

COUNTRY PROFILE



Ukraine

GLOBAL RANK: 68th= of 104



Ukraine ranks amongst the lowest of the European states at 68th overall, on a par with Macedonia. Its Economic Competitiveness rank (45th) is substantially higher than its Comparative Liveability rank (91st). Key to this difference are, most notably, the deep dissatisfaction with personal health, environmental preservation efforts and air quality.

● BACKGROUND

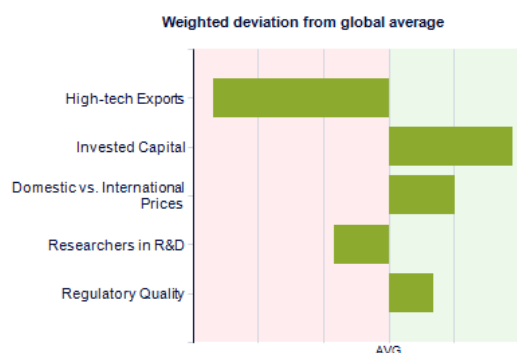
Ukraine's 'Orange Revolution' in 2004, which heralded a new era of reform, offered hopes of economic liberalisation and pro-Western policy. Since then, freedom of speech has improved and democratic institutions have strengthened, but reform has more generally been stalled by political squabbling and corruption. The economy remains heavily dependent upon Russian energy imports. Ukraine is home to one of the world's fastest-growing HIV epidemics. This problem is compounded by a poor health infrastructure. Environmentally, Ukraine suffers from industrial pollution in the Black Sea, and ongoing environmental and health repercussions in the northeast from the 1986 Chernobyl disaster.

FAST FACTS

<b>Population:</b>	46 million (2008 est.)	<b>FDI (net inflow):</b>	2.17% (2006 est.)
<b>Life Today</b>	5 (2007 est.)	<b>Exports</b>	36.04% (2006 est.)
<b>GDP (PPP)</b>	\$320.1 billion (2007 est.)	<b>Imports</b>	42.30% (2006 est.)
<b>GDP (Growth)</b>	7.3% (2007 est.)	<b>Unemployment:</b>	7% (2007 est.)
<b>GDP (per Capita)</b>	\$6,900 (2007 est.)	<b>Life Expectancy</b>	68.06 years (2008 est.)
<b>Political System:</b>	Republic		
<b>Foreign Aid:</b>	0.45% (2006 est.)		

● KEY SCORE DRIVERS

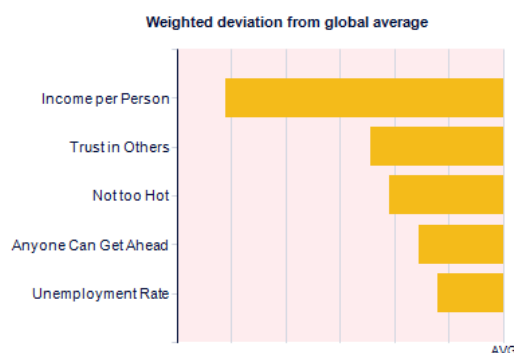
ECONOMIC COMPETITIVENESS



Ukraine's most serious competitiveness challenge is governance. Prolonged political instability since the Orange Revolution in 2004 hinders institution-building and the elaboration and implementation of coherent policies. Consequently, government effectiveness and the quality or regulation scores remain poor. This is a major stumbling block for the Ukrainian economy, with no obvious short term fixes.

Nevertheless, other structural conditions of material prosperity seem to be in place. Mass education levels are high, with an average of nearly four years of secondary education per worker, although some of this education may arguably be ill-suited to a modern capitalist

COMPARATIVE LIVEABILITY



In terms of liveability, Ukraine scores very poorly on many indicators, including income. The health situation is particularly alarming: 49%<sup>9</sup> of the population is dissatisfied with their personal health, and health-adjusted life expectancy is under 60 years. HIV prevalence is the highest in the region, and the population is decreasing by almost 1% annually, a trend which is amplified by massive emigration both towards the West and to Russia.

