



2010
ANNUAL MEETINGS
International Monetary Fund
World Bank Group
Washington, D.C.

Press Release No. 20

October 8, 2010

Statement by the Hon. **SERGIY TIGIPKO**,
Governor of the Bank for **UKRAINE**

**Statement by the Honorable Sergiy Tigipko
Governor of the World Bank and Deputy Prime Minister of Ukraine**

The Annual Meetings of the IMF and the World Bank are taking place at an especially important time for the world economy. Even though it seems that the worst of the crisis is over, economic growth in many economies around the world has not taken root.

What can be done? Every country decides on the policies to pursue, but it is extremely important to coordinate actions. Currently, Ukraine can talk about some achievements. We know precisely our plan of action, and we are taking steps that are both popular and not popular.

This plan is not really a revelation to anyone. We are pursuing three standard objectives:

- We consolidate our finances, and I can say that here we have achieved undeniable successes. Last year, our budget deficit was above 12.5 percent, and this year, when the new government came to power, after the first three months of the year, in April, we were able to adopt a budget with a 4.9 percent deficit. We are on track to achieve this level of budget deficit.
- We managed to take a set of unpopular laws, including such actions as raising tariffs for social and communal services, increasing gas prices for households – and this gave us an opportunity to take the country back, away from the edge of the abyss of practically bankruptcy, and to get a program with the IMF. During this short time period, we were able to conduct two stress tests of the banking system, we were able to adequately capitalize our banking system, and today, we absolutely see no risks to this system. It has today, just like many other banking systems in other countries, excessive liquidity, and we expect that any time now, serious credit growth will begin for both businesses and households.
- And another extremely important investor-friendly action – we are trying to change our business and investment climate very quickly. A lot has been accomplished up to today. We have removed 76 percent of licensing requirements, and soon this will be close to 90 percent. We have made getting licenses easier. We made licenses open-ended, with no expiration dates.

Very important decisions have been made. As recently as during the last few months, some of the most important laws adopted by us have included a law on government procurement, a law on a regulator of communal tariffs, a law on gas market – to name a few. All of these have been breakthroughs in reforming important sectors of the economy. I am confident that these comprehensive, though difficult for Ukraine

measures, will allow us to achieve a budget deficit of 3.5 percent next year and create favorable conditions for investors, who will be aware of our efforts to help them doing business in our country. I am confident that bleak times for Ukraine have passed, and going forward, we will demonstrate steady economic growth.