

The analytical and statistical parts
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Composite Authors:

Tetiana Halchynska

Director of the NBU Balance of Payments
Department

Natalia Chepurnova

Deputy Director of the Balance
of Payments Department

Nina Bereziuk

Deputy Director of the Department,
Head of the Office of
Balance of Payments Statistics

Yevhenia Kornienko

Head of the Office for Balance of
Payments Methodology, Analysis and Forecasting

Olena Troitska

Head of the Division for Balance of
Payments Methodology and Compilation

Nina Rohozhyna

Head of the Division for International Investment
Position Methodology and Compilation

Address:

National Bank of Ukraine
9 Instytutska Street,
Kyiv-8, 01601, Ukraine
telephone: (0038 044) 253 01 80
fax (0038 044) 230 20 33, 253 77 50
telex: 131251 KIJ UX
131018 NBNK UX

Prepared for printing by the Editorial Board
of NBU Periodicals

Responsible for the publication, Head of the
Division for Issue of NBU Statistic Publications
of the Editorial Board of NBU Periodicals:

Mylana Boichuk

Translated by

Kristina Zasyapkina, Olena Marchenko

Address of the Editorial Board of NBU Periodicals:

7 Nauky Avenue, Kyiv, 03028, Ukraine
telephone: (0038 044) 527 30 14
fax: (0038 044) 524 96 25
E-mail: litvinova@bank.gov.ua

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BALANCE OF PAYMENTS OF UKRAINE in 2005

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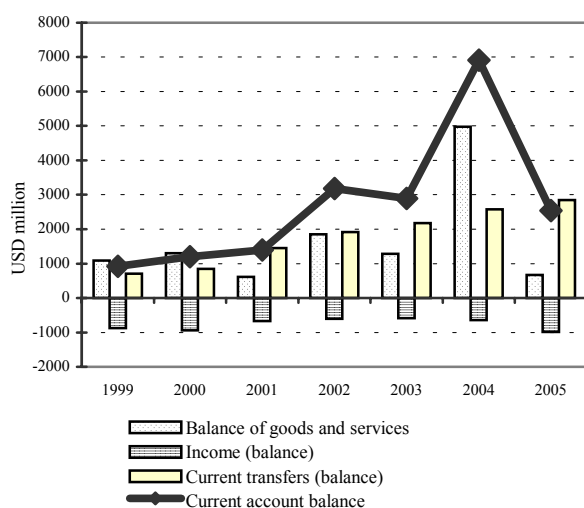
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PART 1. BALANCE OF PAYMENTS OF UKRAINE in 2005

In 2005, the Balance of Payments was characterized by a significant currency inflow on the *Financial Account* items, which compensated the reduction in the current account surplus and allowed to increase the reserve assets.

Dynamics of the BOP Current Account
Balance

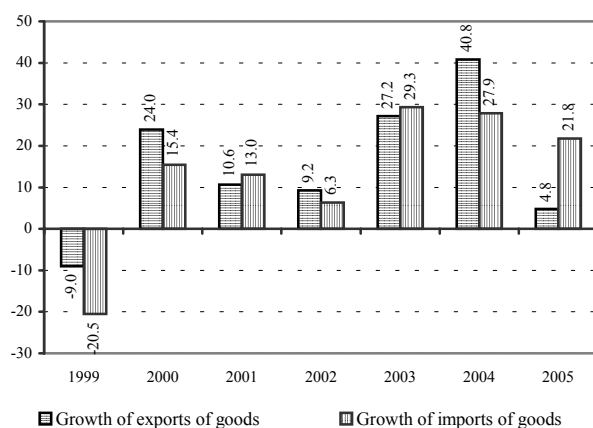


Current account

In 2005, the **BOP current account balance** amounted to **USD 2.5 billion** (3.1% of GDP), having decreased 2.7 times against 2004.

Trade conditions deterioration and world demand decline caused a considerable excess of the growth rates of imports of goods (21.8%) over those of exports (4.8%), which resulted in the trade balance deficit amounting to USD 1.1 billion and dramatic reduction in the external trade balance surplus (from USD 4.9 to 0.8 billion).

Growth Rates of Exports/Imports of Goods
(percent of previous year)

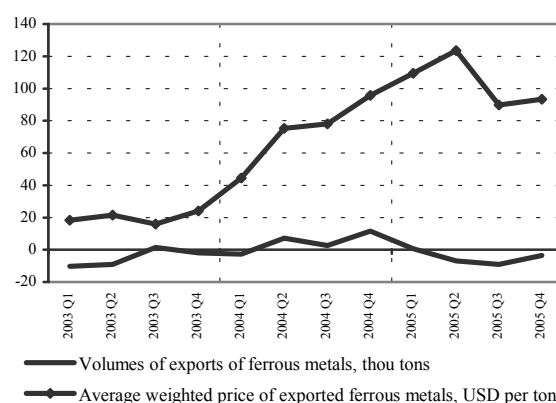


Exports of goods. In 2005, observed was a noticeable slowdown of the growth rates of exports of goods. Exports in terms of value totaled USD 35.0 billion, having risen by only 4.8% versus the previous year (in 2004: by 40.8%).

In 2005, the slowdown of the growth rates of exports of goods was to a considerable degree caused by a sharp decrease in *exports of machine building products*. Compared with 2004, exports of these products decreased by 18.0% or USD 1.0 billion.

The increased competition in the world steel and metal product market provoked by the China's expansion (in 2005, ferrous metal production in China increased by 24.6%, while the world production rose by only 5.9%) led to a decrease in the growth rates of *exports of metallurgy industry products* beginning with the first quarter of 2005. In the accounting year, exports of these products grew by only 7.6% (in 2004: by 53.5%). The increase in exports of metallurgy industry products in terms of value was owing to the high prices of ferrous metals in the first half of 2005. At the same time, the volumes of exports declined by 9.0%. Notwithstanding the deterioration in the world ferrous metal market, exports of ferrous metal products (pipes and the like) increased in 2005 on the whole by 27.9%. Exports of these products in terms of value rose by 14.5%, while the volumes of exports grew by 11.7%.