Although unemployment is relatively low, Ukraine is marked by a perceived lack of opportunity. A significant proportion of the citizens are dissatisfied with the freedom to choose what to do in life and do not believe they can get ahead by working hard, according to the

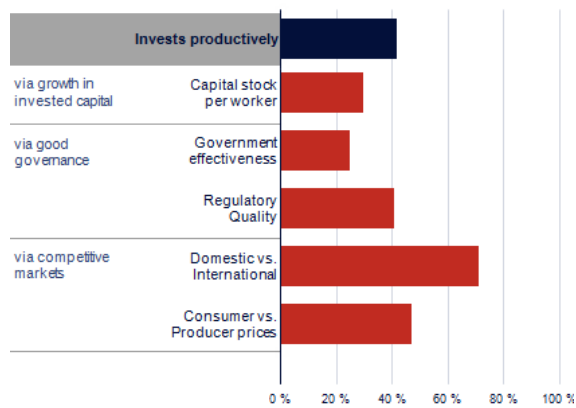
economy. A relatively high number of patent applications suggests that highly skilled human capital is also abundant.

Movements in price levels suggest a degree of competitiveness in Ukraine's markets, and local entrepreneurship shows increasing dynamism, bolstered by the low costs of starting a business. The foreign direct investment stock in the country doubled since the transition to democracy in 2004, and currently stands at around \$22 billion. Exports show a similar trend, and are expected to reach \$40 billion in 2008, suggesting that economic openness is on the rise.

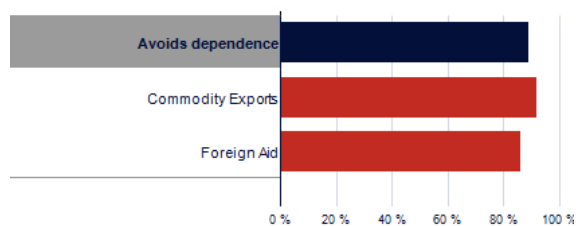
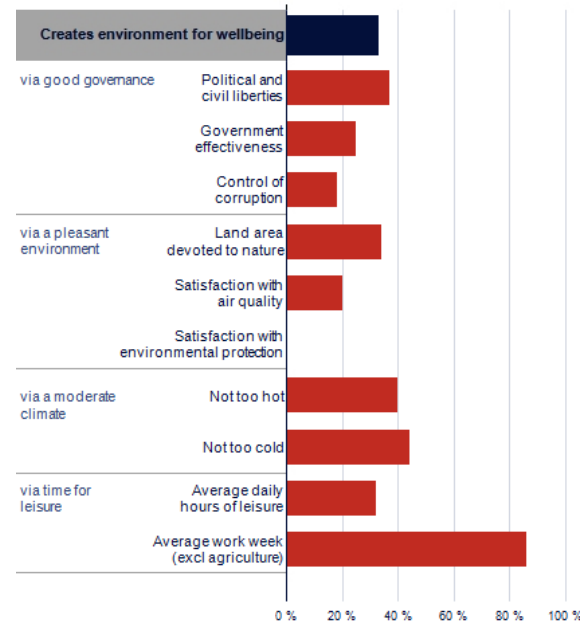
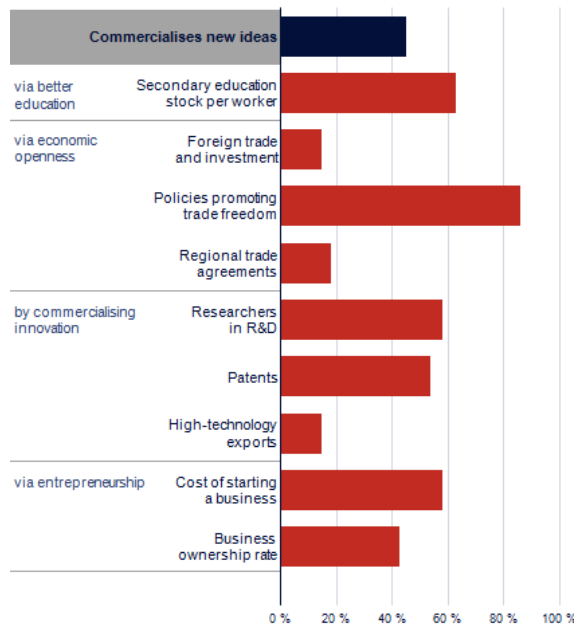
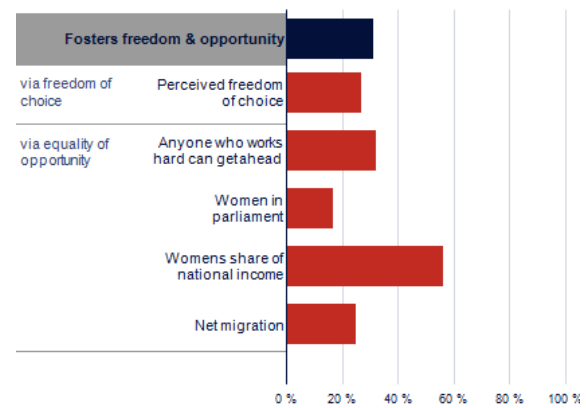
Gallup World Poll.

