



ECONOMIC SITUATION IN UKRAINE

Overview and Structure of the Economy

- Ukraine is the second most populous country in Eastern Europe following Russia, with a population of 52 million, and the third-largest, with an area of 603 700 square kilometres. Both its population and size are roughly equivalent to those of France. Ukraine borders Russia, Belarus, Moldova, Romania, Hungary, the Slovak Republic, and Poland.
- Ukraine is abundantly endowed with arable land and natural resources, and has a well-educated workforce. Its economy is well diversified. The industrial sector is large and dominated by heavy industry and mining. Ukraine was the second-largest economy in the former Soviet Union (FSU), accounting for 16 per cent of total Soviet output. Ukraine was also the largest producer of iron ore, and the second-largest producer of most material inputs to production in the FSU.
- Vast tracts of fertile land have supported a large and diversified agricultural sector. Ukraine's per capita production of key agricultural products such as grain, meat, and milk is larger than Germany's and equivalent to per capita levels in France.
- Ukraine's most important trading partners are Russia, other former Soviet republics such as Turkmenistan and Belarus, and Central European countries. Trade with industrial countries is modest (estimated at over US\$5 billion in 1993), but will likely grow rapidly as Ukraine deepens its integration into the world economy. Ukraine's largest trading partners outside Eastern Europe are Germany and China.
- Ukraine's exports consist primarily of raw materials, agricultural products, and semi-finished products; its imports consist mainly of energy supplies, timber, and finished consumer and producer goods.
- Ukraine has tremendous potential for economic growth and prosperity. To fully realize this potential, the Ukrainian government has acknowledged that it must embark on a comprehensive reform program to stabilize the economy and to create incentives for private market growth and foreign investment.

.../2