

# Economics Case Study

***IB Economics SL Class of 2018***

***The High School Affiliated to Renmin University of China***

This repository contains the country profile and economic indicators for the Netherlands and Ukraine, and also the development proposal for Ukraine

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Decided not to present my economic case study using traditional multimedia, I (Hanzhi Zhou) designed this web page which facilitates convenient and interactive access to data and figures

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## Credits

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# 1. Netherlands Profile

## 1.1 Background Information

The Netherlands is the 9th largest export economy in the world. In 2016, the Netherlands exported \$435B and imported \$393B, resulting in a positive trade balance of \$42.8B.

The Netherlands borders Belgium and Germany by land and the United Kingdom, Anguilla, Saint Kitts and Nevis, the Virgin Islands and Venezuela by sea.

Reference: <https://atlas.media.mit.edu/en/profile/country/nld/>

## 1.2 Economic Structure

### 1.2.1 Economic Sectors

The service sector is the most dominant and biggest contributor to Netherlands' economy. The service sector contributes as much as 73.7% to the GDP (2009 figures) and generates employment opportunities for 80% of the workforce (8.33 million).

The service sector includes financial services, transportation, goods distribution and tourism. The computer related industry is also a well developed segment for the sector. The telecommunication industry holds a lot of potential as well. The latest trend in the service sector seems to be mergers to consolidate resources and optimize usage.

Netherlands' industrial sector is a well diversified segment with a variety of industries, such as petroleum refining, food processing, chemicals and electrical machinery. Other prominent industries are:

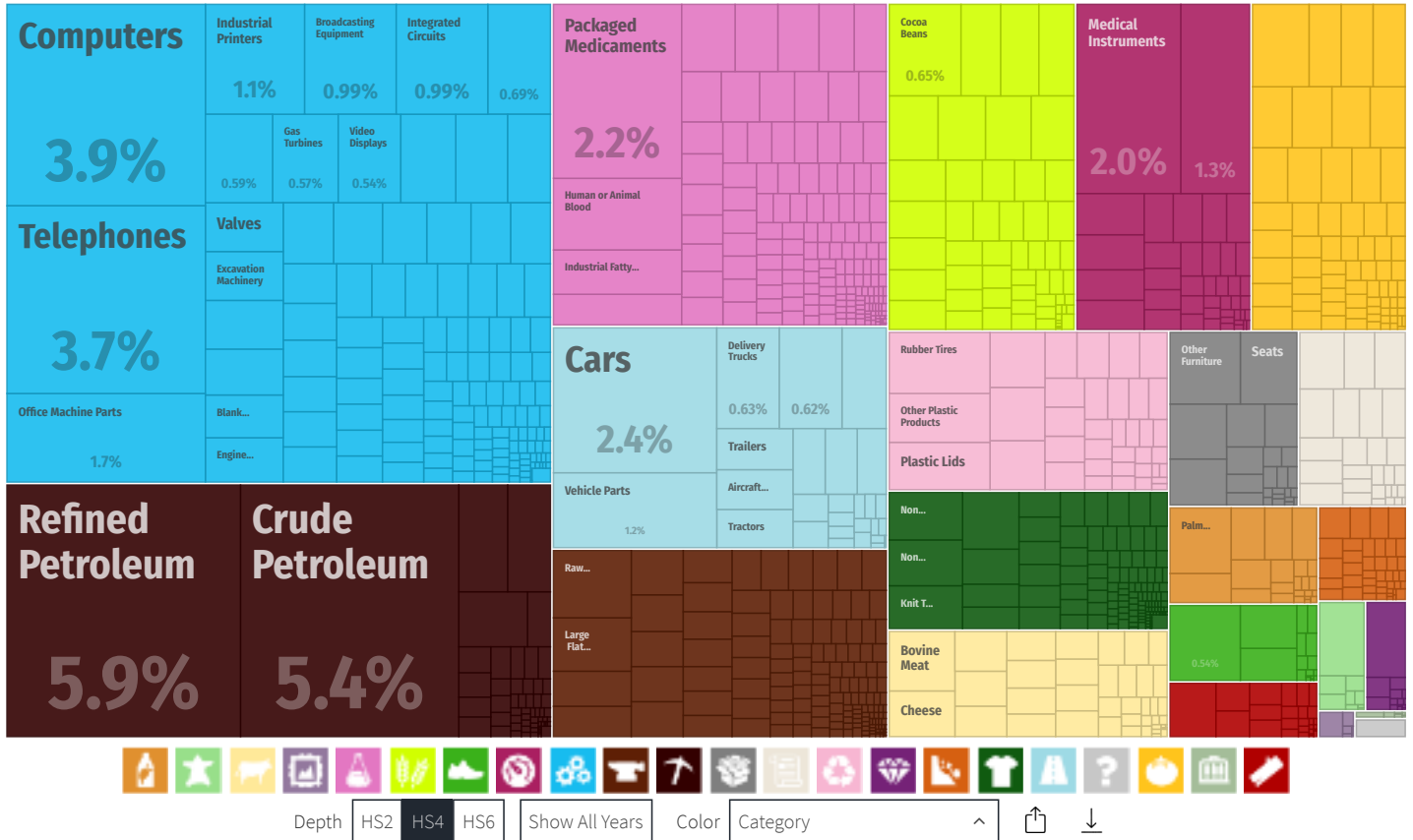
- Agro-industries
- Metal and engineering products
- Construction
- Microelectronics
- Fishing

The industry sector contributes 24.4% to the GDP and employs almost 18% of the workforce. The government is taking steps to encourage the growth of new industries in areas that are economically depressed. Specific measures have been taken to encourage growth in biotechnology, aerospace industry and microelectronics. Being a huge economy, FDI keeps coming in and stood at \$661 billions in 2009.

Reference: [http://www.economywatch.com/world\\_economy/netherlands/structure-of-economy.html](http://www.economywatch.com/world_economy/netherlands/structure-of-economy.html)

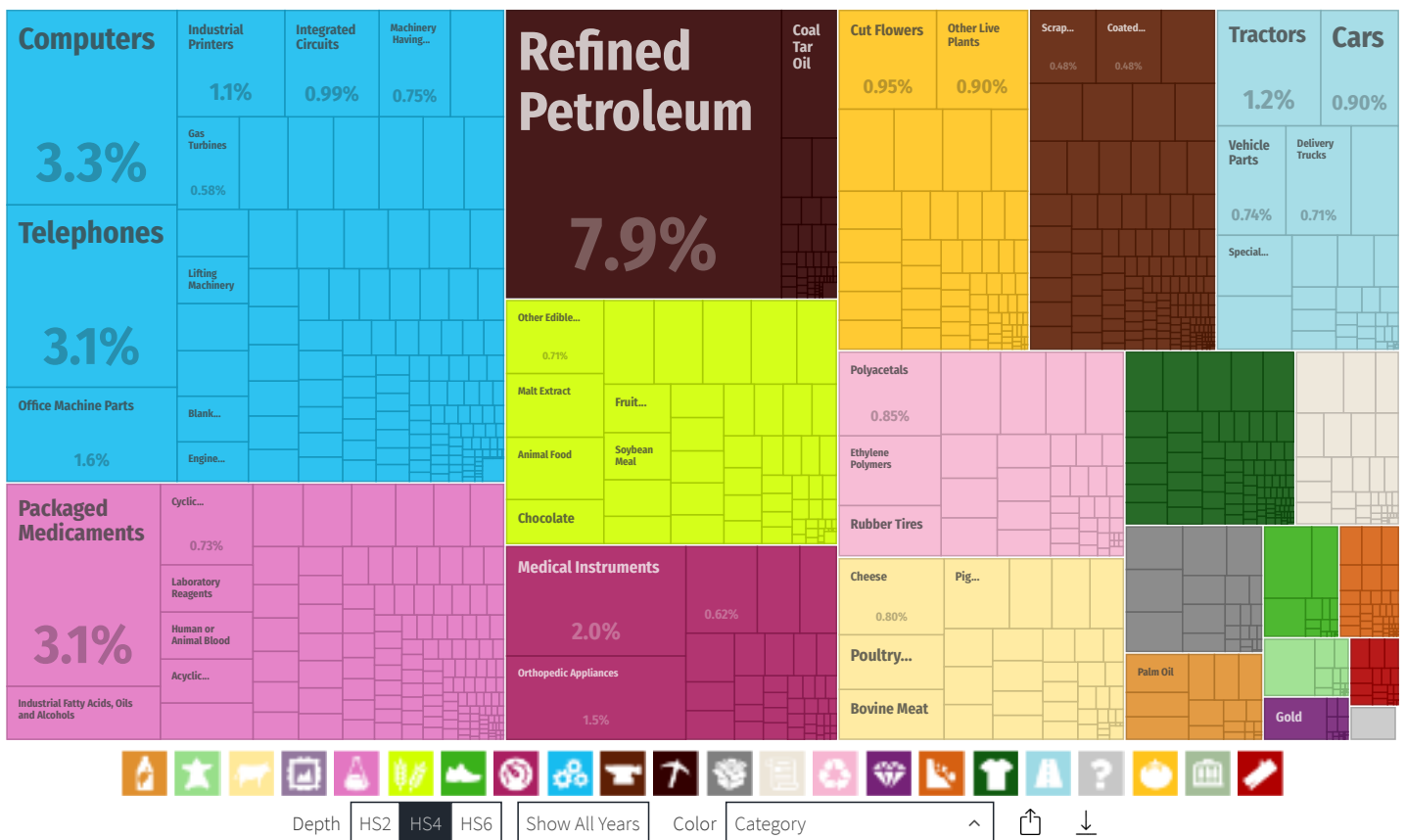
### 1.2.2 Import Composition

TOTAL: \$393B



### 1.2.3 Export Composition

TOTAL: \$436B



### 1.2.4 Industries with Externalities

Agriculture. Dutch agriculture comprises two main parts: animal production and arable or crop production. Each type of production has different impacts on the environment. The environment is subdivided into three parts: 1) water 2) air and 3) soil .

With respect to water, both the animal farms and the arable farms have an impact on this part of the environment. As regards animal production, the following animal activities are considered: cows, sheep, goats, pigs, poultry and rabbits. The manure of these animals ends up at the soil. Via the soil the components of the manure like phosphate (P) and nitrate (N) flush into the water. Besides, rainwater will flush the components of the manure directly from the surface of the soil into the water. With regard to arable, there are also substances which will flush into the water. Fertilizers, pesticides, nitrate (N) and phosphate (P) used in this sector will end up in the water. These substances have an impact on the biodiversity and human health. Removing or reducing these substances in the water involves costs. An estimation of these costs has to be made to estimate the costs of the negative externalities of the farms with respect to water.

Farms have also several impacts on the air. Animal farms emit methane (CH<sub>4</sub>), carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>), sulfur dioxide (SO<sub>2</sub>) and ammonia (NH<sub>3</sub>) to the air. Arable farms emit carbon dioxide (CO<sub>2</sub>) and nitrogen (N) to the air. An estimation of the costs and emission per animal species and crop has to be made to make an estimation of the total impact of the agricultural sector on the air.

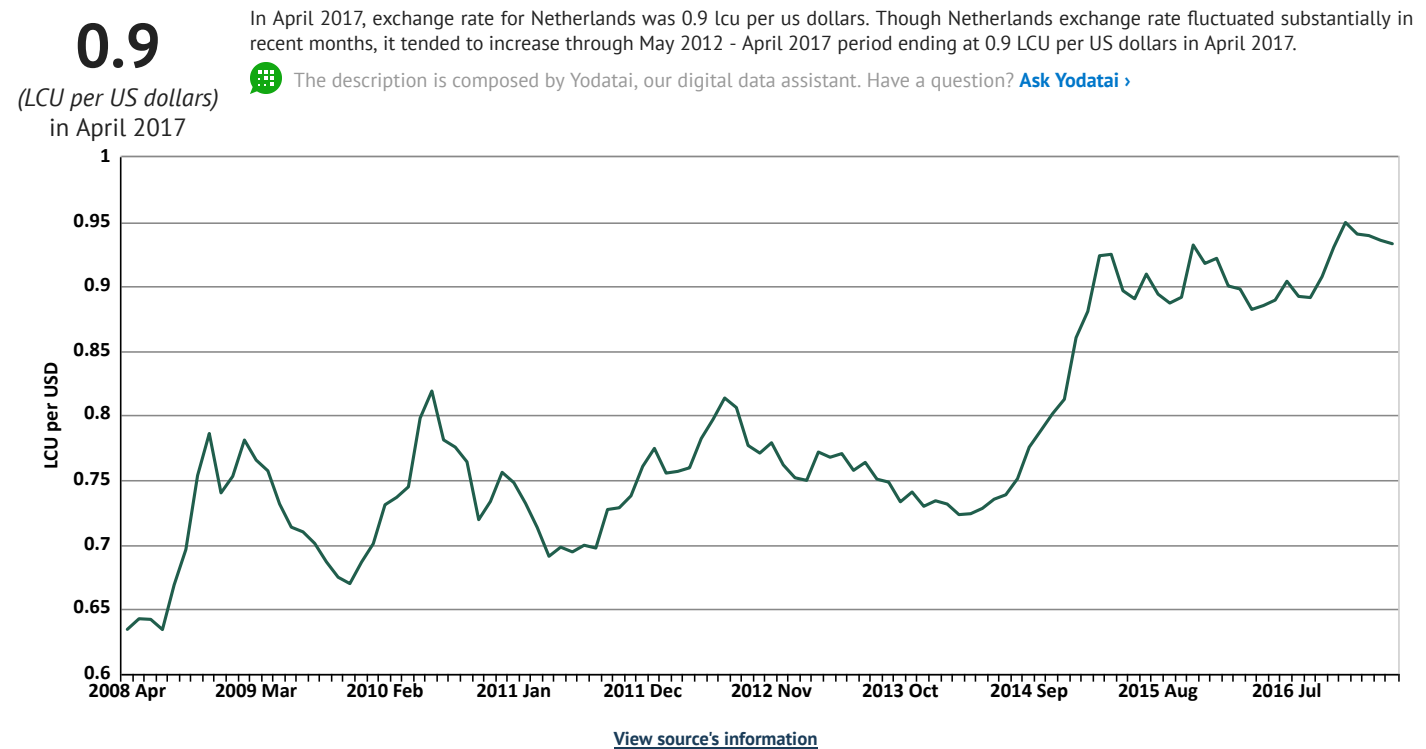
With respect to soil, both types of farms have an impact on this part of the environment. Via the manure of the animals, animal farms deposit nitrate (N), phosphate (P) and zoonosis. Pesticides and fertilizers are also getting into the soil. With respect to arable farms, pesticides, nitrate (N), phosphate (P), carbon dioxide (CO<sub>2</sub>) and fertilizers are getting into the soil. These different substances have different impacts on the biodiversity in the soil. Land use changes have also an impact on the composition of the soil. Certain changes will lead to fixation of carbon dioxide (CO<sub>2</sub>) and others will lead to emission of carbon dioxide (CO<sub>2</sub>). Both the fixation and emissions will have an impact on the biodiversity and the environmental as a whole. The emissions and fixation and the associated costs of all these substances have to be estimated to show the impact of the agricultural sector with respect to the soil.

