

- Presidential campaign continued in December with increasing mutual criticism among President Victor Yushchenko, Prime Minister Yulia Tymoshenko, and leader of the parliamentary opposition Victor Yanukovich. Political antagonism ended up with the failure to adopt the Law on State Budget 2010 by the end of the year. In December, the UEFA executive committee approved Kyiv, Lviv, Kharkiv, and Donetsk as host cities for European Football Championship Euro-2012. However, all selected cities still need to do many preparations for the event, including large investments in transport, sport, and hospitality infrastructure. Financial means for these preparations remain unclear.
- Real GDP contraction decelerated to 15.9% yoy in the third quarter of 2009 despite high statistical base of the previous year. On demand side, the deceleration is mostly attributed to companies' restocking and improved situation with gross fixed capital formation compared to the previous quarters. Other GDP components –consumption and net exports – performed worse in the third quarter than the quarter before. For exports, the effect is largely explained by the base of comparison.
- On production side, agriculture showed the most remarkable results as gross value added (GVA) in the sector increased by 8.8% yoy despite a decrease in grain harvest. Industry and construction continued falling at double-digit rate though their performance improved as compared to previous quarters. Situation in services also improved with all service sectors reporting now only single-digit decline. Improved performance has likely reflected restructuring efforts by Ukrainian companies and better external market situation rather than internal policy efforts.
- The State Property Fund (SPFU) finished the year with less than 10% of privatization plan executed. The failure of the Odessa by-port plant sale and return of Lugansk locomotive plant to the state property, combined with looming elections, further undermined investment climate in Ukraine. UAH 10 bn of privatization revenues planned in the draft budget for 2010 are also unlikely to be executed without the full rethinking of the state privatization policy.

Ukraine: Economic Indicators 2007 - 2009

		2007	2008	Q109	Q209	Q309	Oct	Nov	Dec
GDP (real)	% yoy	7.9	2.1	-20.3	-17.8	-15.9			
Industrial production (real)	% yoy cum.	10.2	-3.1	-31.9	-31.1	-28.4	-26.4	-24.0	-21.9
Agricultural prod. (real)	% yoy cum.	-5.2	17.5	1.7	2.6	3.3	0.1	0.0	0.1
CPI	% yoy eop	12.8	22.3	18.1	15.0	15.0	14.1	13.6	12.3
Current account	% GDP. cum.	-5.9	-6.7	-3.4	-1.5	-1.3			
Fiscal balance	% GDP	-1.1	-1.5						
External state debt (total)	% GDP eop	10.1	14.9						
Gross international reserves	USD bn cum.	32.5	31.5	25.4	27.3	28.2	27.7	27.3	26.5
Exchange rate (official)	EUR aop	6.92	7.71	10.06	10.41	11.18	11.84	11.92	11.68

Source: IER.

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