

# UKRAINE

WORLD RANK:

127

REGIONAL RANK:

45

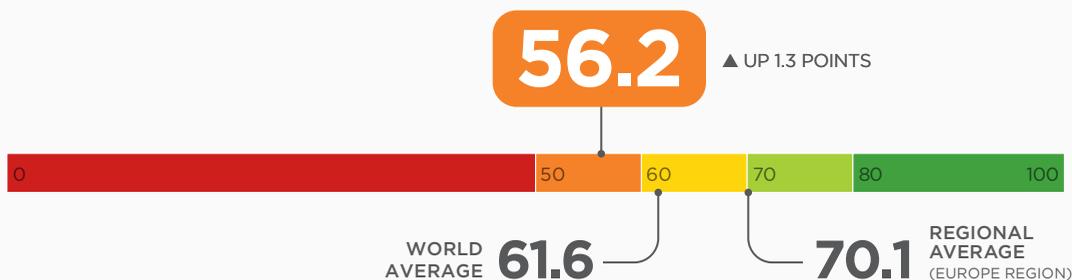
ECONOMIC FREEDOM STATUS:  
MOSTLY UNFREE

Ukraine's economic freedom score is 56.2, making its economy the 127th freest in the 2021 *Index*. Its overall score has increased by 1.3 points, primarily because of an increase in the **tax burden** score. Ukraine is ranked last among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Ukraine's ranking improved slightly within the mostly unfree category this year. To maintain the momentum toward greater economic freedom, the government will need to boost investor confidence by continuing to upgrade the investment code and by undertaking deep and comprehensive reforms to strengthen rule-of-law institutions and improve the protection of property rights, judicial effectiveness, and government integrity.

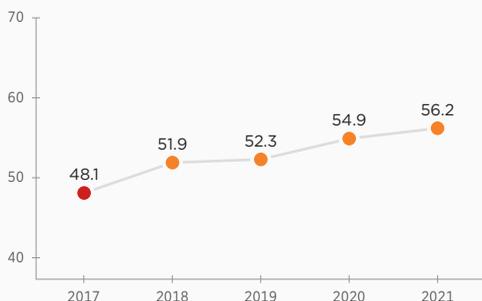
**IMPACT OF COVID-19:** As of December 1, 2020, 12,962 deaths had been attributed to the pandemic in Ukraine, and the economy was forecast to contract by 7.2 percent for the year.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +16.3

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
44.4 million

**GDP (PPP):**  
\$409.8 billion  
3.2% growth in 2019  
5-year compound  
annual growth 0.3%  
\$13,341 per capita

**UNEMPLOYMENT:**  
8.9%

**INFLATION (CPI):**  
7.9%

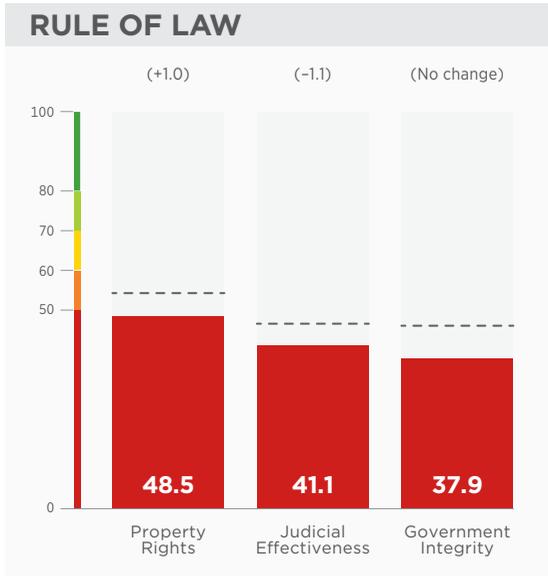
**FDI INFLOW:**  
\$3.1 billion

**PUBLIC DEBT:**  
50.1% of GDP

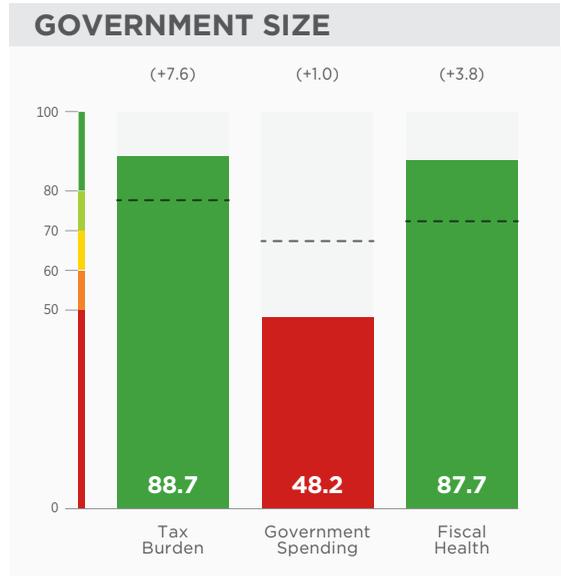
2019 data unless otherwise noted. Data compiled as of September 2020