[https://ageconsearch.umn.edu/bitstream/182705/2/Polman-Costs\\_and\\_benefits\\_associated\\_with\\_the\\_externalities\\_generated-203\\_a.pdf](https://ageconsearch.umn.edu/bitstream/182705/2/Polman-Costs_and_benefits_associated_with_the_externalities_generated-203_a.pdf)

## 1.3 Economic Indicators

### 1.3.1 Exchange Rate

Netherlands - Official exchange rate



### 1.3.2 Interest Rate

## Netherlands - Lending interest rate

1.63

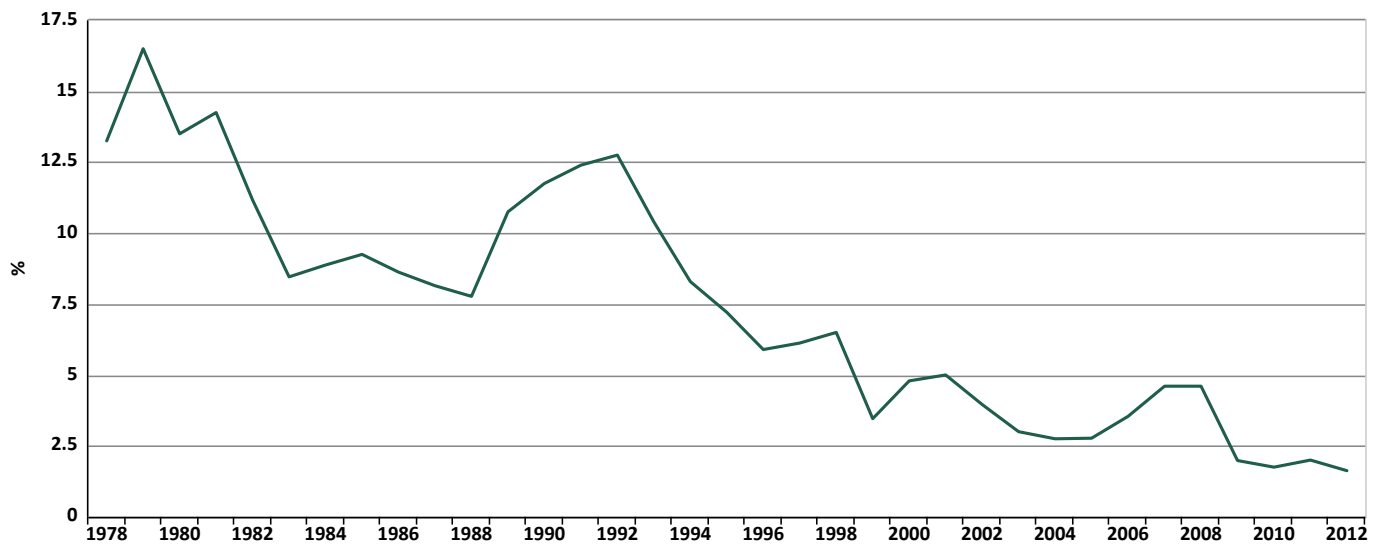
(%)

in 2012

In 2012, lending interest rate for Netherlands was 1.63 %. Though Netherlands lending interest rate fluctuated substantially in recent years, it tended to decrease through 1993 - 2012 period ending at 1.63 % in 2012.

 The description is composed by Yodotai, our digital data assistant. Have a question? [Ask Yodotai >](#)

Lending interest rate is the rate charged by banks on loans to prime customers.



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## 1.3.3 Inflation Rate

### Netherlands - Consumer price inflation

0.3

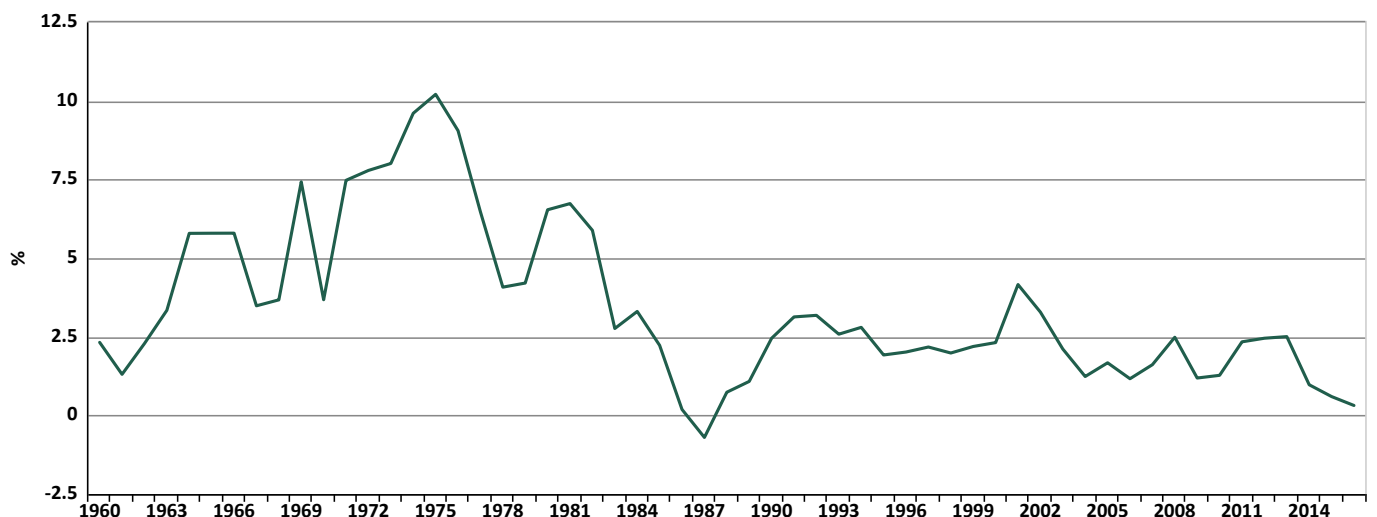
(%)

in 2016

In 2016, inflation rate for Netherlands was 0.3 %. Though Netherlands inflation rate fluctuated substantially in recent years, it tended to decrease through 1967 - 2016 period ending at 0.3 % in 2016.

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Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The Laspeyres formula is generally used.



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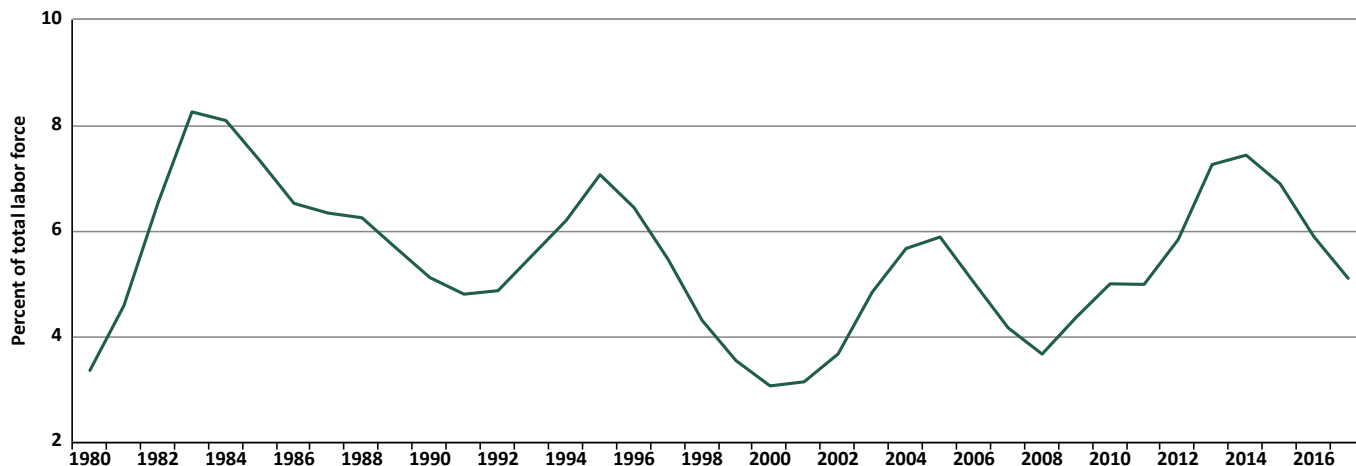
## 1.3.4 Unemployment Rate

## Netherlands - Unemployment rate

**5.1** Netherlands unemployment rate was at level of 5.1 % in 2017, down from 5.9 % previous year.

The description is composed by Yodatai, our digital data assistant. Have a question? [Ask Yodatai](#)

(%) Unemployment rate can be defined by either the national definition, the ILO harmonized definition, or the OECD harmonized definition. The OECD in 2017 harmonized unemployment rate gives the number of unemployed persons as a percentage of the labor force (the total number of people employed plus unemployed). [OECD Main Economic Indicators, OECD, monthly] As defined by the International Labour Organization, "unemployed workers" are those who are currently not working but are willing and able to work for pay, currently available to work, and have actively searched for work. [ILO, <http://www.ilo.org/public/english/bureau/stat/res/index.htm>]



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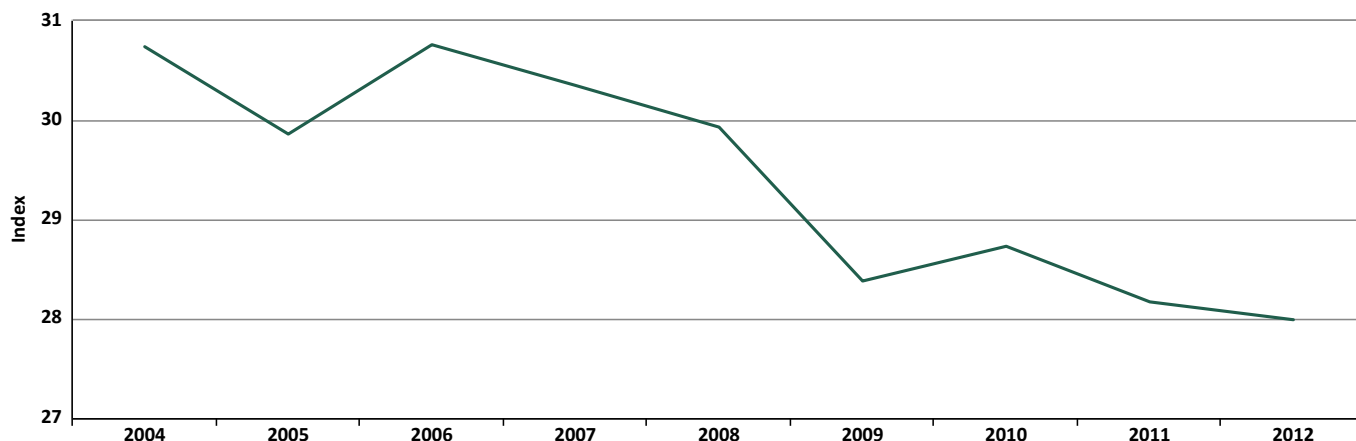
## 1.3.5 GINI Coefficient

### Netherlands - GINI index

**27.99** In 2012, GINI index for Netherlands was 27.99 points. GINI index of Netherlands fell gradually from 30.76 points in 2006 to 27.99 points in 2012.

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(points) in 2012 Gini index measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.



