



13th Ukrainian-German Economic Symposium
International Conference Kiev

THE FACTORS OF SUSTAINABLE ECONOMIC GROWTH IN UKRAINE

June 25-26, 2001

Conference Hall of the National Academy of Sciences

Volodymyrska 55

Посольство Федеративної
Республіки Німеччина/ Координаційне
бюро KfW
Embassy of the Federal Republic of
Germany/
Coordination Unit of
KfW

Інститут Економічних Досліджень та
Політичних Консультацій
Institute for Economic Research and Policy
Consulting



Німецька
Консультаційна
Група з
Питань Економіки
German Advisory Group on Economic
Reforms

This year Ukraine will celebrate ten years of Independence. In most of these ten years, Ukrainian economy has contracted. Only at the end of 1999 did the Ukrainian economy begin to grow again.

On June 25th and 26th 2001, the Institute for Economic Research and Policy Consulting together with the German Advisory Group on Economic Reform hosted a Symposium in Kiev with the aim of identifying and analysing the factors that have contributed to the impressive growth of the Ukrainian economy. Internationally respected economists, representatives of international institutions such as IMF, the OECD, the EBRD and UNCTAD, as well as high ranking Ukrainian scientists and economic policy makers presented their views on this important topic.

The consensus that emerged from this Symposium is that Ukraine's recent economic growth is the result of both exogenous and endogenous factors. Key exogenous factors were the devaluation of the Hryvnia in 1998/99, the reduced size of the shadow economy, as well as the positive economic climate world-wide - and especially in Russia - which, however, has worsened in recent months. These exogenous factors cannot be expected to provide a basis for sustainable economic growth in Ukraine. However, growth has been supported by endogenous factors which could contribute to sustainable growth. These endogenous factors include structural reforms such as:

- The reduction of subsidies (including the reduction of non-monetary transactions and elimination of tax breaks);
- Increasing the transparency of economic decisions and processes; and
- Carrying out transparent privatisation and establishing effective ownership of land.

Sustainable economic growth can only be achieved if these reforms are continued and intensified; growth is fragile and Ukraine cannot afford to stand still, let alone backtrack on reform.

The importance of foreign direct investment for economic growth in Ukraine was seen primarily in its beneficial effects on corporate governance and the quality of management, as well as its role as a barometer of the overall business climate in Ukraine.

9.00 Opening:

A. Kinakh, Prime Minister

9.15 Introduction

D. Stuedemann, Ambassador of the Federal Republic of Germany

Session I

THE INTERNATIONAL ENVIRONMENT AND GROWTH

9.30 J. Gavrilencov (BEA, Moscow),

"Achievements or missed opportunities: Factors of economic growth in Russia. What lessons are relevant for Ukraine?"

10.00 G. Hunya (WIIW, Vienna),

"Economic growth in Bulgaria and Romania"

10.30 General Discussion

11.15 Coffee Break

11.30 M. Dabrowski (CASE, Warsaw),

"Is the economic growth in Ukraine sustainable?"

12.00 U. Thiessen/I. Melota (GAG/ IERPC, Kyiv),

"Fiscal and regulatory causes of shadow economy in transition economies: The case of Ukraine"

12.20 General Discussion

13.00- 14.00 Lunch Break

Session II

FINANCING AND INVESTMENT

14.00 Y. Akyuz (UNCTAD, Geneva),

"International capital flows and economic growth and development"

14.30 J. Jahnke (EBRD, London),

"Finance and growth"

15.00 General Discussion

15.40 Coffee Break

16.00 V. Heyets (Institute of Economic Forecasting, Kyiv),

"Sources of growth in Ukraine: A view from inside"

16.30 B.Dodonov/P. Sugolov et. al. (IERPC, Kyiv),

"Efficient infrastructure supply as a condition for economic development: The case of Ukraine"

16.50 General Discussion

19.00 Reception

Session III

INSTITUTIONS AND COMPETITION

9.00 P. Daneyko (Institute for Privatization and Management, Minsk),

"Competition and enterprise restructuring as a factor of growth in Belarus"

9.30 T. Gylfason (University of Iceland, Reykjavik),

"Natural resources and economic growth"

10.00 I. Akimova (IERPC, Kyiv),

"Development of SME in Ukraine: Does the quality of governance matter?"

10.20 General Discussion

11.00 Coffee Break

11.15 B. Lissovolik (IWF, Washington DC),

"Economic growth in Ukraine: What if reforms and economic recovery had started earlier"

11.45 E. Thiel (OECD, Paris),

"The investment environment in Russia and Ukraine: Common weaknesses in institutions and policy framework"

12.15 General Discussion

12.50 Concluding Remarks:

V. Lytvynsky (National Bank of Ukraine, Kyiv)

13.15 END