

Spotlight Ukraine: Monthly Economic Monitor April 2010

- On March 11, new Cabinet of Ministers headed by Mykola Azarov, one of the leaders of the Party of Regions, was appointed. The government includes mostly the members of the Party of Regions. The formation of this government was made possible after the Verkhovna Rada had introduced amendments into the Parliament's rules of order about coalition establishment. New coalition included the Party of Regions faction, Communists faction, the Lytvyn bloc and 16 individual deputies from the NUNS and the BYUT factions, totaling 235 deputies. For the first time since 2005, the country's three key institutions – President, Government and Parliament – are under control of one party. After years of political instability, one-party responsibility may have positive effects in terms of stabilization and coherence of public policies. At the same time, power concentration within a single party also bears some risks of authoritarian drift.
- According to revised estimate provided by the Derzhkomstat, real GDP contracted by 15.1% in 2009. The decline decelerated in the fourth quarter of the year, though remained deep at 6.8% yoy despite low statistical base in fourth quarter of 2008. On demand side, last-quarter deceleration of economic contraction is largely attributed to real exports growth at 3.2% yoy against the background of still falling imports at 10.2% yoy between October and December. Annually, real exports reduced by 25.6%, while imports by 38.6%.
- Decline in real gross fixed capital accumulation in the fourth quarter slowed to 29.9% yoy bringing annual decline to 46.2% yoy. Hopes for recovery of household consumption in the last quarter of the year turned out to be wrong, as incomes remained depressed. Real household consumption fell by 13.8% yoy in 2009.
- On production side, annual real gross value added (GVA) declines were revised significantly in several industries. Real GVA decline in construction and trade were narrowed to 45.9% and 15.7% in 2009, respectively, while manufacturing GVA contraction was widened to 26.6%. Agriculture and healthcare GVA demonstrating small growth according to preliminary estimates were revised to annual decline at 0.3% and 1.5%, accordingly.

Ukraine: Economic Indicators 2008 - 2010

		2008	2009	Q209	Q309	Q409	Jan	Feb	March
GDP (real)	% yoy	2.1	-15.1	-17.8	-16.0	-6.8			
Industrial production (real)	% yoy cum.	-3.1	-21.9	-31.1	-28.4	-21.9	11.8	8.8	
Agricultural prod. (real)	% yoy cum.	17.5	0.1	2.6	3.3	0.1	5.4	5.2	
CPI	% yoy eop	22.3	12.3	15.0	15.0	12.3	11.1	11.5	11.0
Current account	% GDP. cum.	-6.7	-1.7	-1.5	-1.3	-1.5			
Fiscal balance	% GDP	-1.5	-2.4						
External state debt (total)	% GDP eop	14.9	21.5						
Gross international reserves	USD bn cum.	31.5	26.5	27.3	28.2	26.5	25.3	24.1	25.1
Exchange rate (official)	EUR aop	7.71	11.68	10.41	11.18	11.81	11.43	10.95	10.82

Source: IER.

For further information: Institute for Economic Research and Policy Consulting (link: www.ier.kiev.ua).