

UKRAINE

Turning into a Belarus?

CONTENTS**Overview: An Effort to Kill Off
Political Competition****GDP: Distortions in Trade Data****Prices: Inflation Pressures Ease****Interest Rates and Monetary Policy:
Controversies of the Monetary
Regulation****Fiscal Accounts: Feasting on
Advance Payments****External Accounts: Possible Grain
Exports Improve**

October 11th, 2011 may turn into a historic day for Ukraine, remembered as the date Yulia Tymoshenko was sentenced to seven years in prison. This could be interpreted as much more than personal revenge. If the verdict is really carried out (an appeal and/or legislative change could still alter the outcome), that could mean a Rubicon for President Viktor Yanukovich. With this decision, he effectively risks crossing out all the minor achievements of his ruling group, and throws Ukraine's entire economic and political future into question. The worst possible scenario, of an international boycott, could also become a reality. So, from now on, it's only a matter of time until Ukraine heads in the direction of a backward Belarus-style state. Note also that political regimes that repress their political opponents rarely end happily>>>