Consistent with regional trends, environmental and family life concerns also have a negative impact on Comparative Liveability. A mere 12%<sup>9</sup> of the population is satisfied with the efforts to preserve the environment and 65%<sup>9</sup> are unhappy with the quality of the air. 16%<sup>9</sup> of the population are widowed and 8%<sup>9</sup> are divorced, figures that are significantly above the regional average. Community life has been somewhat invigorated by the Orange Revolution, but -- as in many post-communist countries -- remains too weak to foster a healthy civil society.

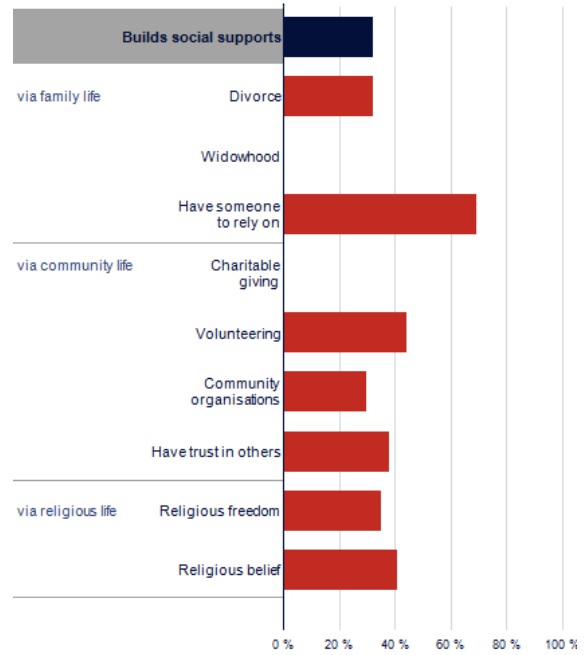
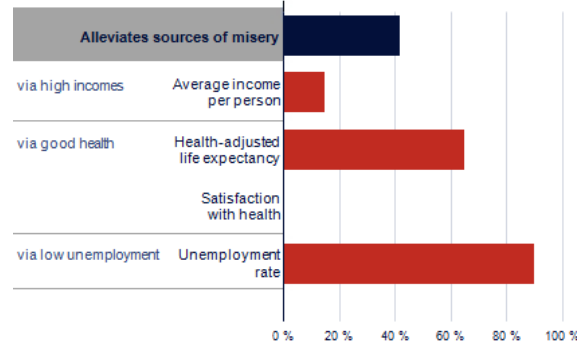
## ECONOMIC COMPETITIVENESS: SCORECARD



## COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



**References:**

<sup>9, w</sup> See [www.prosperity.com/references.aspx](http://www.prosperity.com/references.aspx) for further details including date of survey, sample size, and margin of error.