

**Spotlight Ukraine: Monthly Economic Monitor April 2011**

- On March 17, the Verkhovna Rada of Ukraine approved amendments to the Law "On the Cabinet of Ministers of Ukraine" and new Law "On Central Executive Authorities". New provisions clarified legal basis for executive branch of the state and implemented some of the provisions of administrative reform. At the same time, new law cemented presidential authority over the government and limited role of the Prime Minister. In particular, the President now appoints and dismisses deputy ministers and can give instructions directly to ministries without going through Prime Minister or the Cabinet. Prime Minister is not consulted, when ministers or other heads of executive bodies are dismissed.
- The Derzhkomstat released latest estimates of GDP in 2010 and revised quarterly breakdown of GDP. Real GDP grew by 4.2% while nominal GDP was revised upwards to UAH 1095 bn. On demand side, household consumption remained the major contributor to growth increasing at 7.0% in 2010. Real gross fixed capital accumulation growth was improved to 4.9% due to fast growth reported in the second half of the year. However, investments were likely overstated as simplified registration rules led to sharp increase in reported residential construction including of houses completed in previous years. Contribution of net real exports was negative. Real exports and imports growth was downgraded to 4.5% and 11.1%, respectively. On production side, gross value added (GVA) growth in manufacturing and utilities was downgraded to 14.5% and 8.1%, respectively, while growth of transportation and communication services GVA was higher than previously estimated at 5.1%. GVA in construction declined only by 1.7% due to growth in the second half of the year.
- In February, industrial production growth improved and reached 11.5% yoy. The major contributors to growth were production of non-metallic goods and machine building that increased output by 33.2% yoy and 30.1% yoy, respectively, attributed to high demand for construction materials and acceleration of vehicles production. Chemical industry and metallurgy grew by 17% yoy mainly due to low statistical base of previous year. Food production decreased by 3.6% yoy mostly due to limited supply of grain mill products and growth of excises for tobacco products and alcoholic drinks.

**Ukraine: Economic Indicators 2008 - 2011**

		2008	2009	2010	Q3 10	Q4 10	Jan	Feb	March
GDP (real)	% yoy	2.1	-15.1	4.2	3.6	3.3			
Industrial production (real)	% yoy cum.	-3.1	-21.9	11.2	10.8	11.0	9.7	11.5	
Agricultural prod. (real)	% yoy cum.	17.5	0.1	-1.0	-1.3	-1.0	5.3	5.0	
CPI	% yoy eop	22.3	12.3	9.1	10.5	9.1	8.2	7.2	7.7
Current account	% GDP. cum.	-7.2	-1.7	-1.7	-0.5	-2.1			
Fiscal balance	% GDP	-1.5	-2.4	-5.9					
External state debt (total)	% GDP eop	15.0	21.5	25.3					
Gross international reserves	USD bn cum.	31.5	26.5	34.6	34.7	34.6	35.1	36.7	36.4
Exchange rate (official)	EUR aop	7.71	10.87	10.53	10.18	10.79	10.62	10.84	11.09

Source: IER.

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