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## 1.3.6 Human Development Index

## Netherlands - Human development index

**0.92**

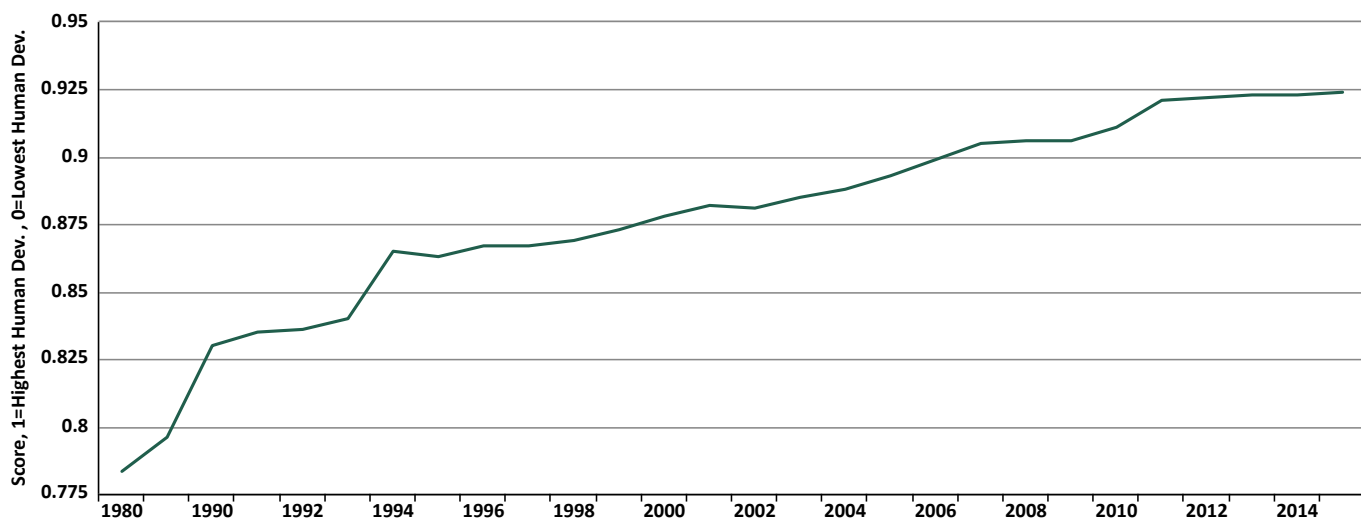
(score)

in 2015

A composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living. 1=the most developed.

In 2015, human development index for Netherlands was 0.92 score. Human development index of Netherlands increased from 0.87 score in 1996 to 0.92 score in 2015 growing at an average annual rate of 0.34 %.

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## 1.3.7 Balance of Payments

### 1.3.7.1 Current Account

#### Netherlands - Current account balance in current prices

**64,754,485,415**

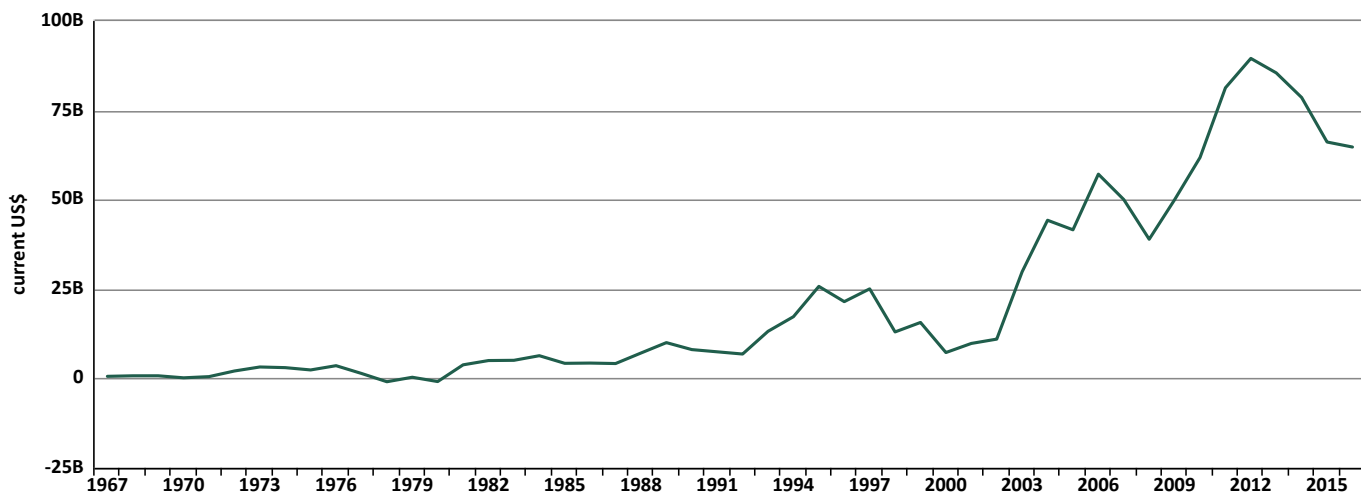
(US dollars)

in 2016

In 2016, current account balance for Netherlands was 64,754 million us dollars. Before current account balance of Netherlands started to increase to reach a level of 64,754 million US dollars in 2016, it went through a trough reaching a low of -904 million US dollars in 1978.

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Current account balance is the sum of net exports of goods, services, net income, and net current transfers. Data are in current U.S. dollars.



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### 1.3.7.2 Capital Account

## Netherlands - Net capital account in current prices

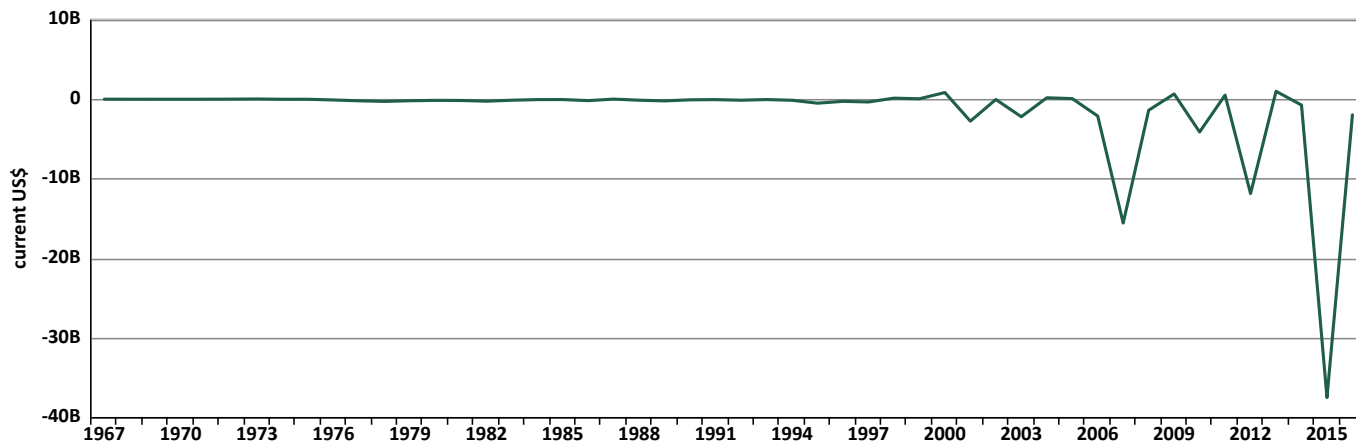
**-1,956,602,078**

(US dollars)  
in 2016

In 2016, net capital account for Netherlands was -1,956 million us dollars. Though Netherlands net capital account fluctuated substantially in recent years, it tended to decrease through 1967 - 2016 period ending at -1,956 million US dollars in 2016.

 The description is composed by Yodotai, our digital data assistant. Have a question? [Ask Yodotai >](#)

Net capital account records acquisitions and disposals of non-produced non-financial assets, such as land sold to embassies and sales of leases and licenses, as well as capital transfers, including government debt forgiveness. The use of the term capital account in this context is designed to be consistent with the System of National Accounts, which distinguishes between capital transactions and financial transactions. Data are in current U.S. dollars.



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### 1.3.7.3 Financial Account

## Netherlands - Net financial account in current prices

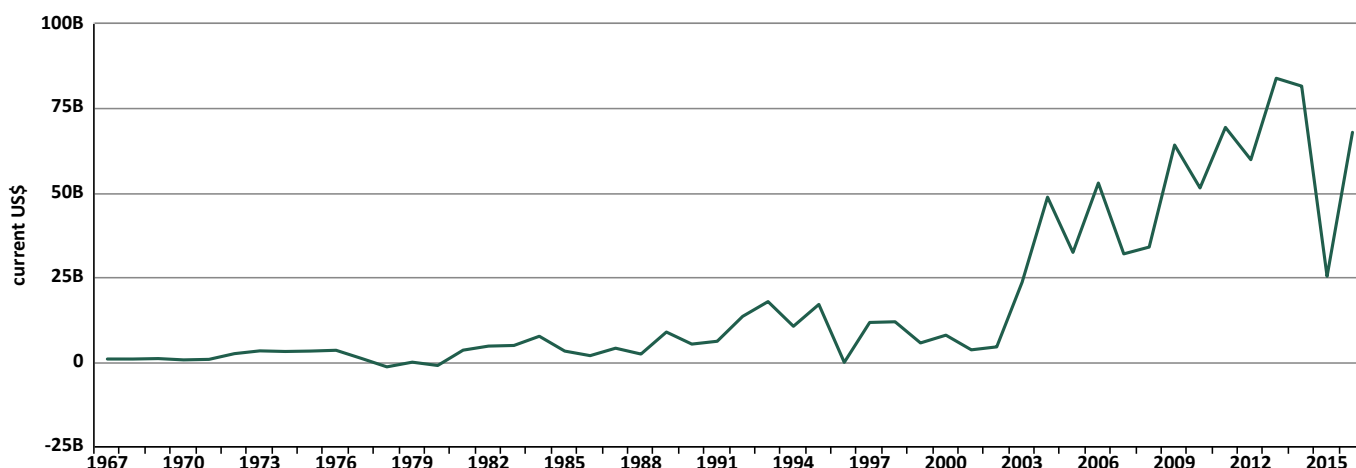
**67,919,090,840**

(US dollars)  
in 2016

In 2016, net financial account for Netherlands was 67,919 million us dollars. Though Netherlands net financial account fluctuated substantially in recent years, it tended to increase through 1967 - 2016 period ending at 67,919 million US dollars in 2016.

 The description is composed by Yodotai, our digital data assistant. Have a question? [Ask Yodotai >](#)

The net financial account shows net acquisition and disposal of financial assets and liabilities. It measures how net lending to or borrowing from nonresidents is financed, and is conceptually equal to the sum of the balances on the current and capital accounts. Data are in current U.S. dollars.



[View source's information](#)

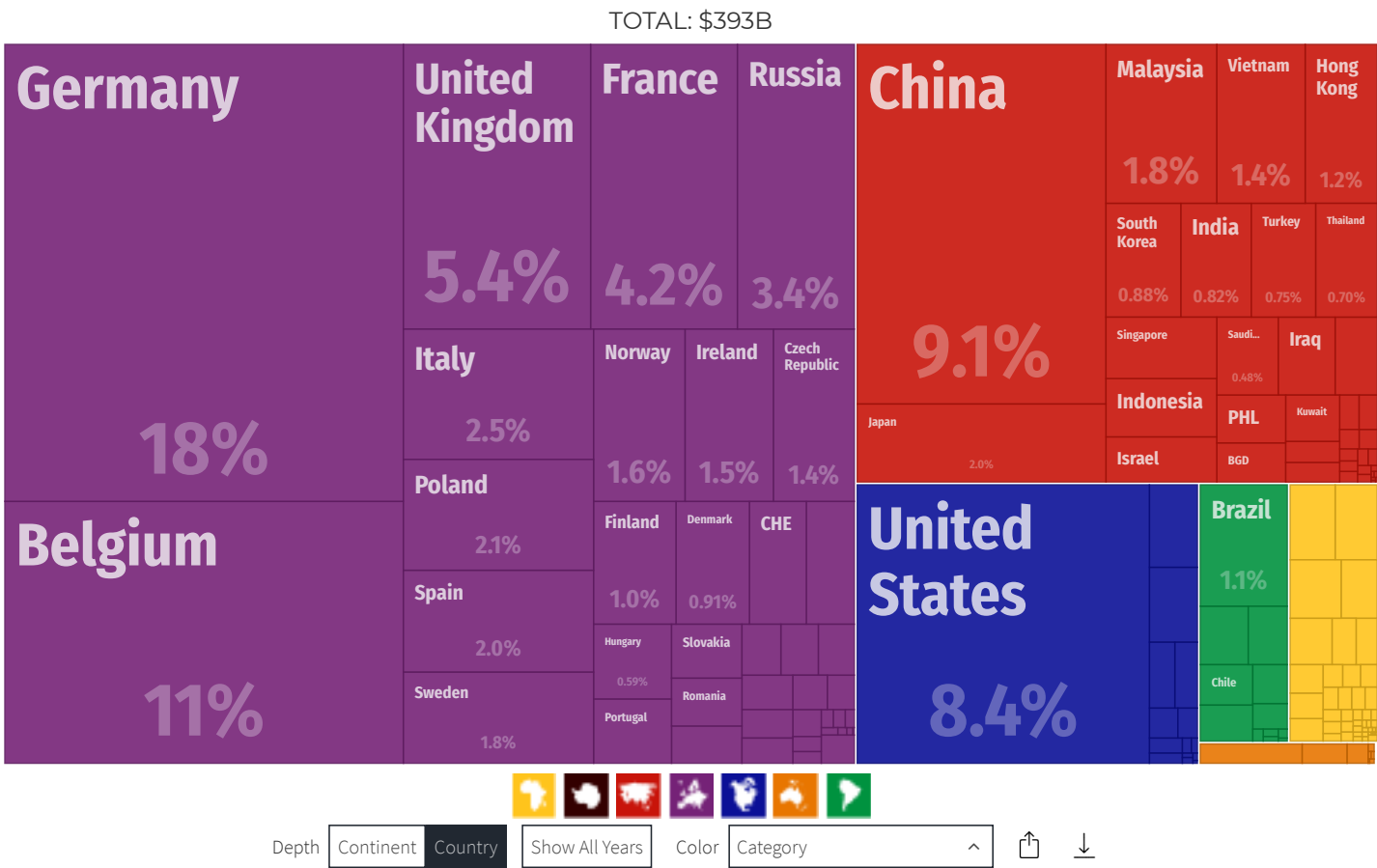
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## 1.4 Trade

