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UKRAINE

Ready to Grow

Executive Summary

New management of the state, reenergized relations with Russia and a revised gas price agreement have created a new development trajectory for Ukraine. Long-faded domestic demand offers little chance for the country to resume steady growth, especially given volatile external markets. But cheaper gas (i.e. reduced costs to core exporters) and re-opened markets in Russia have given Ukraine an opportunity to avoid the difficult path of semi-stagnant development.

Given this backdrop, we've raised our growth forecast to 4.1% GDP for 2010, and anticipate a further 5.2% acceleration for 2011.

Though the economy is rebounding, the budget deficit remains a problem. The targeted 5.8% GDP fiscal gap can only be covered [>>>](#)