



**STATEMENT**

by

**H.E. Mr. Anatolii Maksiuta,  
First Deputy Minister of Economy of Ukraine  
at the United Nations Conference on  
the World Financial and Economic Crisis  
and Its Impact on Development**

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Mr. Chairman,  
Excellences,  
Ladies and gentlemen,

Our Delegation fully shares the ideas expressed by the European Union and has aligned to the statement of the Czech Republic on behalf of the EU. Now let me add few points in my national capacity.

On behalf of the Government of Ukraine I would like to thank the United Nations for hospitality and the possibility to present our view on the important processes and challenges which we all are facing today.

Financial and economic crises made very seriously impact on developing markets, on a number of countries, including Ukraine, which during 2000 - 2008 has demonstrated impressive results in economy. The average GDP growth rate was reaching over 7 percent, while the increase of industrial production averaged 10 percent.

Huge drop in production by key export-oriented sectors that began in late 2008 and continued at the beginning of 2009 was the greatest since 2000.

Ukrainian steel producers have been hit by falling demand and prices on export markets. As a result, overall industrial output fell in first quarter of the current year by over 30% comparing to previous year. And GDP – about 20%. This is one of the biggest, if not the biggest, rates of decline in Eastern Europe.

Current-account deficit keeps growing amid reduced inflow of trade-related revenue and foreign investment.

The banking sector is still undergoing unprecedented crises of its own. Lending to the real sector has practically stopped because of the lack of resources and increased credit risks.

The situation on the domestic currency market has somewhat stabilized only in the last few months, following the sharp devaluation of the local currency in late 2008 - early 2009.

All these factors negatively influence the social sector and incomes of the householders.

Export-oriented economy, underdeveloped domestic market, substantial amounts of corporate foreign borrowings and continuing process of developing market capacity increased Ukraine's vulnerability to the influence of global financial and economic crisis.

Mr. Chairman,

I can not but mention that the international financial organizations have not left Ukraine alone in the face of the world crisis.

It was of particular importance to receive strong support from international financial institutions ever since the first signs of the crisis emerged. This enabled us to consolidate joint efforts in the direction of rehabilitating the financial sector and stabilising the economic situation as a whole.

In 2008 Ukraine received access to a two-year Stand-by program from the International Monetary Fund and launched two adjustment projects with the World Bank that are directed at rehabilitating the financial sector, minimising the impact from financial shocks, lowering inflation and supporting balance of payments, promoting structural reforms.

However one can ask whether measures together taken by Ukraine and international financial institutions are adequate enough to the nature of current crisis and particular situation in the country?

On the one hand, yes. After dramatic drop, the production was stabilized and started to grow again. The current account balance was improved after recent devaluation. The confidence to banking system is being renewed and the recapitalization of banks has been started.

On the other hand, the results achieved are not sufficient yet. In our opinion such deep recession which has occurred in Ukraine early this year, require much quicker growth than currently takes place.

However standard instruments and mechanisms of the international financial institutions programs are aimed mostly at stabilization rather than at further development. And stabilisation under conditions of global recession sometimes means in practical terms conservation of recession processes in particular country. We need further progress instead. We need new approach which creates perspectives of rapid growth and modernisation.

Such an approach could have cumulative effect in countering global crises in different spheres. For example, in case of my country, rapid economic recovery, further booming agriculture development could have a decisive impact on solving another important global problem – food crisis. Ukraine is well known for reach fertile soil and could provide substantial contribution to global food supply.

We are convinced that such positive effects could be achieved as a result of increased international cooperation and reconsidering and improving of existing practice and instruments of assistance of international financial institutions.

Ukraine, I believe, could become a successful example of implementation of concerted efforts and improved approaches in struggle against global crisis consequences.

Mr. Chairman,

It is difficult today for every state to determine ways of future development without understanding prospects of further global changes caused by current crisis. Therefore we hope that this conference will contribute essentially to determining the framework of future global economic system, just and effective, which would meet expectations of all countries.

I thank you.