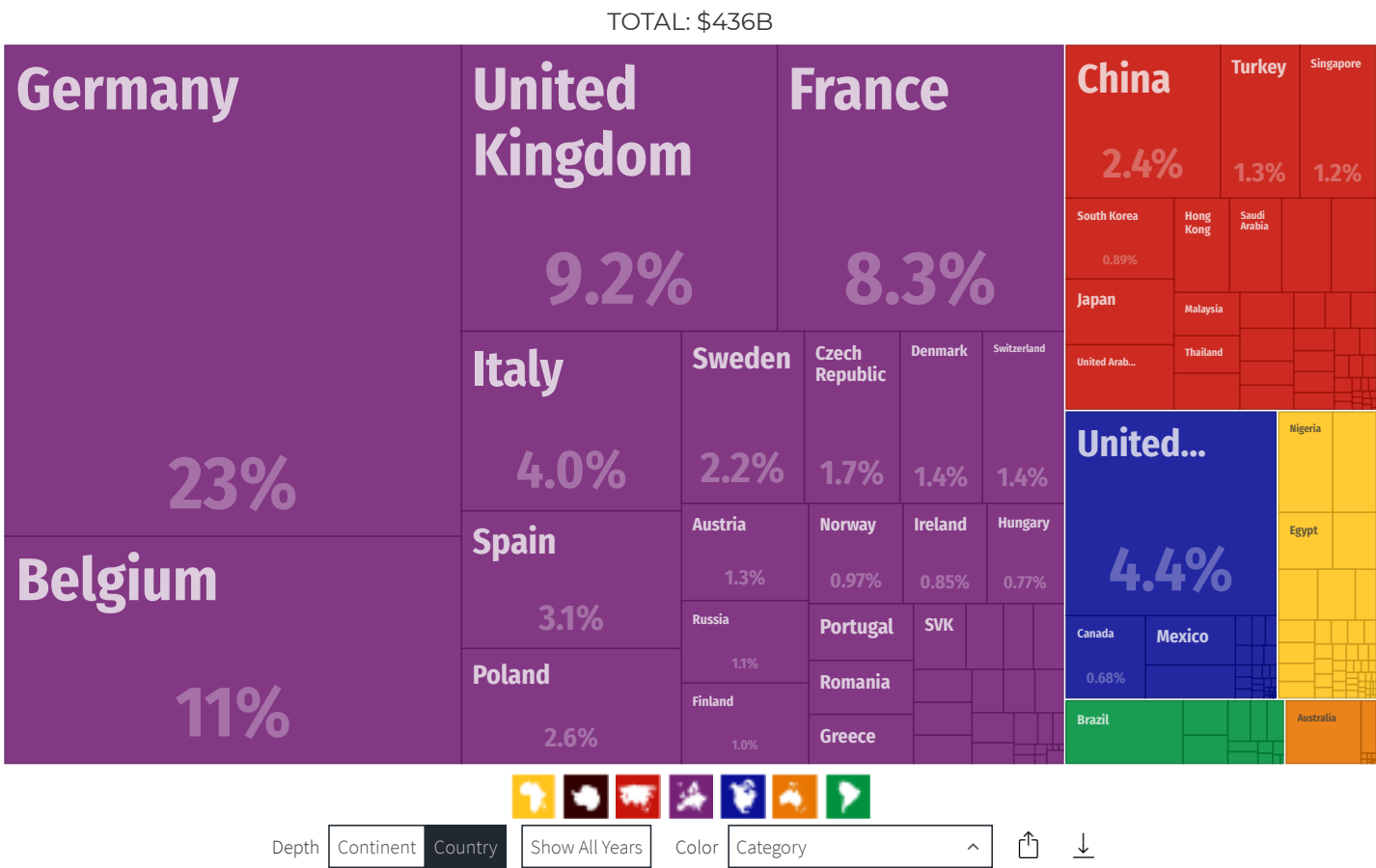
### 1.4.1 Trade Partners



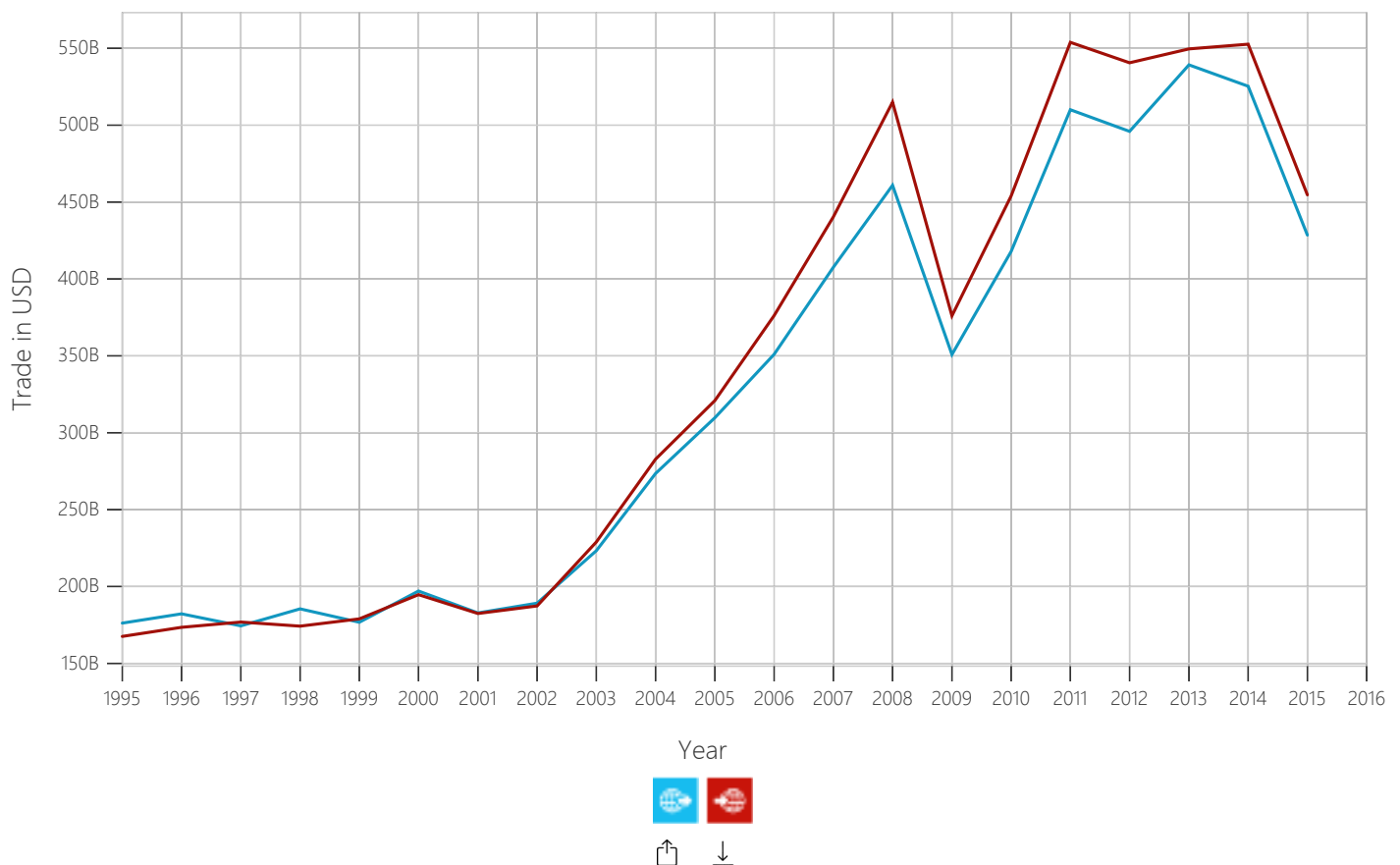
1.4.1.1 Import Origins



1.4.1.2 Export Destinations



1.4.2 Trade Balance



### 1.4.3 Trade Benefits

Due to globalization, international trade flows have increased significantly over recent decades. Between 1996 and 2007, imports of goods into the Netherlands increased 7% by monetary value (constant prices).

As part of their corporate strategies, companies in the Netherlands take shared responsibility for mitigating the impacts elsewhere in the world, caused within their supply chains. This applies especially to the impacts from production processes in countries that have less well-developed environmental legislation and governance. Shaping this shared responsibility is an important part of the Dutch Aid and Trade policy agenda.

Forests and agricultural ecosystems in remote economies provide the Dutch economy with a range of natural resources. Imported resources are processed into final products that are sold in the Netherlands or to other countries. Dutch economy is therefore strongly interrelated with economies around the world.

The trade in biotic resources and derived products accounts for nearly 15% of all imports in monetary terms. The Dutch food and feed industry strongly depends on these imports. Non-EU countries provide 40% of the imports in agricultural resource and food products, and after processing, most products are sold on the European market. Cacao, soya and palm oil are the three most important agricultural commodities of tropical origin: cacao mainly comes from Africa, palm oil from Southeast Asia and soya from South American countries and the United States.

Reference: <http://www.pbl.nl/node/63907>

## 1.5 Resources and Potential

GDP growth is projected to remain strong and broad-based in 2018 and 2019. Private consumption growth will peak in 2018, reflecting a strong labour market and a looser fiscal stance, before moderating in 2019. Growth in business investment should be vibrant, driven by improved economic sentiment and solid external demand. Wage growth and inflation are projected to rise gradually. The current account surplus is set to ease gradually but remain at a high level.

Accommodative euro area monetary policy will continue to support demand. Fiscal measures outlined in the recent government coalition agreement will also be supportive, especially in 2018. To ensure more inclusive growth, labour market reforms should make it easier for workers to attain good quality jobs. Avenues to reduce reliance on non-standard jobs include lowering the cap

on severance payments and ensuring that the dismissal system works more efficiently. Improving credit flow to SMEs and increasing public spending on R&D would lead to higher rates of investment and help to reduce one of the largest current account surpluses in the euro area.

House prices have recovered and in major cities have surpassed the level reached before the global financial crisis. High levels of mortgage debt make households vulnerable to decreases in house prices. The reduction in the maximum loan-to-value ratio for new mortgages and the lowering of mortgage interest relief should proceed at a faster pace than planned to reduce fragilities. Easing the strict regulation of the private rental market would improve housing supply and damp excessive house price growth.

Reference: <http://www.oecd.org/economy/netherlands-economic-forecast-summary.htm>

## 2. Ukraine Profile

### 2.1 Background Information

#### 2.1.1 Historical Background

Ukraine was the center of the first eastern Slavic state, Kyivan Rus, which during the 10th and 11th centuries was the largest and most powerful state in Europe. Weakened by internecine quarrels and Mongol invasions, Kyivan Rus was incorporated into the Grand Duchy of Lithuania and eventually into the Polish-Lithuanian Commonwealth. The cultural and religious legacy of Kyivan Rus laid the foundation for Ukrainian nationalism through subsequent centuries. A new Ukrainian state, the Cossack Hetmanate, was established during the mid-17th century after an uprising against the Poles. Despite continuous Muscovite pressure, the Hetmanate managed to remain autonomous for well over 100 years. During the latter part of the 18th century, most Ukrainian ethnographic territory was absorbed by the Russian Empire. Following the collapse of czarist Russia in 1917, Ukraine achieved a short-lived period of independence (1917-20), but was reconquered and endured a brutal Soviet rule that engineered two forced famines (1921-22 and 1932-33) in which over 8 million died. In World War II, German and Soviet armies were responsible for 7 to 8 million more deaths. Although Ukraine achieved independence in 1991 with the dissolution of the USSR, democracy and prosperity remained elusive as the legacy of state control and endemic corruption stalled efforts at economic reform, privatization, and civil liberties.

A peaceful mass protest referred to as the "Orange Revolution" in the closing months of 2004 forced the authorities to overturn a rigged presidential election and to allow a new internationally monitored vote that swept into power a reformist slate under Viktor YUSHCHENKO. Subsequent internal squabbles in the YUSHCHENKO camp allowed his rival Viktor YANUKOVYCH to stage a comeback in parliamentary (Rada) elections, become prime minister in August 2006, and be elected president in February 2010. In October 2012, Ukraine held Rada elections, widely criticized by Western observers as flawed due to use of government resources to favor ruling party candidates, interference with media access, and harassment of opposition candidates. President YANUKOVYCH's backtracking on a trade and cooperation agreement with the EU in November 2013 - in favor of closer economic ties with Russia - and subsequent use of force against students, civil society activists, and other civilians in favor of the agreement led to a three-month protest occupation of Kyiv's central square. The government's use of violence to break up the protest camp in February 2014 led to all out pitched battles, scores of deaths, international condemnation, and the president's abrupt departure for Russia. New elections in the spring allowed pro-West president Petro POROSHENKO to assume office on 7 June 2014.

Shortly after YANUKOVYCH's departure in late February 2014, Russian President PUTIN ordered the invasion of Ukraine's Crimean Peninsula claiming the action was to protect ethnic Russians living there. Two weeks later, a "referendum" was held regarding the integration of Crimea into the Russian Federation. The "referendum" was condemned as illegitimate by the Ukrainian Government, the EU, the US, and the UN General Assembly (UNGA). In response to Russia's purported annexation of Crimea, 100 members of the UN passed UNGA resolution 68/262, rejecting the "referendum" as baseless and invalid and confirming the sovereignty, political independence, unity, and territorial integrity of Ukraine. Russia also continues to supply separatists in two of Ukraine's eastern provinces with manpower, funding, and materiel resulting in an armed conflict with the Ukrainian Government. Representatives from Ukraine, Russia, and the unrecognized separatist republics signed the Minsk Protocol and Memorandum in September 2014 to end the conflict. However, this agreement failed to stop the fighting. In a renewed attempt to alleviate ongoing clashes, leaders of Ukraine, Russia, France, and Germany negotiated a follow-on package of measures in February 2015 to implement the Minsk Agreements. Representatives from Ukraine, Russia, and the Organization for Security and Cooperation in Europe also meet regularly to facilitate implementation of the peace deal. More than 33,000 civilians have been killed or wounded in the fighting resulting from Russian aggression in eastern Ukraine.