Changes in Volumes and Prices of Exports of
Ferrous Metals (72nd group)
(in percent of the fourth quarter of 2002)



In 2005, *exports of agricultural and industrial complex products* grew most of all (by 24.0% against 2004) mainly owing to 1.6 times increase in exports of grain crops, alcoholic and non-alcoholic drinks in terms of value and 24% increase in exports of dairy products in terms of value as well as the renewal of exports of sun-flowers seeds and oil in the fourth quarter. 63.9% increase in exports of grain crops resulted exclusively from the volumes of exports

**DYNAMICS OF INDICATORS OF THE DEVELOPMENT OF THE EXTERNAL SECTOR
OF THE ECONOMY OF UKRAINE in 2001–2005**

Indicators	2001	2002	2003	2004	2005
Current account balance, USD billion	1.402	3.173	2.891	6.909	2.531
Current account balance, % of GDP	3.7	7.5	5.8	10.6	3.1
Exports of goods and services, % of GDP	55.4	55.1	57.8	63.6	54.2
Imports of goods and services, % of GDP	53.8	50.7	55.2	56.0	53.4
Growth rates, % of previous year					
exports of goods and services	109.5	110.7	124.0	142.6	107.5
imports of goods and services	114.1	105.0	128.7	131.3	120.4
<i>Exports/imports of goods ratio, %</i>	<i>101.2</i>	<i>104.0</i>	<i>102.2</i>	<i>112.6</i>	<i>96.9</i>
Gross external debt, USD billion ¹	20.4	21.6	23.8	30.6	38.8
<i>Gross external debt, % of GDP</i>	<i>53.6</i>	<i>51.1</i>	<i>47.5</i>	<i>47.2</i>	<i>47.4</i>
<i>Gross external debt, % of exports of goods and services</i>	<i>96.8</i>	<i>92.7</i>	<i>82.2</i>	<i>74.2</i>	<i>87.5</i>
Long-term government-guaranteed credits granted by IFO, USD billion ²	10.170	10.209	10.700	12.148	11.680
Long-term non-guaranteed credits, USD billion ^{2,3}	1.979	2.499	4.137	7.735	13.055
<i>Long-term government-guaranteed credits granted by IFO, % of GDP</i>	<i>26.7</i>	<i>24.1</i>	<i>21.3</i>	<i>18.7</i>	<i>14.3</i>
<i>Long-term government-guaranteed credits granted by IFO/ international reserves ratio</i>	<i>3.3</i>	<i>2.3</i>	<i>1.5</i>	<i>1.3</i>	<i>0.6</i>
Servicing and repayment of long-term loan and debt instruments, USD billion	3.071	2.810	3.422	4.426	6.511
<i>Service ratio of long-term loan and debt instruments, %⁴ including percent, %</i>	<i>14.6</i>	<i>12.0</i>	<i>11.8</i>	<i>10.7</i>	<i>14.7</i>
International reserves, USD billion ⁵	3.3	2.5	2.2	1.8	2.8
International reserves, in months covering future period imports	3.089	4.417	6.937	9.525	19.391
	1.7	1.9	2.3	2.6	4.7

¹ According to IMF methodology.

² Debts on long-term credits including arrears of principal debt and interest at the end of period.

³ Including direct investment.

⁴ Expenditures for principal and interest payment on external debt against exports of goods and services.

⁵ End of period.

Note: Volumes of 2004/2005 exports/imports of services were corrected due to recalculation of the volumes in the *Travel* item according to the new methodology.

growth, the prices being stable. Such high growth rates are also explained by the low basis of comparison (the 2003 crop failure caused the small volumes of exports in the first half of 2004).

In 2005, **exports of mineral products** rose by 8.0%. Exports of iron ore and electricity in terms of value multiplied 1.5 times. The decrease in the volumes of oil refining due to the shutdown of some Ukrainian refineries in the accounting year led to the decline in the volumes of exports of oil products. Nevertheless, exports of oil products in terms of value augmented by 21.0% owing to the rise in the prices. Beginning with July, exports of natural gas were practically stopped.

In 2005, exports to CIS countries augmented by 24.0%, their share within total exports having gone up from 27.1 to 32.1%. Exports to Russia rose by 27.3%, their share having increased from 17.6 to 21.4%. The share of the rest of the world went down from 72.9% in 2004 to 67.9%. Exports to American countries and to EU-25 declined by 28.1 and 5.8% respectively. Exports to African and Asian countries rose by over one third and 4.6% respectively.

Imports of goods. The government policy aimed at increasing the real income of individuals and domestic consumption together with the intensification of anti-smuggling measures, customs-tariffs decrease and 15.9% rise in the real effective exchange rate from the year start stimulated a larger increase in imports of materials other than energy carriers in 2005 compared with 2004 (30.7 against 26.5%).

Imports of machine building and chemical industry products accounted for 60.0% rise in imports. Owing to the significant investments into the economy of Ukraine in 2004, imports of machines and equipment on the whole augmented by 29.1% over the year, imports of means of land transportation and those of machines and equipments having increased by 34.6 and 33.8% respectively.

In 2005, **imports of industrial products** grew most of all (by 54.3%) primarily owing to 6.9 times increase in official imports of footwear and 3.4 times increase in those of clothes. 40.7% rise in **imports of agricultural and industrial complex products** was provoked by the decrease in the entrance duty on some agricultural and industrial products. 37.2% rise in **imports of chemical industry products** in terms of value resulted mainly from the increase in import volumes. The largest increase fell on imports of pharmaceutical products, plastics and their products, which can also be attributed to the Government Program "STOP Smuggling" and customs-tariff decline.

Imports of energy carriers in terms of value went down from 30.9% in 2004 to 2.9% in 2005. Such dynamics resulted from a reduction in imports of oil and natural gas (by one third and 3.1% respectively), the average rise in the oil price over the year being 42.0%.

The crisis in the fuel market in 2005 (a dramatic decrease in Russian oil deliveries to the Ukrainian refineries and closing down of some of them to be reequipped) stimulated the Government to establish 0% imports duty and to change the excise tax on some oil products, which led to 1.6 rise in the volumes of imports of oil products.

Imports from the rest of the world and CIS countries grew by 32.0 and 11.7% respectively. The share of the rest of the world went up from 49.8 to 54.0% of total imports owing to 1.8 times increase in imports from Asian countries and 27.7% increase in those from EU countries.

Services¹. In 2005, the trade in services surplus amounted to USD 1.8 billion, having multiplied 1.5 times versus 2004. **Exports of services** rose by 19.0%, totaling USD 9.2 billion. Exports of transportation services and those of services in the *Travel* item increased by 11.0 and 22.0% respectively. Exports of communication services grew most of all (1.6 times).

In 2005 compared with 2004, **imports of services** grew by 14.0%, equaling USD 7.6 billion. Transportation services rose by 26.0%, their share within imports of services having augmented by 27.0% (by 24.6% in 2004). Imports of services in the *Travel* item rose by about 14.0%, their share within total imports of services having remained at the level of 2004 (37.0%). Imports of financial services multiplied 2 times, those of computer and information services and royalties and license fees having risen 1.6 times. At the same time, imports of insurance and construction services declined 3.5 times and by 38.0% respectively.

