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**PECULIARITIES OF THE UKRAINIAN  
ECONOMY DEVELOPMENT**

*Annotation. Peculiarities of the Ukrainian economy development under conditions of implementation of a new program of reforms were analyzed.*

*Анотація. Проаналізовано особливості розвитку економіки України в умовах впровадження нової програми реформ.*

*Аннотация. Проанализированы особенности развития экономики Украины в условиях внедрения новой программы реформ.*

*Key words: economic growth, reform measures, gross domestic product, external debt financing, exchange rate, growth rates.*

This article is devoted to the analysis of the impact of a new program of reforms on the Ukrainian economy. The topic is chosen because, nowadays our country is building market economy, and we need to know how to develop our country's economy.

Therefore, the aim of the article is the analysis of the Ukrainian economy development under conditions of implementation of a new program of reforms.

To achieve this aim it is necessary to analyze economic reform progress and to consider economic prospects beyond 2011.

In June 2010 the President of Ukraine presented a comprehensive program of reforms aimed at combating the consequences of the crisis, restoring sustainable growth and, as a result, at higher standards of living of the Ukrainians.

The Program envisages main directions of transformations in all spheres of the economy in order to stabilize public finance, form a sound financial system, favourable business environment and to modernize the infrastructure and basic sectors of the economy. Special attention is paid to the improvement of social protection and providing better access to education and health care [1; 2].

In order to consider the impact of the reforms on the Ukrainian economy, firstly, it is necessary to analyze economic reform progress. A number of reform efforts were launched during 2010. But it is early to make a judgement about the likelihood that implementation will proceed smoothly. For instance, tax reform was heavily criticized as the new Tax Code contains a potential to increase administrative pressure on business. Though a downsize of the government is one of the important steps of the public administration reform, more comprehensive efforts are needed to increase the effectiveness of government agencies (such as carrying out functional review, operational reviews, de-regulations, public service reform, etc.). The implementation of the announced pension reform measures is still pending. Moreover, further measures, for example, shortening of generous early eligibility criteria, are necessary to sustain pension system of Ukraine. Anti-corruption efforts were declared as one of four priority

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reform areas (the others are tax, pension and public administration reforms) [3].

However, the details of the reform are still unavailable. The success in implementation will depend strongly on the degree of commitment by the Prime Minister and the President.

As for economic prospects beyond 2011, it is necessary to point out that Ukraine has a number of competitive advantages to support economic growth in the medium-term (large population, educated and cheap labor, agricultural potential, reasonable infrastructure, border with the EU). With continued recovery of the global economy, restoring credit activity and moderate reform progress, the following developments are likely to happen: the economy will grow by about 4 % per annum; current account deficit will be maintained at around 3 % of GDP; the fiscal deficit will be reduced in compliance with the IMF requirements; foreign capital inflows will be sufficient to service external debt financing needs with gradual reduction of the debt stock; the exchange rate is likely to moderately depreciate; after some acceleration in 2011, inflation will be contained to single digits [3].

However, these growth rates are insufficient to start the catch-up with more developed countries. To secure real GDP growth above 5 % pa, more comprehensive reform efforts are needed to drastically improve Ukraine's business climate. To achieve this aim strong political will is required. The latter, however, may weaken in 2012 due to parliamentary elections. There is also a high risk of populist measures in the run-up to elections, which may hinder fragile macrostability at end-2012 and 2013.

In conclusion it should be noted that, in general, anti-recessionary measures undertaken by the Government of Ukraine in 2010 allowed to stabilize the economic and financial situation in the country and to start gradual recovery of the national economy.

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