**BACKGROUND:** Long known as the “Breadbasket of Europe” because of its fertile black soil, Ukraine gained independence after the Soviet Union collapsed in 1991. In the six years since the “Maidan” revolution, Ukraine’s political landscape has been transformed. Rival business-political networks continue to exercise significant influence, but a generational change is in progress. Actor and comedian Volodymyr Zelenskyy, a 41-year-old political newcomer, 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 destabilization of the eastern Donbas region continue to damage the Ukrainian economy, which relies heavily on the production of wheat and exports of industrial and energy products.

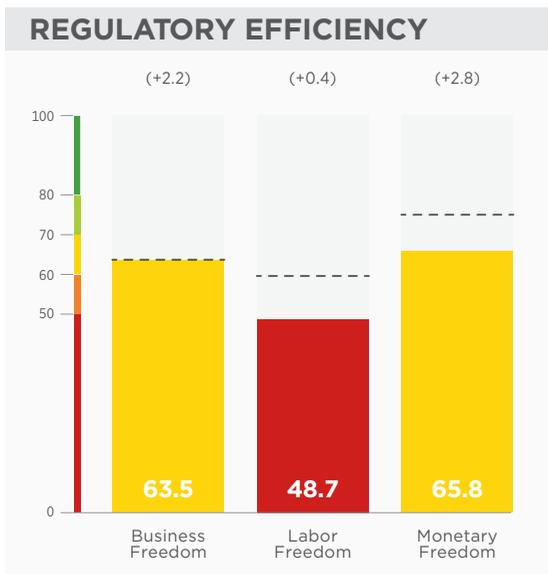
# 12 ECONOMIC FREEDOMS | UKRAINE



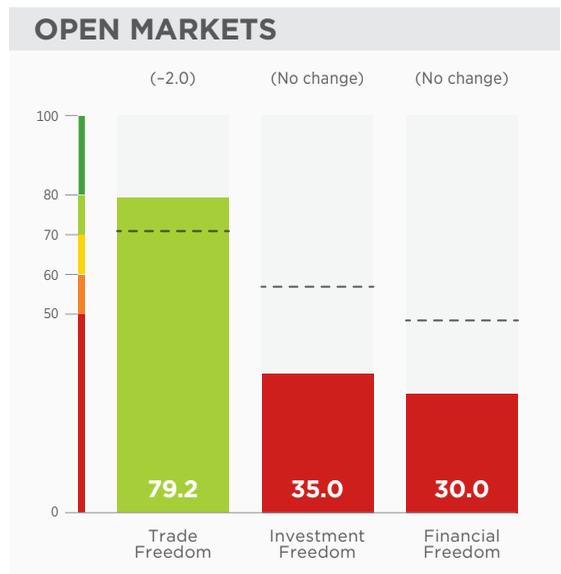
Ukrainian law addresses property rights, but enforcement by corrupt courts is unreliable. Mortgages and liens are recorded. Enforcement of contracts is time-consuming and costly. The judiciary's susceptibility to political pressure, corruption, and bribery weakens public confidence in the courts. Government integrity is severely compromised, and corruption within state-owned enterprises is of particular concern.



The top individual income tax rate is 20 percent, and the top corporate tax rate is 18 percent. Other taxes include value-added and property taxes. The overall tax burden equals 20.1 percent of total domestic income. Government spending has amounted to 41.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.1 percent of GDP. Public debt is equivalent to 50.1 percent of GDP.



Ukraine has simplified the process for obtaining construction permits, which are now also less costly in Kyiv because the contribution fee to the City Council has been reduced. The reliability of the power supply has improved. The labor force participation rate rose in 2019. According to World Bank data, approximately 60 percent of the government's annual budget is spent on subsidies and other transfer payments.



Ukraine has 18 preferential trade agreements in force. The trade-weighted average tariff rate is 2.9 percent, and 150 non-tariff measures are in effect. Tension with Russia continues to undercut more dynamic investment flows, and state-owned enterprises distort the economy. A new investment decree to simplify the foreign investor registration procedure was adopted in late 2019. About 65 percent of adult Ukrainians have formal banking accounts.