Income. In 2005, the deficit in the income item amounted to USD 985.0 million, having multiplied 1.5 times versus 2004. Servicing of private medium-

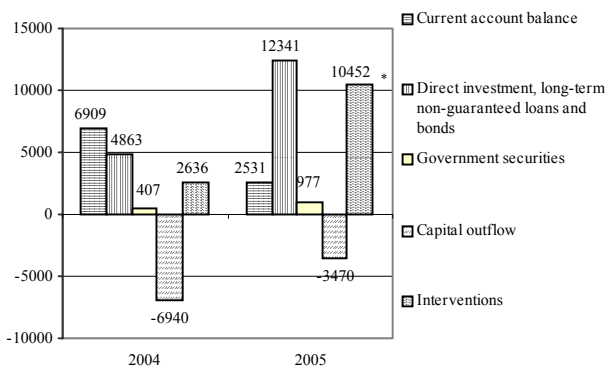
¹ Exports /imports of services in the *Travel* item over 2004 and 2005 were recalculated according to the new methods based on the quarterly data on the number of foreigners that entered Ukraine and Ukrainian citizens that went abroad (by countries and trip purpose), average expenses per traveler and average trip length. The source of information about the persons that enter or leave Ukraine are the statistical observations made by the State Border Committee Administration, Cabinet of Ministers of Ukraine legislative acts and enactments on the amount of compensations for business trips in Ukraine and abroad, statistical observations made by the State Statistics Committee of Ukraine, data of the State Service of Tourism and Ministry of Culture and Tourism of Ukraine resorts, mass media and Internet being the source of information about average expenses and trip length.

and long-term loans, the increase in the dividends payable to foreign investors and the rise in government payments on the direct and guaranteed debt primarily resulted in 1.7 times increase in payments in 2005. The ratio of accrued interest on the external debt to exports of goods and services went up from 1.8% in 2004 to 2.8% in 2005. At the same time, 1.6 times rise in earnings for labor remuneration of Ukrainian citizens abroad and the increase in the foreign exchange reserves caused 2 times increase in the income in 2005.

Current transfers. In 2005, the current transfer surplus equaled USD 2.8 billion, having increased by 10.4% against 2004. The increase was primarily attributed to 23.6% rise in private money transfers whose share within the total transfers received made 68.4%.

Financial account. In 2005, the financial account was characterized by a considerable currency inflow on the direct foreign investment and medium- and long-term non-guaranteed loans items along with the simultaneous capital outflow reduction. It made it possible to raise the reserve assets to the level when they were sufficient to cover financing of imports of goods and services for 4.7 months.

Dynamics of Some BOP Items and Interventions

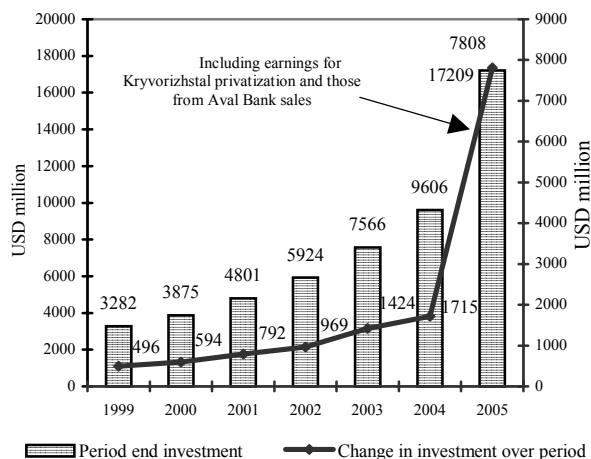


* including receipts from Kryvorizhstal metallurgical works privatization

In 2005, the **capital account deficit** totaled USD 65.0 million, which was caused by the purchase of the exclusive intellectual property rights (know-how) for Ukraine from non-residents amounting to USD 51.0 million in the latter half of the year.

In 2005, the **net foreign direct investment** in Ukraine totaled USD 7.5 billion, having multiplied 4.4 times against 2004. The record increase was first of all provoked by the earnings for privatization of the Kryvorizhstal metallurgical works by Mittal Steel company in November 2005 and sales of the Aval Bank to a foreign investor.

Direct Invest in Ukraine



It should be noted that the direct foreign investment in Ukraine in 2005 equaled USD 7.8 billion, making 81.0% of their total volume of the last 10 years.

In 2005, the **direct investment in Ukraine** increased by 79.2%, totaling USD 17.2 billion, USD 16.4 billion whereof being the equity capital and USD 0.8 billion being the direct investment. Investment per capita rose by 80.5% in the accounting year, amounting to USD 367.0.

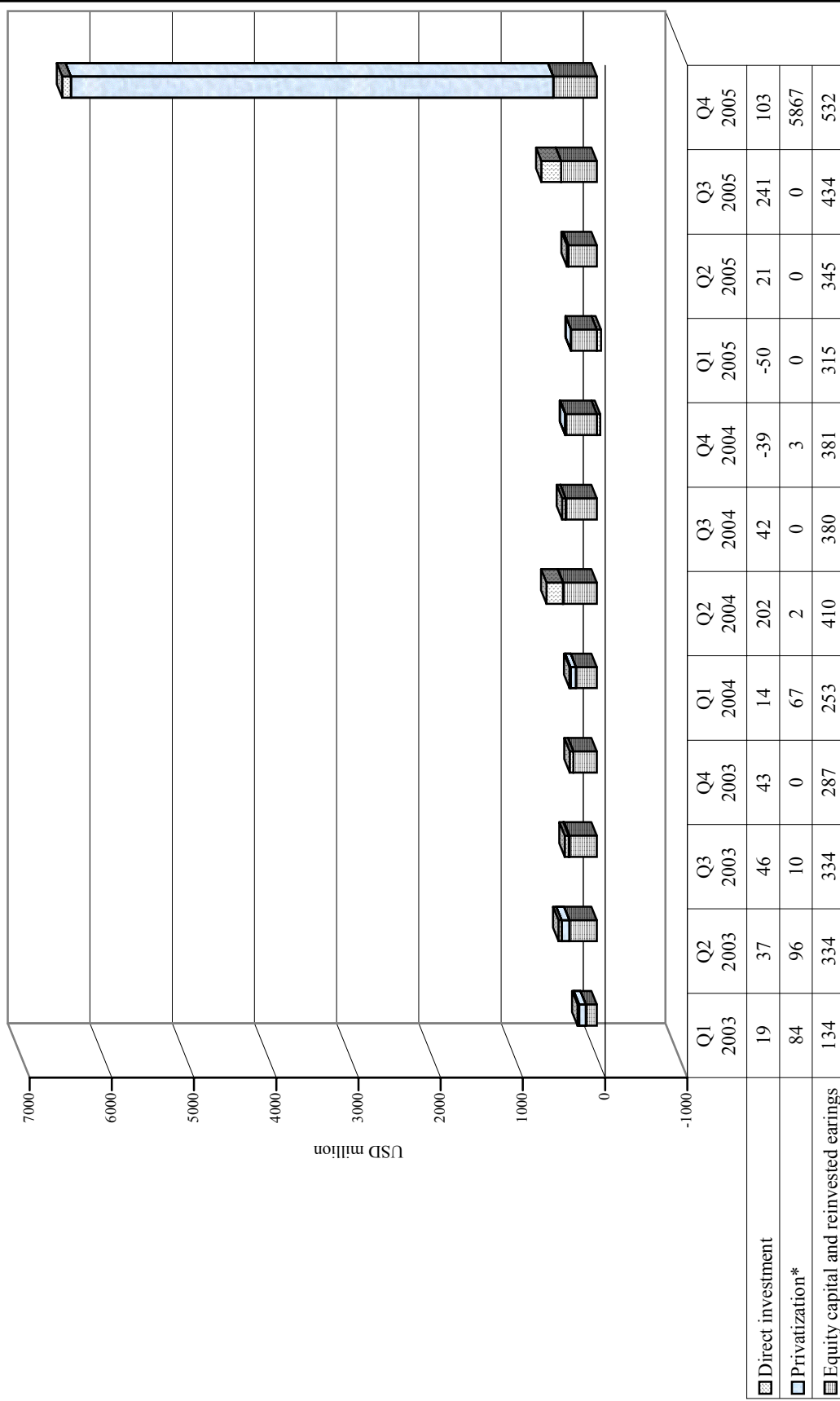
In 2005, the direct investment from Ukraine totaled USD 275.0 million (USD 4.0 million in 2004).

