

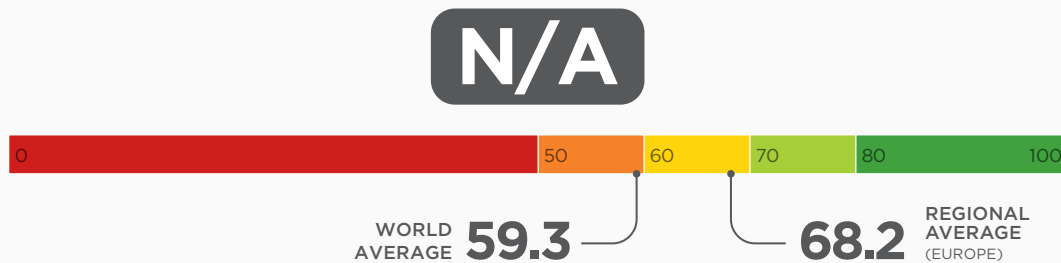


UKRAINE

Assessment of Ukraine’s economic freedom has been temporarily suspended due to Russia’s ongoing invasion since February 24, 2022.

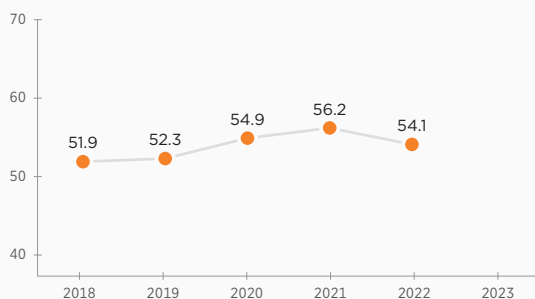
A vibrant and resilient economy is an essential engine for Ukrainian freedom and independence. Ukraine’s economic potential has long been suppressed by poor economic governance. Before the war, the foundations of economic freedom had been fragile and unevenly established across the country. Low rankings in the *Index of Economic Freedom* and other international studies have offered unambiguous indications of systemic shortcomings in the critical areas of transparency, efficiency, and openness that prevent the country’s economic potential from being fully realized.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
43.8 million

GDP (PPP):
\$588.4 billion
3.4% growth in 2021
5-year compound annual growth 1.7%
\$14,325 per capita

