
EBRD lowers its 2008 GDP growth forecast for Ukraine

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According to Deutsche Welle report, the European Bank for Reconstruction and Development has lowered its 2008 GDP growth forecast for Ukraine from 6% to 5.5% due to price hikes. The forecast was released May 19 at the EBRD executive's session in Kyiv.

According to the EBRD press release, price hikes are eating into the incomes of Ukrainians and profitability of their businesses. That is why a GDP slowdown is expected in Ukraine. According to EBRD financial experts, Ukraine has not been hit by the world financial crisis, but it may worsen Ukraine's economic situation soon. To pre-empt and soft-pedal the crisis, the government must increase investment in energy-saving technologies, transport system and agriculture.

Mr Jean Lemierre president of EBRD said EBRD has plans to invest in projects in Ukraine more than EUR 1 billion. He said that "We expect to invest more in the private sector, banking, small and medium-sized business."

EBRD experts said EBRD representatives also advise to embark on anti-inflation measures as soon as possible to stimulate supply, notably, on agricultural markets. Capping prices, a policy used frequently by the cabinet, will not work.

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