In 2005, the **net funds obtained by the non-government sector on medium- and long-term loans and bonds** amounted to USD 4.8 billion (USD 3.2 billion in 2004), 75.0% of the funds or USD 3.6 billion having been obtained in the latter half of the year. The net **non-guaranteed** medium- and long-term **loans** totaled USD 3.4 billion (USD 2.0 billion in 2004). The **loans obtained** by Ukrainian banks, corporations and municipal government **through Eurobonds** amounted to USD 1.4 billion, having risen by 21.0% compared with 2004.

In 2005, the Government of Ukraine obtained USD 721.0 million through issuing government securities (in October), which was USD 379.0 million as little as in 2004.

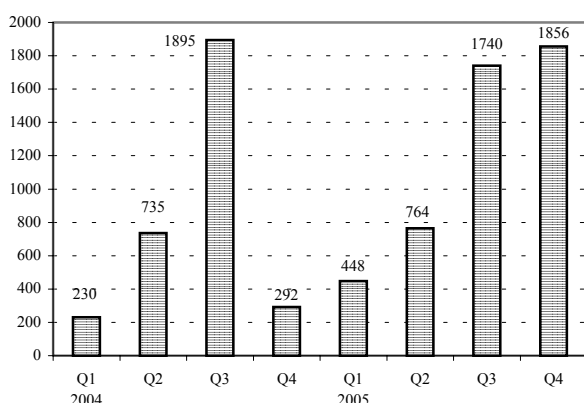
In 2005, the service ratio of the long-term external debt (as a ratio of expenditures for principal and interest payment on external debt to exports of goods and services) made 14.7%, having augmented by 4.0 percentage points against 2004. The increase in this indicator was due to the excess of the growth rates of expenditures for external debt redemption over those of exports of goods and services (47.1 and 7.5% respectively).

Direct Investment in Ukraine in 2003 – 2005



* In the fourth quarter of 2005, privatization includes funds from sales of the Aval Bank.

Net Funds Obtained through Non-Government Eurobonds and Non-Guaranteed Loans, USD million



In 2005, the **net short-term loans** obtained by the economy of Ukraine totaled USD 1.4 billion versus USD 369.0 million in 2004.

In the period under report, the **external debt of Ukraine** rose by 26.6% to USD 38.8 billion as of 1 January 2006, USD 6.2 and 18.9 billion whereof being the debts of the banking and real economy sectors respectively.

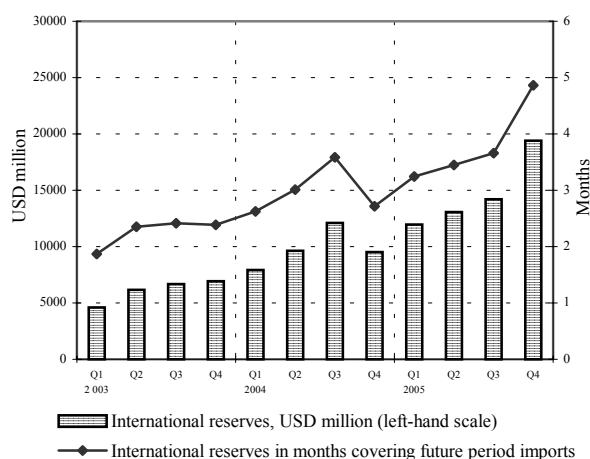
In 2005, the **net purchase of internal debt government securities and VAT internal debt government securities by non-residents** totaled USD 1.0 billion, over 90.0% whereof having been purchased in January – April 2005 (in 2004: it amounted to only USD 407.0 million). Beginning with May due to the hryvnia revaluation, the interest of non-residents in Ukrainian internal debt government securities waned considerably. That is why in May – December, the net purchase equaled only USD 15.0 million.

In 2005, the **capital outflow** from Ukraine equaled USD 3.5 billion, having decreased 2 times compared with 2004 (USD 6.9 billion).

In 2005, observed was no excess of payments for imports of goods over actual imports (in 2004 the excess associated with the foreign economic transactions by residents of Ukraine envisaging imports of goods without delivery of the goods to Ukraine estimated USD 4.8 billion). At the same time, the capital outflow on transactions with domestic equity securities multiplied about 2 times².

In 2005, seen was an increase in the **cash foreign currency** outflow from the banking sector to other economy of Ukraine sectors. Having began in the second quarter of 2005, the process reached its peak in the fourth quarter (USD 1.9 billion). Over the year, the cash foreign currency outflow to other economy sectors estimated USD 3.3 billion.

NBU International Reserves



In 2005, considerable volumes of the medium- and long-term loans and the funds obtained from the Kryvorizhstal privatization made it possible to increase the **reserve assets** of Ukraine by USD 10.4 billion (in 2004 they grew by USD 2.2 billion). By late December, the reserve assets equaled USD 19.4 billion and were sufficient to cover the financing of imports of goods and services during 4.7 months.

² According to the recommendations made by the BOP Statistics Technical Mission, the volumes of fictitious transactions with the shares of Ukrainian enterprises performed with the aim of exporting capital over 2004 – 2005 were transferred from the *Portfolio investment, domestic securities* item to the *Other investment, assets* item.

DYNAMICS OF THE BALANCE OF PAYMENTS OF UKRAINE
(analytical form)

