

Macroeconomic Prospects in Ukraine:

Progress and Challenges

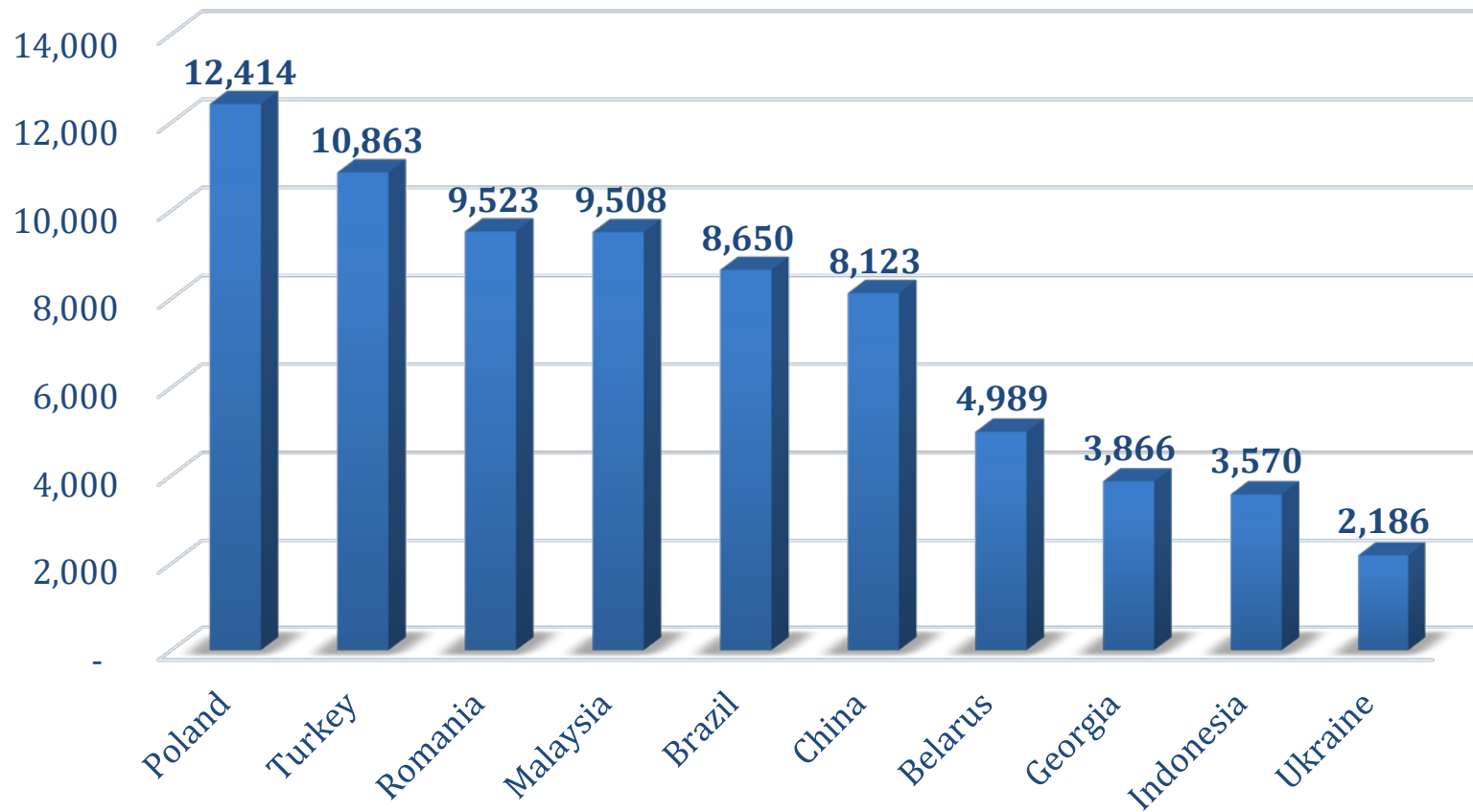
AmCham Panel Discussion
June 2018

Ukraine has rich endowments...