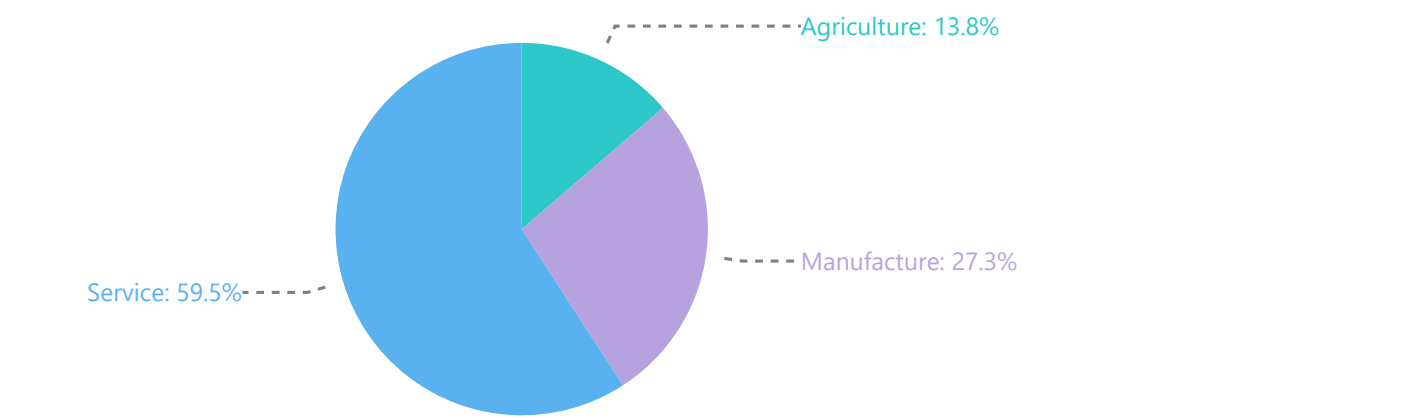
Reference: <https://www.economy.com/ukraine/indicators>

2.1.2 Key Figures

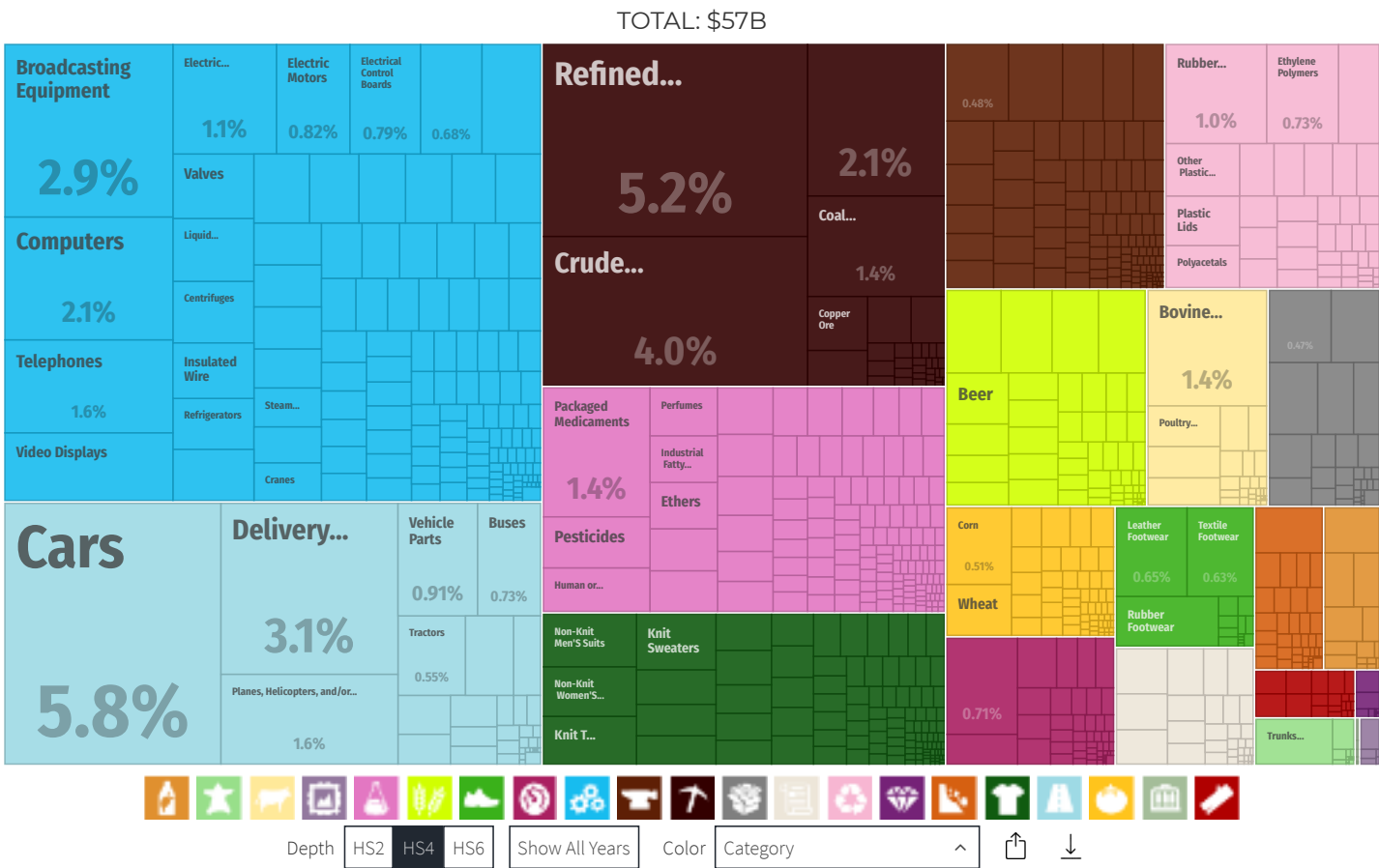
Population: 42 Million  
GDP Total: \$366 billion (50th)  
GDP per capita: \$8,656 (114th)  
Ranked as "Low and Middle income country" according to the world bank

2.2 Economic Structure

2.2.1 Economic Sectors

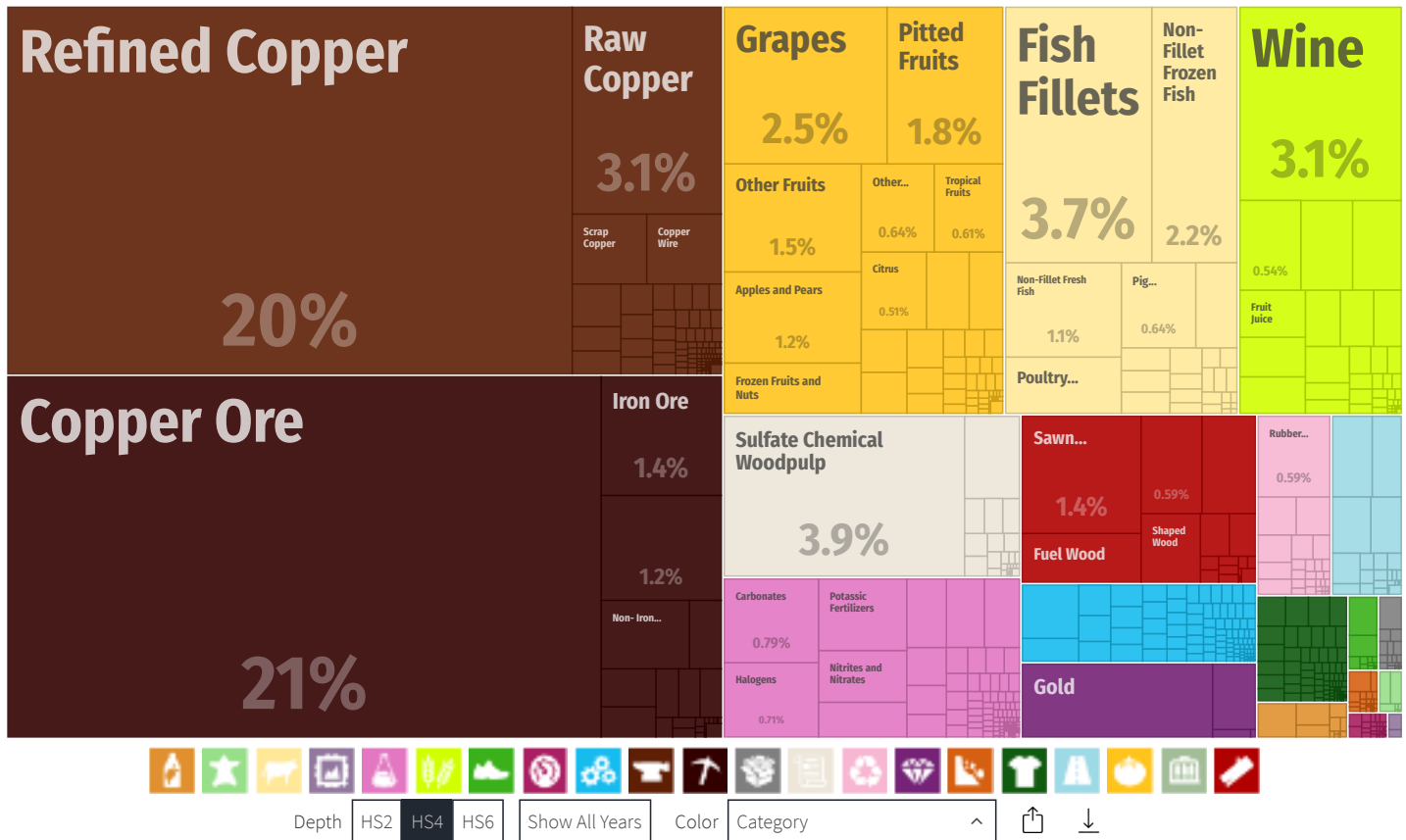


2.2.2 Import Composition



2.2.3 Export Composition

TOTAL: \$58.5B



## 2.2.4 Industries with Externalities

Because Ukraine has large amount of ore reserves, the mine process has resulted in pollution in many environmental aspects

Ukraine releases polluted water, heavy metal, organic compounds, and oil-related pollutants into the Black Sea. The water supply in some areas of the country contains toxic industrial chemicals up to 10 times the concentration considered to be within safety limits.

Air pollution is a significant environmental problem in the Ukraine. In 1992, Ukraine had the world's seventh-highest level of industrial carbon dioxide emissions, which totaled 611.3 million metric tons, a per capita level of 11.72. In 1996, the total had dropped significantly to 397 million metric tons. The pollution of the nation's water has resulted in large-scale elimination of the fish population, particularly in the Sea of Azov.

Reference: <http://www.nationsencyclopedia.com/Europe/Ukraine-ENVIRONMENT.html>

## 2.3 Economic Indicators

### 2.3.1 Exchange Rate

## Ukraine - Official exchange rate

25.6

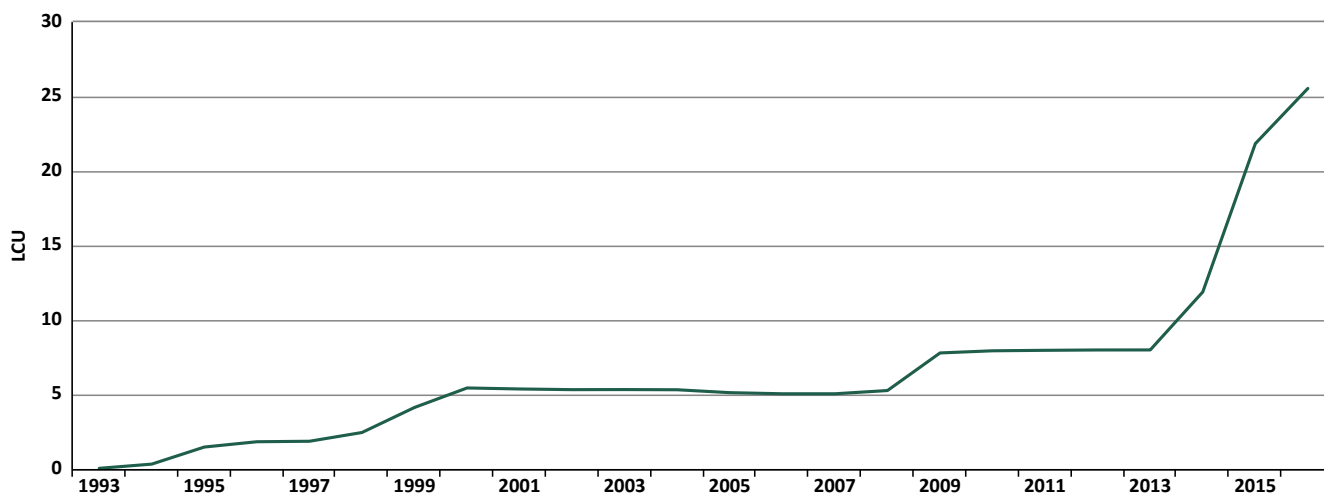
(LCU per US dollars)

in 2016

In 2016, exchange rate for Ukraine was 25.6 lcu per us dollars. Exchange rate of Ukraine increased from 1.9 LCU per US dollars in 1997 to 25.6 LCU per US dollars in 2016 growing at an average annual rate of 17.31 %.