Balance of payments items	USD million											
	2004				2005				2004	2005		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
CURRENT ACCOUNT	1436	2337	2061	1075	1603	620	404	-96	6909	2531		
GOODS AND SERVICES (balance)	1066	1750	1523	639	1208	156	-96	-597	4978	671		
EXPORTS OF GOODS AND SERVICES	8903	10458	10979	10951	10406	11060	11594	11318	41291	44378		
IMPORTS OF GOODS AND SERVICES	-7837	-8708	-9456	-10312	-9198	-10904	-11690	-11915	-36313	-43707		
BALANCE OF GOODS	933	1552	774	482	1020	-236	-1131	-788	3741	-1135		
EXPORTS OF GOODS	7317	8539	8512	9064	8531	8844	8462	9187	33432	35024		
IMPORTS OF GOODS	-6384	-6987	-7738	-8582	-7511	-9080	-9593	-9975	-29691	-36159		
BALANCE OF SERVICES	133	198	749	157	188	392	1035	191	1237	1806		
EXPORTS OF SERVICES	1586	1919	2467	1887	1875	2216	3132	2131	7859	9354		
IMPORTS OF SERVICES	-1453	-1721	-1718	-1730	-1687	-1824	-2097	-1940	-6622	-7548		
INCOME (balance)	-105	-171	-182	-187	-231	-230	-245	-279	-645	-985		
CURRENT TRANSFERS (balance)	475	758	720	623	626	694	745	780	2576	2845		
CAPITAL AND FINANCIAL ACCOUNT	-313	-558	514	-3975	1195	886	921	5036	-4332	8038		
CAPITAL ACCOUNT	1	2	4	0	-6	-2	-42	-15	7	-65		
FINANCIAL ACCOUNT	-314	-560	510	-3975	1201	888	963	5051	-4339	8103		
DIRECT INVESTMENT	333	614	420	344	247	365	447	6474	1711	7533		
PORTFOLIO INVESTMENT	449	149	1313	156	397	923	90	1347	2067	2757		
OTHER INVESTMENT	-1096	-1323	-1223	-4475	557	-400	426	-2770	-8117	-2187		
Medium- and long-term credits	46	548	1286	1008	248	401	1723	1098	2888	3470		
Granted by IFO and government-guaranteed	-76	-87	376	716	-57	37	258	-158	929	80		
drawings	29	30	517	881	44	195	391	35	1457	665		
repayments (schedule)	-105	-117	-141	-165	-101	-158	-133	-193	-528	-585		
Non-guaranteed	122	635	910	292	305	364	1465	1256	1959	3390		
Short-term capital	-1142	-1871	-2509	-5483	309	-801	-1297	-3868	-11005	-5657		
Net errors and omissions	-20	29	-71	24	-132	30	-122	376	-38	152		
BALANCE	1103	1808	2504	-2876	2666	1536	1203	5316	2539	10721		
FINANCING	-1103	-1808	-2504	2876	-2666	-1536	-1203	-5316	-2539	-10721		
RESERVE ASSETS	-1039	-1724	-2440	2977	-2600	-1434	-1140	-5251	-2226	-10425		
Use of IMF credits (net)	-64	-84	-64	-101	-66	-102	-63	-65	-313	-296		
drawings	0	0	0	0	0	0	0	0	0	0		
repayments	-64	-84	-64	-101	-66	-102	-63	-65	-313	-296		
Exceptional financing	0	0	0	0	0	0	0	0	0	0		

Notes:

- Volumes of 2004/2005 exports/imports of services were corrected due to recalculation of the volumes in the *Travel* item according to the new methodology.
- According to the recommendations made by the BOP Statistics IMF Technical Mission, the volumes of fictitious transactions with the shares of Ukrainian enterprises performed with the aim of exporting capital were transferred from the *Portfolio investment, domestic securities* item to the *Other investment, assets* item.

BALANCE OF PAYMENTS OF UKRAINE

Balance of payments items	USD million														
	2005 Q1			2005 Q2			2005 Q3			2005 Q4			2005		
	Total	CIS countries	Rest of the world	Total	CIS countries	Rest of the world	Total	CIS countries	Rest of the world	Total	CIS countries	Rest of the world	Total	CIS countries	Rest of the world
CURRENT ACCOUNT	1603	-861	2464	620	-940	1560	404	-142	546	-96	-551	455	2531	-2494	5025
GOODS AND SERVICES (balance)	1208	-921	2129	156	-1034	1190	-96	-260	164	-597	-688	91	671	-2903	3574
EXPORTS OF GOODS AND SERVICES	10406	3251	7155	11060	3923	7137	11594	4969	6625	11318	4169	7149	44378	16312	28066
IMPORTS OF GOODS AND SERVICES	-9198	-4172	-5026	-10904	-4957	-5947	-11690	-5229	-6461	-11915	-4857	-7058	-43707	-19215	-24492
GOODS (balance)	1020	-1329	2349	-236	-1527	1291	-1131	-1462	331	-788	-1079	291	-1135	-5397	4262
EXPORTS OF GOODS	8531	2290	6241	8844	2796	6048	8462	3029	5433	9187	3117	6070	35024	11232	23792
IMPORTS OF GOODS	-7511	-3619	-3892	-9080	-4323	-4757	-9593	-4491	-5102	-9975	-4196	-5779	-36159	-16629	-19530
including:															
General merchandise	781	-1269	2050	-461	-1530	1069	-1412	-1479	67	-908	-987	79	-2000	-5265	3265
exports FOB	7792	2201	5591	8137	2683	5454	7747	2891	4856	8488	2988	5500	32164	10763	21401
imports FOB	-7011	-3470	-3541	-8598	-4213	-4385	-9159	-4370	-4789	-9396	-3975	-5421	-34164	-16028	-18136
Goods for processing	210	-79	289	210	-21	231	250	-27	277	80	-147	227	750	-274	1024
credit	666	66	600	636	84	552	620	89	531	589	67	522	2511	306	2205
debit	-456	-145	-311	-426	-105	-321	-370	-116	-254	-509	-214	-295	-1761	-580	-1181
Repairs on goods	68	21	47	63	26	37	80	41	39	100	57	43	311	145	166
credit	71	22	49	68	27	41	87	42	45	106	59	47	332	150	182
debit	-3	-1	-2	-5	-1	-4	-7	-1	-6	-6	-2	-4	-21	-5	-16
Goods procured in ports by carriers	-39	-2	-37	-48	-2	-46	-49	3	-52	-60	-2	-58	-196	-3	-193
credit	2	1	1	3	2	1	8	7	1	4	3	1	17	13	4
debit	-41	-3	-38	-51	-4	-47	-57	-4	-53	-64	-5	-59	-213	-16	-197
For reference															
Exports of goods according to State Statistics Committee data	8367	2189	6178	8689	2696	5993	8256	2886	5370	8975	2969	6006	34287	10740	23547
Adjustments	164	101	63	155	100	55	206	143	63	212	148	64	737	492	245
For classification	71	22	49	68	27	41	87	42	45	106	59	47	332	150	182
Repairs on goods	71	22	49	68	27	41	87	42	45	106	59	47	332	150	182
For coverage	93	79	14	87	73	14	119	101	18	106	89	17	405	342	63
Imports of goods according to State Statistics Committee data	-7498	-3739	-3759	-9114	-4434	-4680	-9541	-4543	-4998	-9988	-4314	-5674	-36141	-17030	-19111
Adjustments	-13	120	-133	34	111	-77	-52	52	-104	13	118	-105	-18	401	-419
For classification	304	248	56	275	207	68	242	170	72	324	242	82	1145	867	278
Repairs on goods	-3	-1	-2	-5	-1	-4	-7	-1	-6	-6	-2	-4	-21	-5	-16
Prices adjusted to FOB	307	249	58	280	208	72	249	171	78	330	244	86	1166	872	294
For coverage	-317	-128	-189	-241	-96	-145	-294	-118	-176	-311	-124	-187	-1163	-466	-697