...but economic prosperity is lower than in other countries

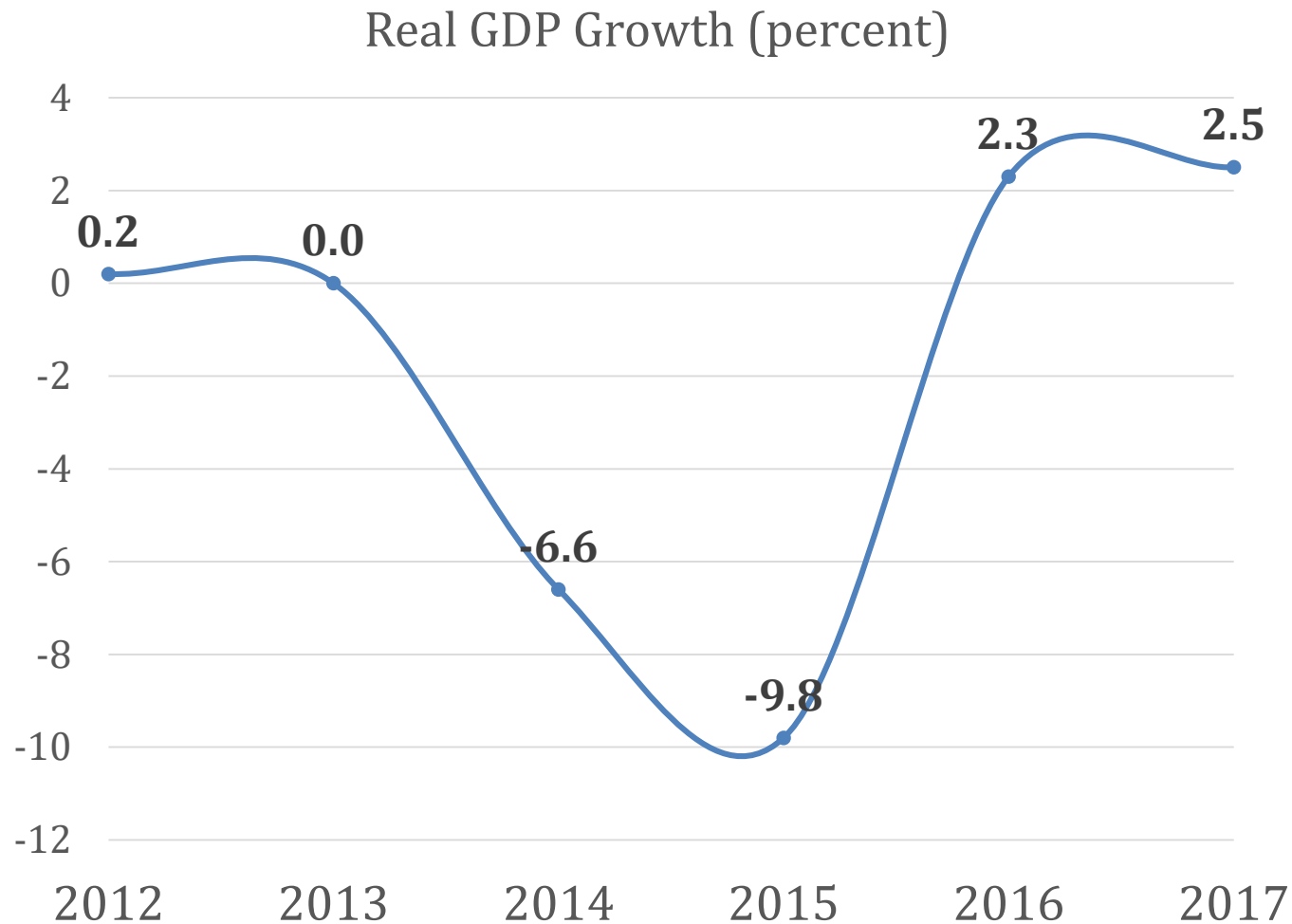
GDP per capita (US\$), 2016



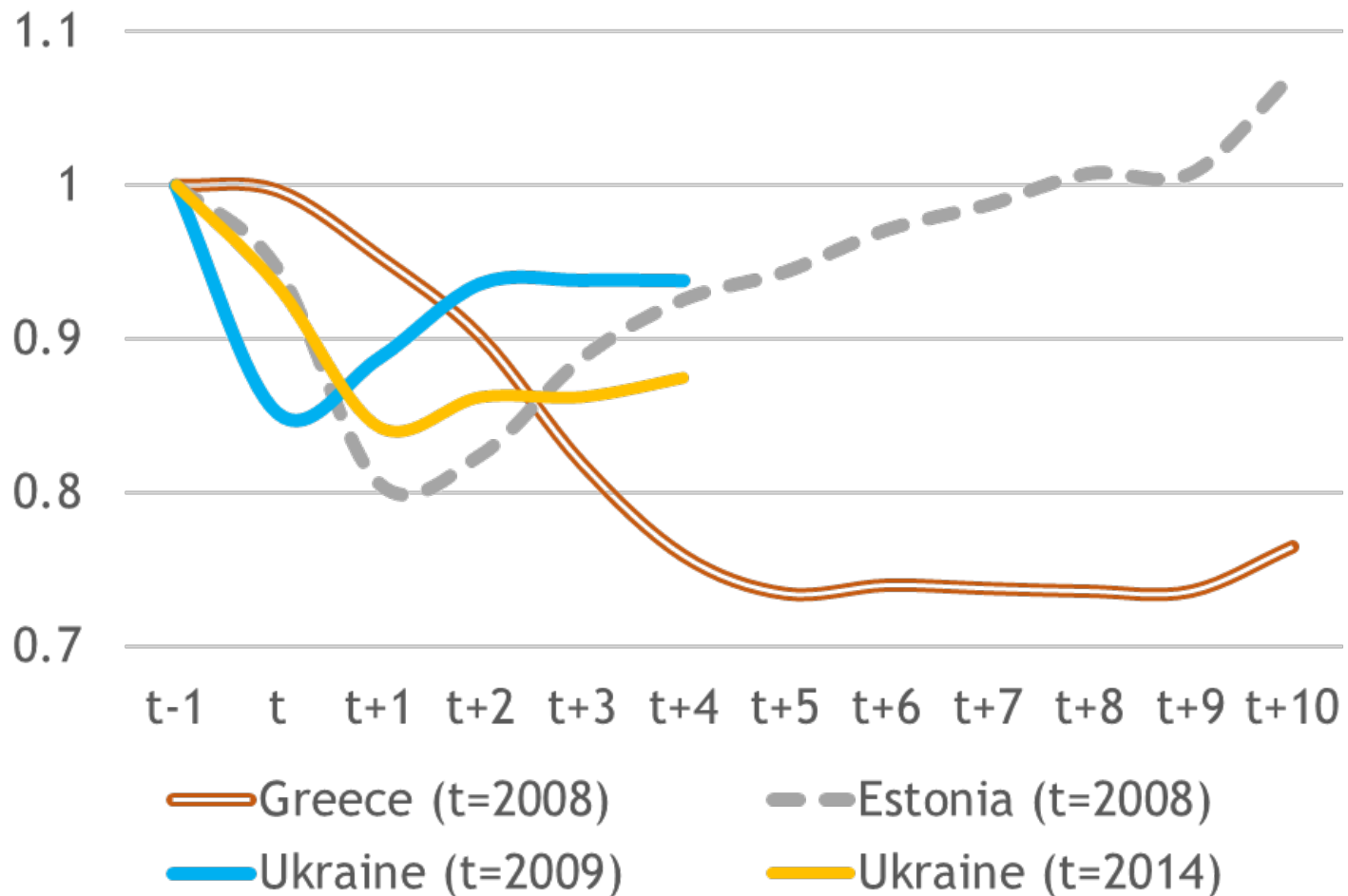
The reforms of the last 4 years

- Ukraine has done more to reform policies and institutions in the last 4 years than in the last two decades
 - Flexible exchange rate
 - Fiscal deficit, including Naftogaz, reduced from 10 percent of GDP in 2014 to 2.3 percent of GDP in 2015-2017
 - Energy tariff reform to eliminate key quasi-fiscal deficit
 - Banking sector cleanup, with 90+ out of 180 banks closed
 - Key institutions of anticorruption established
 - Pension reform of 2017: link between contributions and benefits
 - Health reform of 2017: overhaul outdated health financing system

Economic recovery in 2016-2017



but the recovery remains weak...
...with the risk of an L-shaped rather than V-shaped recovery



Pending reforms critical to strengthen investor confidence, secure necessary financing and maintain macroeconomic stability

Pending Reforms

- **High Anticorruption Court (HACC)**
- **State-owned banking law**
- **Land reform**
- Privatization
- Strengthen competition and judiciary
- Promote more efficient transport and logistics
- Maintain macroeconomic stability

Thank you