 The description is composed by Yodotai, our digital data assistant. Have a question? [Ask Yodotai](#)

Official exchange rate refers to the exchange rate determined by national authorities or to the rate determined in the legally sanctioned exchange market. It is calculated as an annual average based on monthly averages (local currency units relative to the U.S. dollar).



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### 2.3.2 Interest Rate

The central bank of Ukraine hiked its key discount rate by 100bps to 14.5% on December 14th 2017, surprising markets who expected no changes. It follows a similar move in the previous meeting, amid higher than expected inflation. Inflation expectations deteriorated due raw food prices, wages and a risk of a more significant increase in social standards that can affect cost of goods and services and demand. In November, the inflation declined to 13.6 percent from 14.6 percent in October. However the decrease was slower than forecasts, mainly due to higher production costs and a recovery in demand. Interest Rate in Ukraine averaged 40 percent from 1992 until 2017, reaching an all time high of 300 percent in October of 1994 and a record low of 6.50 percent in August of 2013.

## Ukraine - Lending interest rate

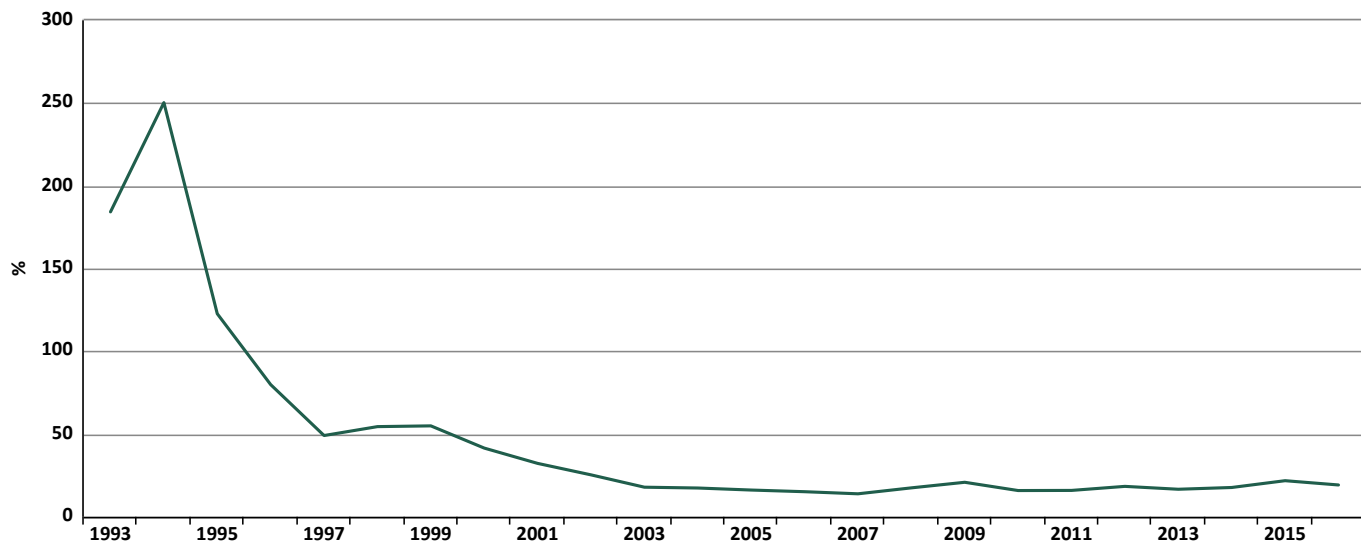
19.24

(%)  
in 2016

In 2016, lending interest rate for Ukraine was 19.24 %. Though Ukraine lending interest rate fluctuated substantially in recent years, it tended to decrease through 1997 - 2016 period ending at 19.24 % in 2016.

 The description is composed by Yodatai, our digital data assistant. Have a question? [Ask Yodatai](#)

Lending interest rate is the rate charged by banks on loans to prime customers.



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### 2.3.3 Inflation Rate

Ukraine consumer prices increased 13.6 percent year-on-year in November of 2017, easing from a 14.6 percent rise in the preceding month. It was the lowest inflation rate since May. Prices eased for food and non-alcoholic beverages (17.9 percent vs 18 percent in October); alcoholic beverages and tobacco (23.8 percent vs 24.7 percent); housing and utilities (10.3 percent vs 15.2 percent) and recreation and culture (3.9 percent vs 4.5 percent). In contrast, cost rose further for transport (15.4 percent vs 14.4 percent); health (6.9 percent vs 6.4 percent); communication (11.5 percent vs 10.6 percent); restaurants and hotels (16.2 percent vs 15.4 percent) and miscellaneous goods and services (5.8 percent vs 4.2 percent). On a monthly basis, consumer prices inched up 0.9 percent compared to a 1.2 percent increase in October. Inflation Rate in Ukraine averaged 34.92 percent from 1995 until 2017, reaching an all time high of 530.30 percent in September of 1995 and a record low of -1.20 percent in June of 2012.

## Ukraine - Consumer price inflation

13.9

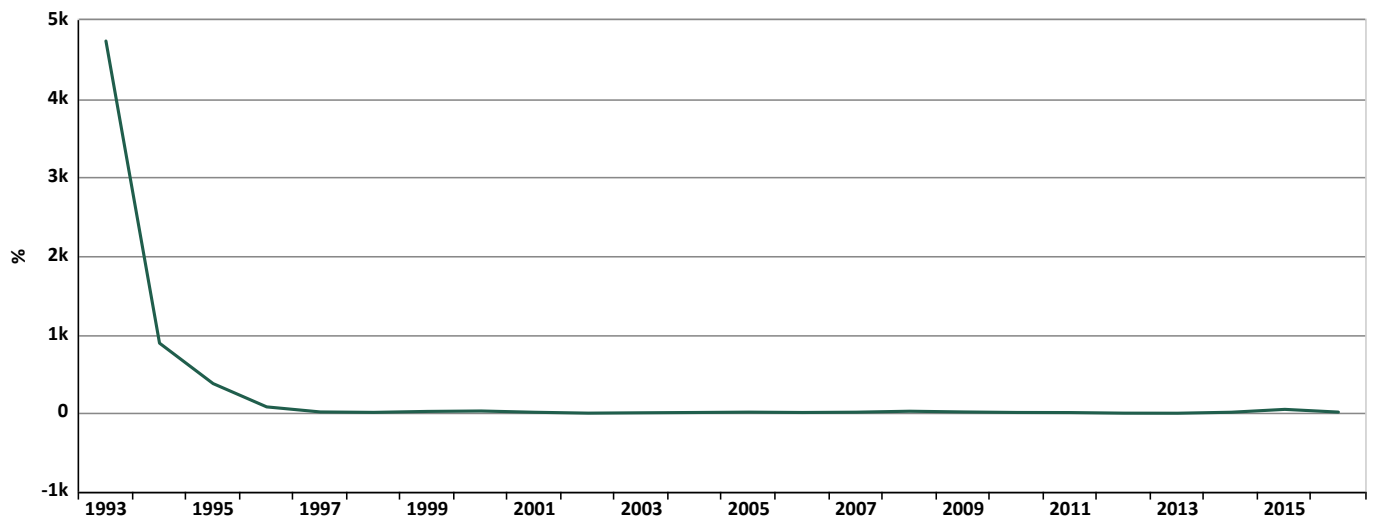
(%)

in 2016

Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The Laspeyres formula is generally used.

In 2016, inflation rate for Ukraine was 13.9 %. Though Ukraine inflation rate fluctuated substantially in recent years, it tended to increase through 1997 - 2016 period ending at 13.9 % in 2016.

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### 2.3.4 Unemployment Rate

The jobless rate in Ukraine increased slightly to 8.9 percent in the third quarter of 2017 from 8.8 percent in the same period a year ago. The number of unemployed people rose by 7.7 thousand to 1611.3 thousand and employed declined by 95.6 thousand to 16,428.6 thousand. Meanwhile, the economic activity rate edged down to 62.6 percent from 62.7 percent. Unemployment Rate in Ukraine averaged 8.53 percent from 2003 until 2017, reaching an all time high of 10.60 percent in the fourth quarter of 2014 and a record low of 6.30 percent in the third quarter of 2013.



## Ukraine - Unemployment rate

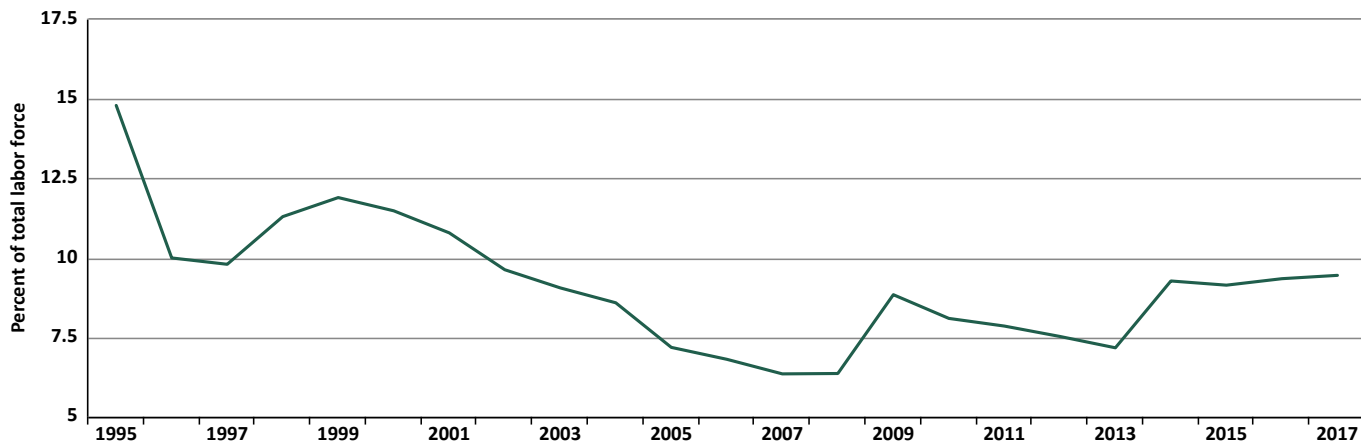
9.5

(%)

In 2017, unemployment rate for Ukraine was 9.5 %. Before unemployment rate of Ukraine started to increase to reach a level of 9.5 % in 2017, it went through a trough reaching a low of 6.4 % in 2007.

The description is composed by Yodatai, our digital data assistant. Have a question? [Ask Yodatai](#)

in 2017 Unemployment rate can be defined by either the national definition, the ILO harmonized definition, or the OECD harmonized definition. The OECD harmonized unemployment rate gives the number of unemployed persons as a percentage of the labor force (the total number of people employed plus unemployed). [OECD Main Economic Indicators, OECD, monthly] As defined by the International Labour Organization, "unemployed workers" are those who are currently not working but are willing and able to work for pay, currently available to work, and have actively searched for work. [ILO, <http://www.ilo.org/public/english/bureau/stat/res/index.htm>]



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## 2.3.5 GINI Coefficient

### Ukraine - GINI index

24.09

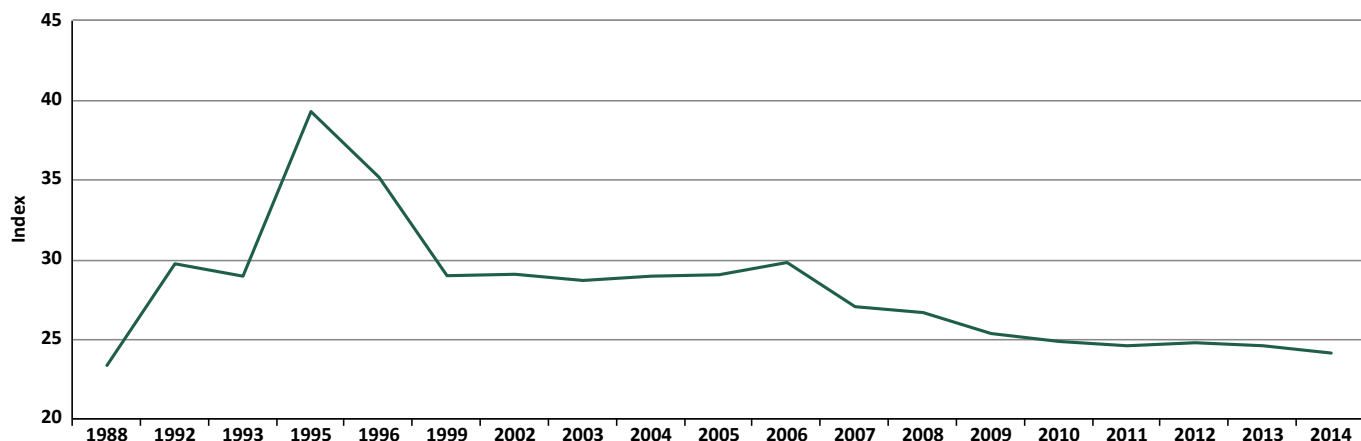
(points)

in 2014

In 2014, GINI index for Ukraine was 24.09 points. Though Ukraine GINI index fluctuated substantially in recent years, it tended to decrease through 1996 - 2014 period ending at 24.09 points in 2014.

The description is composed by Yodatai, our digital data assistant. Have a question? [Ask Yodatai](#)

Gini index measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.