Continued

Balance of payments items	2005 Q1			2005 Q2			2005 Q3			2005 Q4			2005		
	Total	CIS count-ries	Rest of the world	Total	CIS count-ries	Rest of the world	Total	CIS count-ries	Rest of the world	Total	CIS count-ries	Rest of the world	Total	CIS count-ries	Rest of the world
SERVICES (balance)	188	408	-220	392	493	-101	1035	1202	-167	191	391	-200	1806	2494	-688
EXPORTS OF SERVICES	1875	961	914	2216	1127	1089	3132	1940	1192	2131	1052	1079	9354	5080	4274
IMPORTS OF SERVICES	-1687	-553	-1134	-1824	-634	-1190	-2097	-738	-1359	-1940	-661	-1279	-7548	-2586	-4962
Transportation services	606	236	370	612	238	374	636	296	340	576	214	362	2430	984	1446
credit	1105	548	557	1093	503	590	1130	552	578	1153	533	620	4481	2136	2345
debit	-499	-312	-187	-481	-265	-216	-494	-256	-238	-577	-319	-258	-2051	-1152	-899
passenger	18	0	18	43	11	32	62	15	47	21	0	21	144	26	118
credit	69	23	46	103	35	68	149	64	85	96	32	64	417	154	263
debit	-51	-23	-28	-60	-24	-36	-87	-49	-38	-75	-32	-43	-273	-128	-145
freight	368	215	153	324	203	121	353	245	108	314	187	127	1359	850	509
credit	701	468	233	630	415	215	629	421	208	675	437	238	2635	1741	894
debit	-333	-253	-80	-306	-212	-94	-276	-176	-100	-361	-250	-111	-1276	-891	-385
other	220	21	199	245	24	221	221	36	185	241	27	214	927	108	819
credit	335	57	278	360	53	307	352	67	285	382	64	318	1429	241	1188
debit	-115	-36	-79	-115	-29	-86	-131	-31	-100	-141	-37	-104	-502	-133	-369
Sea transport	130	15	115	106	12	94	120	19	101	127	17	110	483	63	420
credit	191	16	175	195	14	181	191	22	169	204	20	184	781	72	709
debit	-61	-1	-60	-89	-2	-87	-71	-3	-68	-77	-3	-74	-298	-9	-289
passenger	1	0	1	1	0	1	2	0	2	1	0	1	5	0	5
credit	1	0	1	1	0	1	2	0	2	1	0	1	5	0	5
debit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
freight	-14	3	-17	-33	3	-36	-19	3	-22	-17	2	-19	-83	11	-94
credit	13	3	10	16	3	13	16	4	12	15	3	12	60	13	47
debit	-27	0	-27	-49	0	-49	-35	-1	-34	-32	-1	-31	-143	-2	-141
other	143	12	131	138	9	129	137	16	121	143	15	128	561	52	509
credit	177	13	164	178	11	167	173	18	155	188	17	171	716	59	657
debit	-34	-1	-33	-40	-2	-38	-36	-2	-34	-45	-2	-43	-155	-7	-148
Rail transport	104	8	96	116	18	98	97	27	70	93	7	86	410	60	350
credit	194	57	137	192	61	131	210	91	119	203	59	144	799	268	531
debit	-90	-49	-41	-76	-43	-33	-113	-64	-49	-110	-52	-58	-389	-208	-181
passenger	2	2	0	9	9	0	17	16	1	1	1	0	29	28	1
credit	19	18	1	28	27	1	58	56	2	24	23	1	129	124	5
debit	-17	-16	-1	-19	-18	-1	-41	-40	-1	-23	-22	-1	-100	-96	-4
freight	57	-2	59	45	-3	48	26	-4	30	36	-6	42	164	-15	179
credit	89	3	86	72	3	69	66	2	64	83	2	81	310	10	300
debit	-32	-5	-27	-27	-6	-21	-40	-6	-34	-47	-8	-39	-146	-25	-121
other	45	8	37	62	12	50	54	15	39	56	12	44	217	47	170
credit	86	36	50	92	31	61	86	33	53	96	34	62	360	134	226
debit	-41	-28	-13	-30	-19	-11	-32	-18	-14	-40	-22	-18	-143	-87	-56

Continued

Balance of payments items	2005 Q1			2005 Q2			2005 Q3			2005 Q4			2005		
	Total	CIS count-ries	Rest of the world	Total	CIS count-ries	Rest of the world	Total	CIS count-ries	Rest of the world	Total	CIS count-ries	Rest of the world	Total	CIS count-ries	Rest of the world
Air transport	37	0	37	57	4	53	64	4	60	55	-2	57	213	6	207
credit	105	10	95	138	15	123	162	19	143	157	15	142	562	59	503
debit	-68	-10	-58	-81	-11	-70	-98	-15	-83	-102	-17	-85	-349	-53	-296
passenger	16	0	16	28	2	26	38	-1	18	18	0	18	100	1	99
credit	48	5	43	68	8	60	83	8	75	69	9	60	268	30	238
debit	-32	-5	-27	-40	-6	-34	-45	-9	-36	-51	-9	-42	-168	-29	-139
freight	12	1	11	14	0	14	20	0	20	24	0	24	70	1	69
credit	16	1	15	20	0	20	25	0	25	32	0	32	93	1	92
debit	-4	0	-4	-6	0	-6	-5	0	-5	-8	0	-8	-23	0	-23
other	9	-1	10	15	2	13	6	5	1	13	-2	15	43	4	39
credit	41	4	37	50	7	43	54	11	43	56	6	50	201	28	173
debit	-32	-5	-27	-35	-5	-30	-48	-6	-42	-43	-8	-35	-158	-24	-134
Other transport	335	213	122	333	204	129	355	246	109	301	192	109	1324	855	469
credit	615	465	150	568	413	155	567	420	147	589	439	150	2339	1737	602
debit	-280	-252	-28	-235	-209	-26	-212	-174	-38	-288	-247	-41	-1015	-882	-133
passenger	-1	-2	1	5	0	5	5	0	5	1	-1	2	10	-3	13
credit	1	0	1	6	0	6	6	0	6	2	0	2	15	0	15
debit	-2	-2	0	-1	0	-1	-1	0	-1	-1	-1	0	-5	-3	-2
freight	313	213	100	298	203	95	326	246	80	271	191	80	1208	853	355
credit	583	461	122	522	409	113	522	415	107	545	432	113	2172	1717	455
debit	-270	-248	-22	-224	-206	-18	-196	-169	-27	-274	-241	-33	-964	-864	-100
<i>including</i>															
Pipeline transport															
credit	286	210	76	263	201	62	300	243	57	245	189	56	1094	843	251
debit	535	457	78	468	405	63	469	411	58	487	429	58	1959	1702	257
other	-249	-247	-2	-205	-204	-1	-169	-168	-1	-242	-240	-2	-865	-859	-6
credit	23	2	21	30	1	29	24	0	24	29	2	27	106	5	101
debit	31	4	27	40	4	36	39	5	34	42	7	35	152	20	132
Travel	-8	-2	-6	-10	-3	-7	-15	-5	-10	-13	-5	-8	-46	-15	-31
credit	-160	66	-226	3	147	-144	644	766	-122	-167	43	-210	320	1022	-702
debit	408	250	158	725	435	290	1521	1149	372	471	280	191	3125	2114	1011
Communication services	-568	-184	-384	-722	-288	-434	-877	-383	-494	-638	-237	-401	-2805	-1092	-1713
credit	20	7	13	21	3	18	40	6	34	31	8	23	112	24	88
debit	40	17	23	45	15	30	63	16	47	55	20	35	203	68	135
Construction services	-20	-10	-10	-24	-12	-12	-23	-10	-13	-24	-12	-12	-91	-44	-47
credit	2	10	-8	2	7	-5	-16	7	-23	2	9	-7	-10	33	-43
debit	27	12	15	28	12	16	31	14	17	29	15	14	115	53	62
credit	-25	-2	-23	-26	-5	-21	-47	-7	-40	-27	-6	-21	-125	-20	-105

