



financial support the Ukrainian side will submit for discussion.

As we know, the Government of Ukraine and the National Bank of Ukraine have completed the preparation of, and have begun to implement an extensive Program of macroeconomic stabilization and economic reform.

The principal directions of the economic policy envisaged by the Program are extensive liberalization of the economy, achievement of macroeconomic stabilization, a higher level of social protection for the less fortunate strata of the population, and acceleration of structural changes.

Implementation of the Program is expected to create the conditions for progressive stabilization of the balance of payments, including the renewal of considerable volumes of export from Ukraine; a stop will be put to "leakage" of capital, and reversion of its will begin. Liberalization of the economy through liberalization of the rate of exchange and the system of foreign trade and price regulation will serve as an economic incentive for domestic manufacturers, and create the conditions for the integration of the "shady" sector into a "legal" economy.

Based on the policy and strategy outlined in the Program of macroeconomic stabilization, Ukraine has applied to the International Monetary Fund for a Systemic Transformation Facility.

Preparations are underway to develop a program of further transformations. Support for this program could be provided under the IMF stand-by agreement. Work is being completed on the draft program of structural transformation developed together with the experts of the World Bank in order to obtain a rehabilitation loan. Work has been stepped up on the preparation and implementation of investment projects which are being developed in cooperation with the World Bank, the European Bank of Reconstruction and Development, other international organizations, individual countries and their groupings.

"It is important for Ukraine to have the support of the world community not after the fact, but simultaneously with its market reforms."

The success of the reforms in Ukraine depends largely on international financial support in the solution of the major problems - securing the stable purchase of energy sources up to the end of the year and over the next two years, and securing the appropriate postponement of promissory notes of the Ukrainian government and overdue payments due in 1994.

Ukraine's need for foreign financing was constantly made clear to the heads of the G-7 countries and other highly developed countries and international financial organizations. Questions concerning the implementation and



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support of the Program of macroeconomic stabilization and economic reforms in Ukraine were discussed at bi- and multilateral talks during the annual session of IMF and World Bank leaders in Madrid at the beginning of October this year, and at a meeting of the representatives of the donor countries in Washington on October 18th.

Ukraine is counting on extensive financial assistance from the international community in the nearest future. According to the assessment mutually-agreed on with IMF, we are in need of about one billion dollars US up to the end of this year to support our balance of payments. The first part of the Systemic Transformation Facility of the IMF amounts to 365 million dollars US. We need another 600 million dollars US immediately, primarily credits in hard currency that are urgently needed for the stabilization of the national currency and the purchase of energy sources.

A number of concrete plans of importance to Ukraine has already been drafted, namely plans for the power industry (including the Chornobyl clean-up), environmental protection, the conversion of the arms industry, the development of Ukraine's pharmaceutical capacities, the training and retraining of executive personnel, programs for social protection of the population during the transition to a market economy, plans for reforming the financial sector and the bank system, and plans for Ukraine's involvement in the development of trans-European energy, transport and information networks.

The successful implementation of these plans will depend on prompt financial support, which has already been promised. First and foremost, we have in mind the 400 million ECU designated by the European Union in Euratom loans, and in addition to that 100 million ECU to be provided over a period of three years under the TACIS Program.

We intend to introduce a new currency (hryvnia) shortly, and also to ensure support for the rate of exchange by means of a corresponding financial-budget and monetary-credit policy.

Considering the lower level of the official foreign reserves, we are appealing for help in the form of a stabilization fund of 1.5 billion dollars US to support the introduction of a new currency.

We are hopeful that the approval and implementation of the plans being developed together with international financial organizations will stimulate a flow of considerable private capital to Ukraine.

At the same time, we hope that the attraction of foreign capital to Ukraine's economy, with the stabilization of its valid legislation, the participation of investors in the privatization process and the implementation of guarantee systems, will become a powerful incentive for the stabilization and development of Ukraine's economic potential.

Ukraine's participation in the General Agreement on Tariffs and Trade and its membership in the World Trade Organization would contribute to the solution of the current tasks of economic reform, particularly in the sphere of foreign trade.