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## 2.3.6 Human Development Index

## Ukraine - Human development index

**0.74**

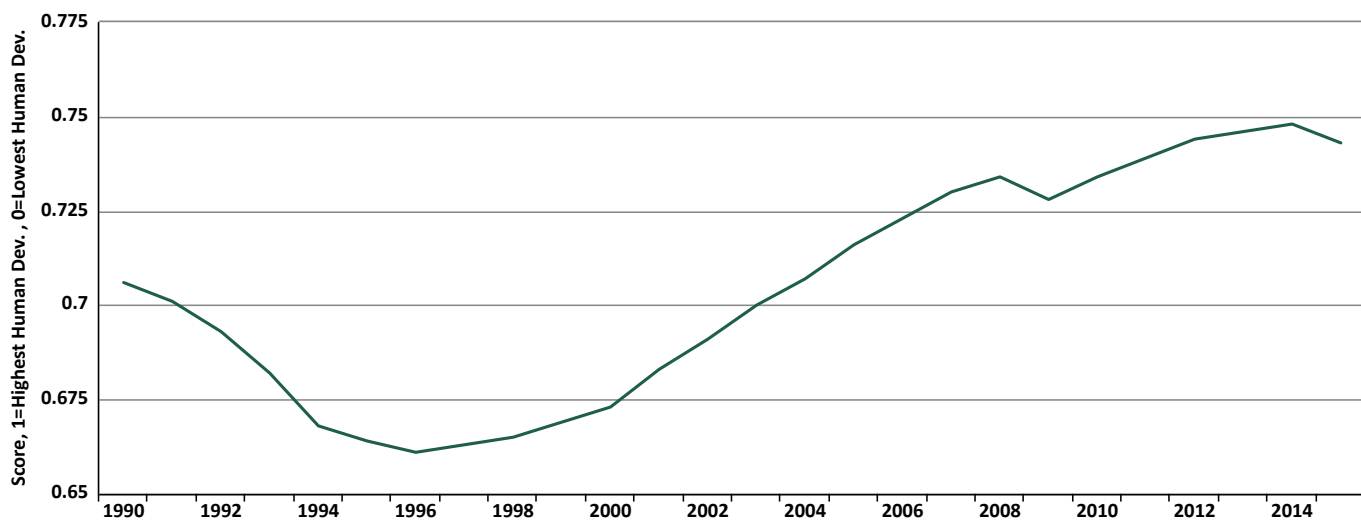
(score)

in 2015

A composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living. 1=the most developed.

In 2015, human development index for Ukraine was 0.74 score. Human development index of Ukraine increased from 0.66 score in 1996 to 0.74 score in 2015 growing at an average annual rate of 0.62 %.

The description is composed by Yodatai, our digital data assistant. Have a question? [Ask Yodatai](#)



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## 2.3.7 Balance of Payments

### 2.3.7.1 Current Account

#### Ukraine - Current account balance in current prices

**-189,000,000**

(US dollars)  
in 2015

In 2015, current account balance for Ukraine was -189 million us dollars. Though Ukraine current account balance fluctuated substantially in recent years, it tended to decrease through 1996 - 2015 period ending at -189 million US dollars in 2015.

The description is composed by Yodatai, our digital data assistant. Have a question? [Ask Yodatai](#)

Current account balance is the sum of net exports of goods, services, net income, and net current transfers. Data are in current U.S. dollars.



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### 2.3.7.2 Capital Account

## Ukraine - Net capital account in current prices

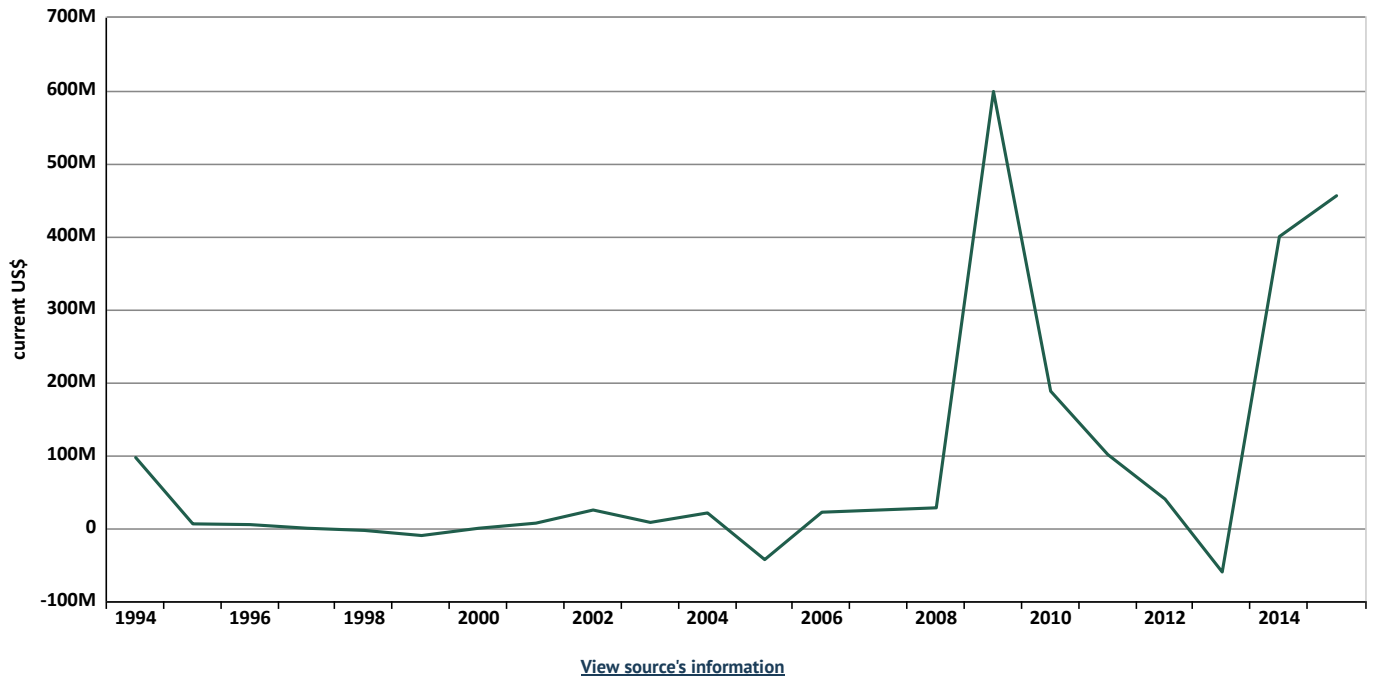
**456,000,000**

(US dollars)  
in 2015

In 2015, net capital account for Ukraine was 456 million us dollars. Though Ukraine net capital account fluctuated substantially in recent years, it tended to increase through 1996 - 2015 period ending at 456 million US dollars in 2015.

 The description is composed by Yodotai, our digital data assistant. Have a question? [Ask Yodotai >](#)

Net capital account records acquisitions and disposals of non-produced non-financial assets, such as land sold to embassies and sales of leases and licenses, as well as capital transfers, including government debt forgiveness. The use of the term capital account in this context is designed to be consistent with the System of National Accounts, which distinguishes between capital transactions and financial transactions. Data are in current U.S. dollars.



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### 2.3.7.3 Financial Account

## Ukraine - Net financial account in current prices

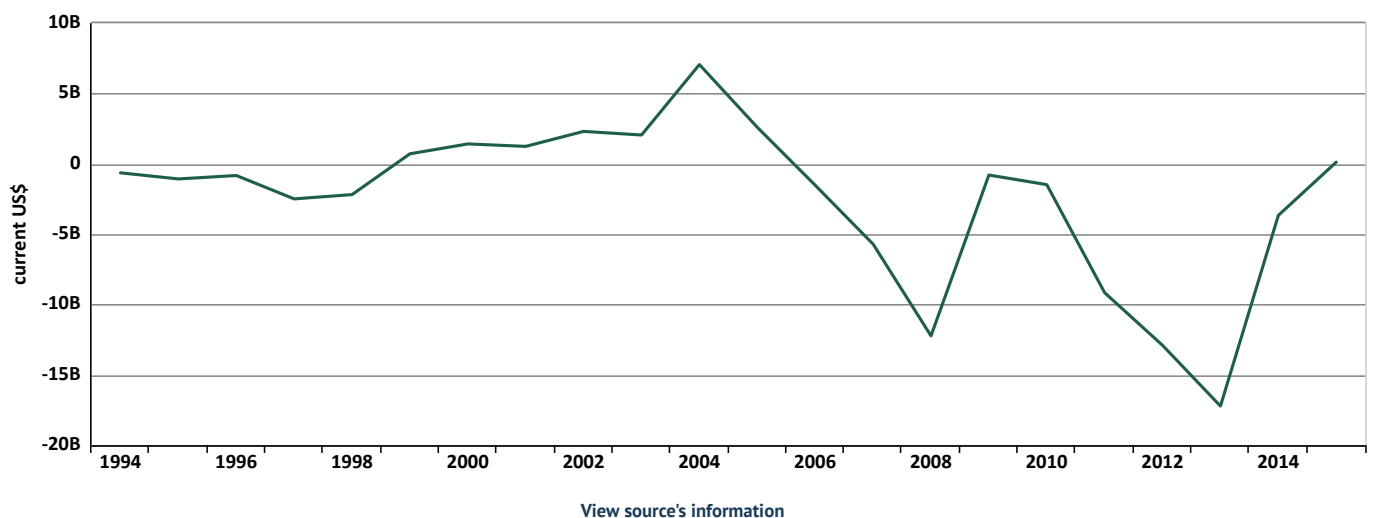
**123,000,000**

(US dollars)  
in 2015

In 2015, net financial account for Ukraine was 123 million us dollars. Though Ukraine net financial account fluctuated substantially in recent years, it tended to decrease through 1996 - 2015 period ending at 123 million US dollars in 2015.

 The description is composed by Yodotai, our digital data assistant. Have a question? [Ask Yodotai >](#)

The net financial account shows net acquisition and disposal of financial assets and liabilities. It measures how net lending to or borrowing from nonresidents is financed, and is conceptually equal to the sum of the balances on the current and capital accounts. Data are in current U.S. dollars.

