrainian lobbying practices into the European public affairs community.

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