

## 2017 Results Mixed; 2018 Prospects Good

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Results for 2017 were mixed. Ukraine's economy is on the rise, and many positive achievements were reached. But 2018 begins with one awful reality: ongoing attacks against the new anti-corruption agencies have revealed to the world just how reluctant the establishment is to give up its rent-seeking activities any time soon. The IMF has made it very clear that further funding is contingent upon effective anti-corruption action. But with a presidential race looming in 2019, the latter is far from guaranteed. Uncertainty over the prospects of external funding hangs over the Poroshenko administration.

Last year started with a trade blockade of occupied Donbas. Trading across the frontline was politically ambiguous at best, and raised social tensions among ordinary Ukrainians, who saw the Petro Poroshenko administration as profiteering from the three-year-old conflict — basically, as “sleeping with the enemy.” After an unofficial blockade demonstrated just how unpopular this trade was, official supply chains with the occupied territories were officially cut. The morally dubious situation ended, but Ukrainian industry has stagnated since then.

The negative impact of the trade blockade was followed by positive news from the Stockholm Arbitration. The arbitration panel rejected Gazprom's key demands, which included a “take-or-pay” rule, and a ban on the re-export of surplus natural gas. The panel also reduced 2014 gas prices that Russia had been charging Ukraine. The final determination of this lawsuit will be known only in February>>>