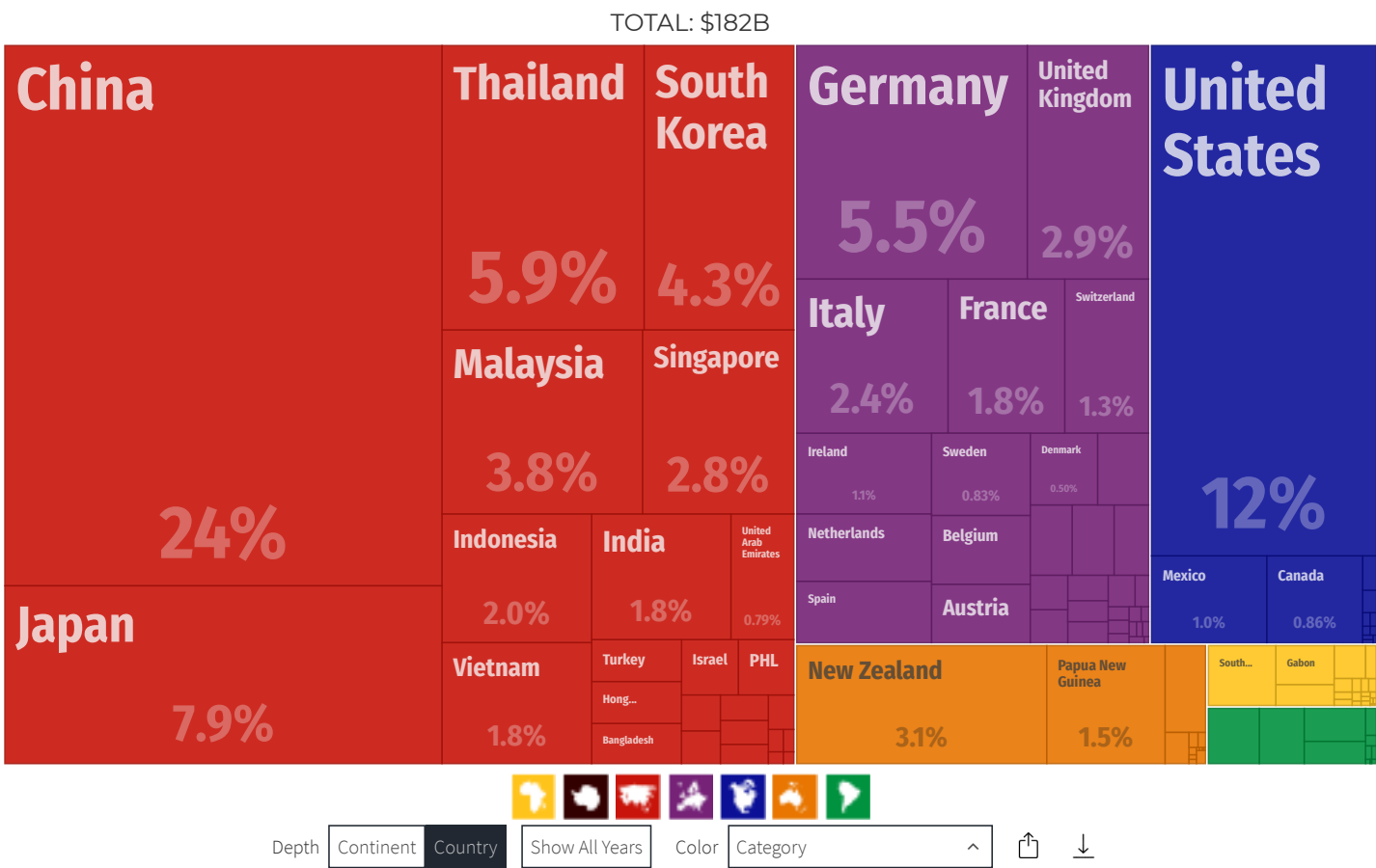


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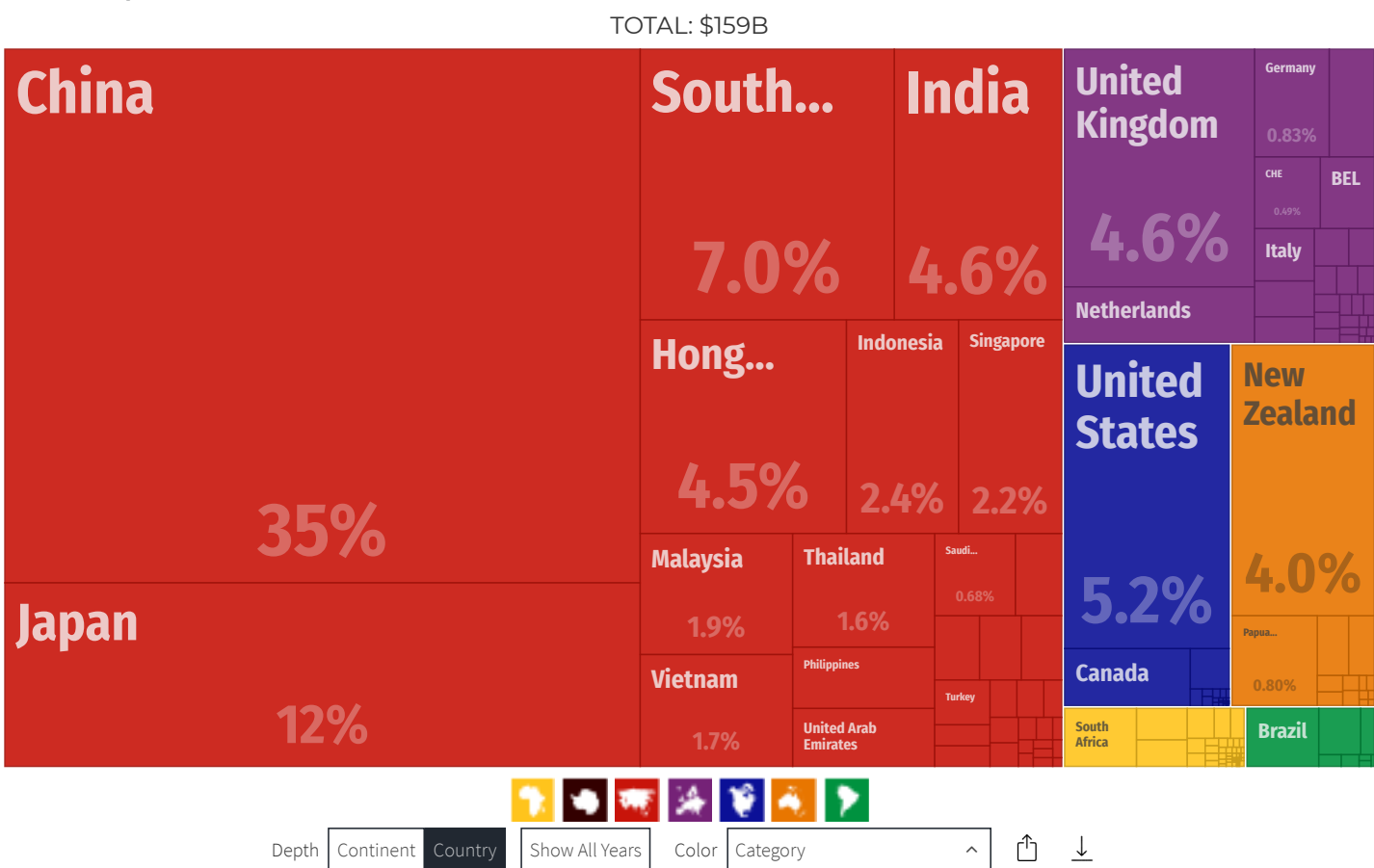
2.4 Trade

2.4.1 Trading Partners

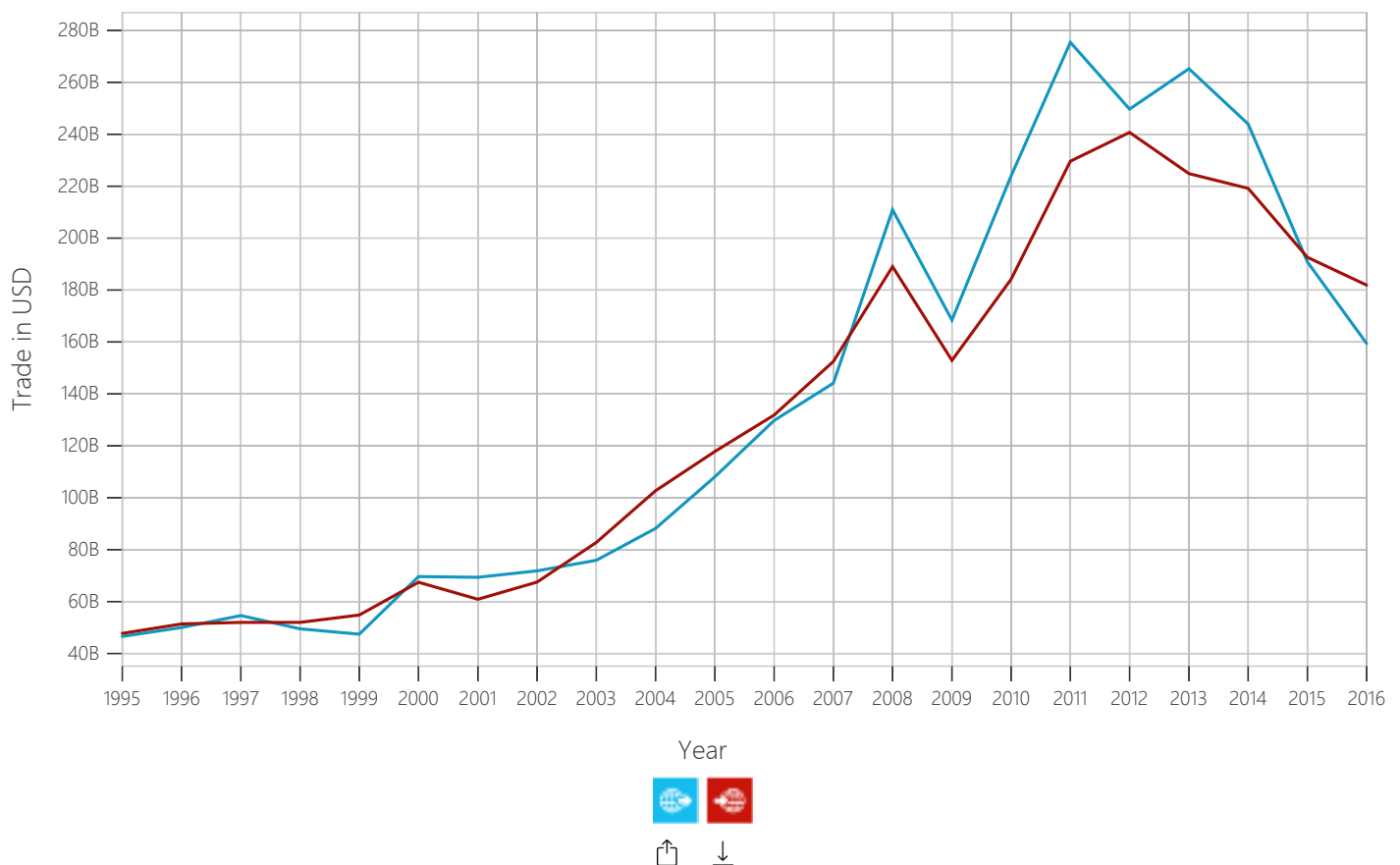
2.4.1.1 Import Origins



2.4.1.2 Export Destinations



2.4.2 Trade Balance



### 2.4.3 Trade Benefits

From the table of import and export composition, it could be observed that Ukraine is benefiting from selling its abundant natural resources (various metal ores) and buying high-tech products that it lacks.

### 2.4.4 Protectionism Policies

There is very limited information on the internet regarding the protectionism policies implemented by Ukraine government. Systematic descriptions are rare.

"The Ukrainian government has been actively analyzing and addressing unnecessary trade barriers that encumber trade, working to make the business environment more simple and transparent for local and foreign companies. While the environment is improving, many trade barriers in Ukraine persist, including unpredictable discriminatory fees and product certification procedures. Non-tariff barriers include non-transparent standards and certification requirements, cumbersome procedures for phytosanitary certifications, import licenses, and labeling requirements.

Over the past few years the Government of Ukraine occasionally temporarily restricted imports of U.S. agricultural products, allegedly because of food safety concerns. In addition, in November 2010, the Ministry of Health of Ukraine signed Order #971, approving a list of food products that require monitoring for genetically engineered or genetically modified organism (GMO) content. Among the groups of products to be tested and monitored are soybeans and soybean products, corn and products made with corn, potatoes and potato-derived products, tomatoes, and tomato products, rice and rice products, wheat and products made of wheat, baby food made with such products, food additives."

Reference: <https://www.export.gov/article?id=Ukraine-Trade-Barriers>

## 2.5 SWOT Analysis

<b>Strengths</b>	Abundant natural resources, low labor costs, adequately educated workforce
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<b>Weaknesses</b>	Economic instability, corruption, bureaucracy and inefficient tax and legal system, over-regulation, underdeveloped transport infrastructure, local currency devaluation
<b>Opportunities</b>	Investments in infrastructure, clean and renewable energy sources, high-tech products, multimedia etc.
<b>Threats</b>	Terrorism and Political Instability

Reference:

[http://usa.mfa.gov.ua/mediafiles/sites/usa/files/export/Invest\\_in\\_Ukraine.pdf](http://usa.mfa.gov.ua/mediafiles/sites/usa/files/export/Invest_in_Ukraine.pdf)

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## 3. Development Proposal

### 3.1 Type of Aid

#### Humanitarian Aid

#### 3.1.1 Justification

The armed conflict in eastern Ukraine is now in its fourth year. The conflict has led to staggering humanitarian needs, claimed over 10,000 lives (nearly 3,000 civilian) and damaged critical civilian infrastructure. Thousands of civilians living close to the contact line are still suffering under shelling. Many citizens face significant challenges as a result of the suspension of social and financial services in the divided parts of Donetsk and Luhansk regions. Restrictions on movement of people and goods across the contact line make life extremely difficult for people living in the eastern regions.

An estimated four million people are in need of humanitarian support, and while humanitarian groups are doing their best to meet needs, there is a serious lack of funding and international attention to the ongoing humanitarian crisis. Protracted displacement is a challenge and lack of livelihood opportunities forces some Internally Displaced People (IDPs) to return to insecure areas. The main challenges for aid organizations are providing assistance to 1,583,827 registered IDPs in Ukraine (by April 25th, 2017) and accessing to those in need living on the other side of contact line.

The situation in the Donbass (Eastern) region exposes and aggravates systemic and structural flaws that, in turn, negatively impact the humanitarian situation. This drawn out crisis has weakened people's ability to cope. Therefore, the role of the international humanitarian actors is critical.

#### 3.1.2 Amount and Timeline

Humanitarian aid is needed until the violence conflict and crises in the country stops.

#### 3.1.3 Goals

Goals of this aid include: access multisectoral humanitarian assistance, access to job and markets, cash to restore livelihoods, water for frontline villages, shelter for affected families, and access to health and psychosocial services.

## 3.2 Past Aids

BEIJING — China's Foreign Ministry said that international financial bodies ought to be offering aid to Ukraine to ensure its economic stability, though it stopped short of saying whether Beijing would participate in such efforts.

U.S. President Barack Obama has also urged the IMF to reach agreement swiftly on a financial support package for Kyiv, which would unlock additional aid from the European Union and Washington.

Asked about aid for Ukraine, China, whose President Xi Jinping discussed Ukraine with Obama on Monday, said that the government "upholds the maintaining of Ukraine's financial stability."

"The United States, working with partners around the world, stands ready to provide support for Ukraine as it takes the reforms it needs to, to get back to economic stability," said White House spokesman Jay Carney, adding that "this support can complement an IMF program by helping to make reforms easier".

Reference:

<https://www.voanews.com/a/china-supports-international-aid-for-ukraine/1879550.html>

<https://www.reuters.com/article/us-ukraine-aid/ukraine-calls-for-urgent-western-aid-after-yanukovich-ousted-idUSBREA1N0EG20140224>

## 3.3 Problem with Aids

### Potential for Corruption

Since 1992, the U.S. has sent \$3 billion to \$5 billion in aid to Ukraine, with only cursory public disclosure. The U.S. State Department operates an online database, ForeignAssistance.gov, but names of foreign recipients are often left out, and entire sections are blank. Furthermore, the disclosure often comes long after the money has been distributed. "It is incredibly hard to find this kind of information," Nicole Valentinuzzi, communications manager for Publish What You Fund, an international organization promoting transparency for foreign aid.

...

USAID has advocated and funded Ukraine transparency programs and laws, including the nation's 2011 freedom of information law and the creation of the Ukrainian Electronic Disclosure System, a public database of financial reports modeled on the U.S. Securities and Exchange Commission's EDGAR system.

Reference: [https://www.huffingtonpost.com/2014/03/07/us-foreign-aid-ukraine\\_n\\_4914682.html](https://www.huffingtonpost.com/2014/03/07/us-foreign-aid-ukraine_n_4914682.html)

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<https://knoema.com/atlas>

<https://www.indexmundi.com/facts/ukraine>