Continued

Balance of payments items	2005 Q1			2005 Q2			2005 Q3			2005 Q4			2005		
	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world
Financial services	-42	0	-42	-42	0	-42	-70	-2	-68	-66	-2	-64	-220	-4	-216
credit	8	1	7	11	1	10	9	1	8	8	1	7	36	4	32
debit	-50	-1	-49	-53	-1	-52	-79	-3	-76	-74	-3	-71	-256	-8	-248
Insurance services	-25	-6	-19	-21	-5	-16	-31	-5	-26	-17	-5	-12	-94	-21	-73
credit	5	0	5	6	1	5	7	4	3	7	1	6	25	6	19
debit	-30	-6	-24	-27	-6	-21	-38	-9	-29	-24	-6	-18	-119	-27	-92
Computer and information services	-22	0	-22	-9	-2	-7	-36	-1	-35	-17	-3	-14	-84	-6	-78
credit	8	1	7	8	1	7	13	2	11	15	2	13	44	6	38
debit	-30	-1	-29	-17	-3	-14	-49	-3	-46	-32	-5	-27	-128	-12	-116
Royalties and license fees	-101	-1	-100	-98	-4	-94	-93	-2	-91	-107	-3	-104	-399	-10	-389
credit	5	1	4	5	1	4	5	1	4	7	1	6	22	4	18
debit	-106	-2	-104	-103	-5	-98	-98	-3	-95	-114	-4	-110	-421	-14	-407
Advertising and market research	-7	0	-7	-7	-2	-5	-8	-4	-4	-1	-3	2	-23	-9	-14
credit	12	3	9	12	1	11	15	1	14	24	1	23	63	6	57
debit	-19	-3	-16	-19	-3	-16	-23	-5	-18	-25	-4	-21	-86	-15	-71
Research and development	30	24	6	27	17	10	32	24	8	39	29	10	128	94	34
credit	44	32	12	38	25	13	53	38	15	67	50	17	202	145	57
debit	-14	-8	-6	-11	-8	-3	-21	-14	-7	-28	-21	-7	-74	-51	-23
Government services	-40	68	-108	-32	74	-106	-39	77	-116	-34	86	-120	-145	305	-450
credit	102	69	33	110	76	34	108	79	29	121	88	33	441	312	129
debit	-142	-1	-141	-142	-2	-140	-147	-2	-145	-155	-2	-153	-586	-7	-579
Other business services	-73	4	-77	-64	20	-84	-24	40	-64	-48	18	-66	-209	82	-291
credit	111	27	84	135	56	79	177	83	94	174	60	114	597	226	371
debit	-184	-23	-161	-199	-36	-163	-201	-43	-158	-222	-42	-180	-806	-144	-662
INCOME	-231	-6	-225	-230	-13	-217	-245	-11	-234	-279	-10	-269	-985	-40	-945
credit	138	2	136	168	3	165	221	4	217	231	8	223	758	17	741
debit	-369	-8	-361	-398	-16	-382	-466	-15	-451	-510	-18	-492	-1743	-57	-1686
Compensation of employees	68	0	68	83	0	83	94	1	93	104	2	102	349	3	346
credit	70	1	69	85	1	84	96	2	94	108	3	105	359	7	352
debit	-2	-1	-1	-2	-1	-1	-2	-1	-1	-4	-1	-3	-10	-4	-6

Continued

Balance of payments items	2005 Q1			2005 Q2			2005 Q3			2005 Q4			2005		
	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world
Investment income	-299	-6	-293	-313	-13	-300	-339	-12	-327	-383	-12	-371	-1334	-43	-1291
credit	68	1	67	83	2	81	125	2	123	123	5	118	399	10	389
debit	-367	-7	-360	-396	-15	-381	-464	-14	-450	-506	-17	-489	-1733	-53	-1680
Direct investment	-43	0	-43	-57	-1	-56	-86	1	-87	-77	1	-78	-263	1	-264
credit	0	0	0	1	0	1	1	1	0	3	1	2	5	2	3
debit	-43	0	-43	-58	-1	-57	-87	0	-87	-80	0	-80	-268	-1	-267
Income on equity (dividends)	-26	0	-26	-40	-1	-39	-69	1	-70	-62	1	-63	-197	1	-198
credit	0	0	0	1	0	1	1	1	0	2	1	1	4	2	2
debit	-26	0	-26	-41	-1	-40	-70	0	-70	-64	0	-64	-201	-1	-200
Dividends and distributed branch profits	-25	0	-25	-40	-1	-39	-66	1	-67	-62	1	-63	-193	1	-194
credit	0	0	0	1	0	1	1	1	0	2	1	1	4	2	2
debit	-25	0	-25	-41	-1	-40	-67	0	-67	-64	0	-64	-197	-1	-196
Reinvested earnings	-1	0	-1	0	0	0	-3	0	-3	0	0	0	-4	0	-4
credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
debit	-1	0	-1	0	0	0	-3	0	-3	0	0	0	-4	0	-4
Income on debt (interest)	-17	0	-17	-17	0	-17	-17	0	-17	-15	0	-15	-66	0	-66
credit	0	0	0	0	0	0	0	0	0	1	0	1	1	0	1
debit	-17	0	-17	-17	0	-17	-17	0	-17	-16	0	-16	-67	0	-67
Portfolio investment	-142	-2	-140	-99	-2	-97	-160	-2	-158	-104	-1	-103	-505	-7	-498
credit	4	0	4	6	0	6	9	0	9	20	0	20	39	0	39
debit	-146	-2	-144	-105	-2	-103	-169	-2	-167	-124	-1	-123	-544	-7	-537
Income on equity (dividends)	0	0	0	0	0	0	-5	0	-5	-5	0	-5	-10	0	-10
credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
debit	0	0	0	0	0	0	-5	0	-5	-5	0	-5	-10	0	-10
Other sectors	0	0	0	0	0	0	-5	0	-5	-5	0	-5	-10	0	-10
credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
debit	0	0	0	0	0	0	-5	0	-5	-5	0	-5	-10	0	-10
Income on debt (interest)	-142	-2	-140	-99	-2	-97	-155	-2	-153	-99	-1	-98	-495	-7	-488
credit	4	0	4	6	0	6	9	0	9	20	0	20	39	0	39
debit	-146	-2	-144	-105	-2	-103	-164	-2	-162	-119	-1	-118	-534	-7	-527