UNEMPLOYMENT:
9.5%

INFLATION (CPI):
9.4%

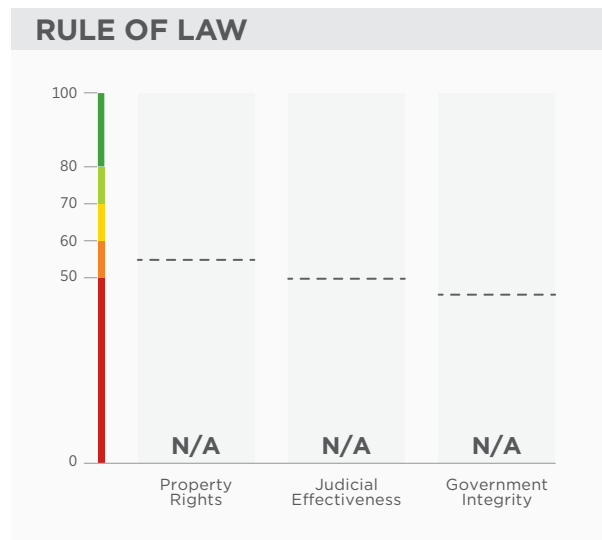
FDI INFLOW:
\$6.5 billion

PUBLIC DEBT:
47.6% of GDP

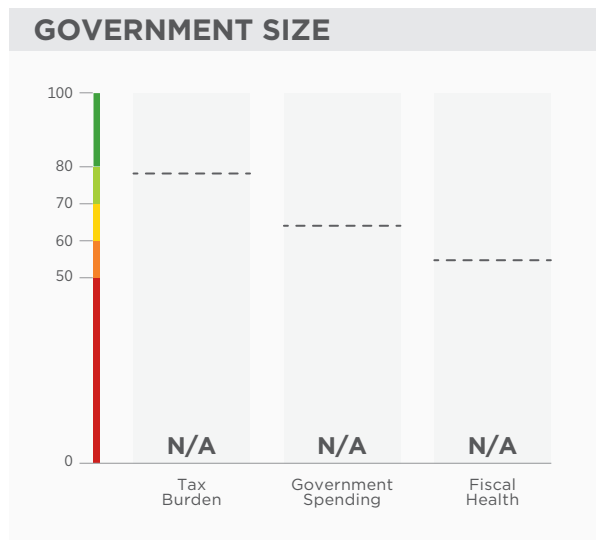
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Long known as the “Breadbasket of Europe,” Ukraine is located in Eastern Europe north of the Black Sea. Its business and political networks have been transformed by Russia’s second invasion, which began in February 2022. Russia has burned much of Ukraine’s grain supply, causing a global food crisis. Political newcomer Volodymyr Zelenskyy won the April 2019 presidential election, and his party won an absolute majority in July 2019 parliamentary elections. Russia’s illegal annexation of the Crimean Peninsula and second invasion continue to damage Ukraine’s economy, which relies heavily on the production of wheat and exports of industrial and energy products.

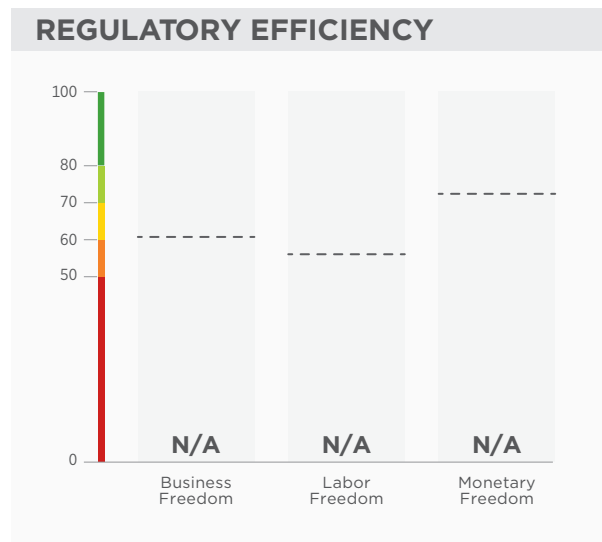
12 ECONOMIC FREEDOMS | UKRAINE



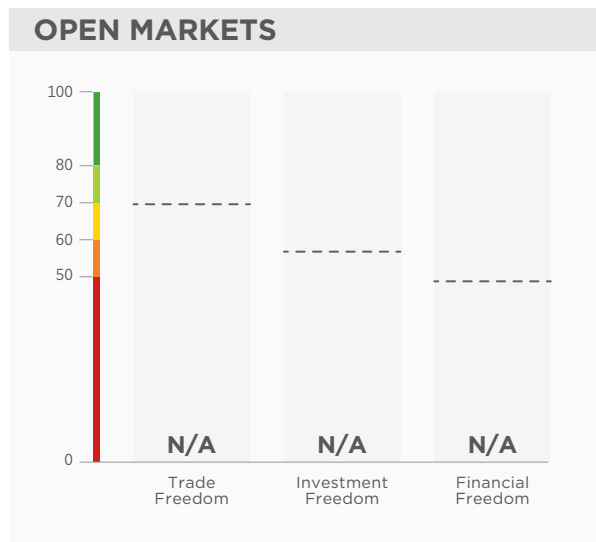
The overall rule of law is weak in Ukraine. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are 18 percent. Before the war, overall progress on much-needed fiscal and structural reforms had lagged. The influence of vested interests had severely undermined Ukraine's efforts to upgrade its economic system toward greater transparency and fiscal discipline.



Before the war, regulatory complexity often had created uncertainty in commercial transactions despite some reform. The business start-up process had been streamlined, but licensing requirements were still time-consuming. The labor code lacked flexibility. The government influenced prices through state-owned enterprises.



Before Russia's invasion, Ukraine's tariff rate was about 3 percent, but nontariff barriers severely constrained trade freedom. The investment framework was underdeveloped, and bureaucratic requirements deterred the much-needed growth of private investment. The banking system was burdened by a large number of nonperforming loans.