Continued

Balance of payments items	2005 Q1			2005 Q2			2005 Q3			2005 Q4			2005		
	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world	Total	CIS count- ries	Rest of the world
Bonds and notes	-142	-2	-140	-99	-2	-97	-155	-2	-153	-99	-1	-98	-495	-7	-488
credit	4	0	4	6	0	6	9	0	9	20	0	20	39	0	39
debit	-146	-2	-144	-105	-2	-103	-164	-2	-162	-119	-1	-118	-534	-7	-527
Monetary authorities	3	0	3	6	0	6	9	0	9	20	0	20	38	0	38
credit	3	0	3	6	0	6	9	0	9	20	0	20	38	0	38
debit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General government	-100	-2	-98	-98	-2	-96	-113	-2	-111	-100	-1	-99	-411	-7	-404
credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
debit	-100	-2	-98	-98	-2	-96	-113	-2	-111	-100	-1	-99	-411	-7	-404
Banks	-12	0	-12	-5	0	-5	-17	0	-17	-10	0	-10	-44	0	-44
credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
debit	-12	0	-12	-5	0	-5	-17	0	-17	-10	0	-10	-44	0	-44
Other sectors	-33	0	-33	-2	0	-2	-34	0	-34	-9	0	-9	-78	0	-78
credit	1	0	1	0	0	0	0	0	0	0	0	0	1	0	1
debit	-34	0	-34	-2	0	-2	-34	0	-34	-9	0	-9	-79	0	-79
Other investment	-114	-4	-110	-157	-10	-147	-93	-11	-82	-202	-12	-190	-566	-37	-529
credit	64	1	63	76	2	74	115	1	114	100	4	96	355	8	347
debit	-178	-5	-173	-233	-12	-221	-208	-12	-196	-302	-16	-286	-921	-45	-876
Monetary authorities	42	0	42	52	0	52	87	0	87	69	0	69	250	0	250
credit	54	0	54	64	0	64	100	0	100	81	0	81	299	0	299
debit	-12	0	-12	-12	0	-12	-13	0	-13	-12	0	-12	-49	0	-49
General government	-47	0	-47	-78	-3	-75	-53	0	-53	-93	-2	-91	-271	-5	-266
credit	0	0	0	0	0	0	0	0	0	0	1	-1	0	1	-1
debit	-47	0	-47	-78	-3	-75	-53	0	-53	-93	-3	-90	-271	-6	-265
Banks	-23	0	-23	-24	0	-24	-27	0	-27	-35	2	-37	-109	2	-111
credit	10	1	9	10	1	9	14	1	13	17	3	14	51	6	45
debit	-33	-1	-32	-34	-1	-33	-41	-1	-40	-52	-1	-51	-160	-4	-156
Other sectors	-86	-4	-82	-107	-7	-100	-100	-11	-89	-143	-12	-131	-436	-34	-402
credit	0	0	0	2	1	1	1	0	1	2	0	2	5	1	4
debit	-86	-4	-82	-109	-8	-101	-101	-11	-90	-145	-12	-133	-441	-35	-406
CURRENT TRANSFERS	626	66	560	694	107	587	745	129	616	780	147	633	2845	449	2396
credit	672	77	595	763	119	644	805	147	658	871	169	702	3111	512	2599
debit	-46	-11	-35	-69	-12	-57	-60	-18	-42	-91	-22	-69	-266	-63	-203

DYNAMICS OF THE BALANCE OF PAYMENTS OF UKRAINE

USD million

Balance of payments items	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2004	2005
CURRENT ACCOUNT	1436	2337	2061	1075	1603	620	404	-96	6909	2531
GOODS AND SERVICES (balance)	1066	1750	1523	639	1208	156	-96	-597	4978	671
EXPORTS OF GOODS AND SERVICES	8903	10458	10979	10951	10406	11060	11594	11318	41291	44378
IMPORTS OF GOODS AND SERVICES	-7837	-8708	-9456	-10312	-9198	-10904	-11690	-11915	-36313	-43707
GOODS (balance)	933	1552	774	482	1020	-236	-1131	-788	3741	-1135
EXPORTS OF GOODS	7317	8539	8512	9064	8531	8844	8462	9187	33432	35024
IMPORTS OF GOODS	-6384	-6987	-7738	-8582	-7511	-9080	-9593	-9975	-29691	-36159
including:										
General merchandise	721	1409	526	217	781	-461	-1412	-908	2873	-2000
Exports FOB	6685	7836	7789	8262	7792	8137	7747	8488	30572	32164
Imports FOB	-5964	-6427	-7263	-8045	-7011	-8598	-9159	-9396	-27699	-34164
Goods for processing	177	102	208	206	210	210	250	80	693	750
credit	566	625	637	697	666	636	620	589	2525	2511
debit	-389	-523	-429	-491	-456	-426	-370	-509	-1832	-1761
Repairs on goods	62	72	75	97	68	63	80	100	306	311
credit	65	76	82	103	71	68	87	106	326	332
debit	-3	-4	-7	-6	-3	-5	-7	-6	-20	-21
Goods procured in ports by carriers	-27	-31	-35	-38	-39	-48	-49	-60	-131	-196
credit	1	2	4	2	2	3	8	4	9	17
debit	-28	-33	-39	-40	-41	-51	-57	-64	-140	-213
<i>For reference</i>										
Exports of goods according to State Statistics Committee data	7153	8363	8310	8846	8367	8689	8256	8975	32672	34287
Adjustments	164	176	202	218	164	155	206	212	760	737
For classification	65	76	82	103	71	68	87	106	326	332
Repairs on goods	65	76	82	103	71	68	87	106	326	332
For coverage	99	100	120	115	93	87	119	106	434	405
Imports of goods according to State Statistics Committee data	-6323	-6819	-7538	-8316	-7498	-9114	-9541	-9988	-28996	-36141
Adjustments	-61	-168	-200	-266	-13	34	-52	13	-695	-18
For classification	289	239	219	226	304	275	242	324	973	1145
Repairs on goods	-3	-4	-7	-6	-3	-5	-7	-6	-20	-21
Prices adjusted to FOB	292	243	226	232	307	280	249	330	993	1166
For coverage	-350	-407	-419	-492	-317	-241	-294	-311	-1668	-1163
SERVICES (balance)	133	198	749	157	188	392	1035	191	1237	1806
EXPORTS OF SERVICES	1586	1919	2467	1887	1875	2216	3132	2131	7859	9354
IMPORTS OF SERVICES	-1453	-1721	-1718	-1730	-1687	-1824	-2097	-1940	-6622	-7548
Transportation services	609	582	557	666	606	612	636	576	2414	2430
credit	1022	964	981	1074	1105	1093	1130	1153	4041	4481
debit	-413	-382	-424	-408	-499	-481	-494	-577	-1627	-2051
passenger	29	53	62	30	18	43	62	21	174	144
credit	63	93	132	83	69	103	149	96	371	417
debit	-34	-40	-70	-53	-51	-60	-87	-75	-197	-273
freight	406	356	323	422	368	324	353	314	1507	1359
credit	707	610	568	671	701	630	629	675	2556	2635
debit	-301	-254	-245	-249	-333	-306	-276	-361	-1049	-1276
other	174	173	172	214	220	245	221	241	733	927
credit	252	261	281	320	335	360	352	382	1114	1429
debit	-78	-88	-109	-106	-115	-115	-131	-141	-381	-502

Continued

Balance of payments items		Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2004	2005
Sea transport		112	105	106	140	130	106	120	127	463	483
	credit	147	149	161	196	191	195	191	204	653	781
	debit	-35	-44	-55	-56	-61	-89	-71	-77	-190	-298
passenger		0	1	1	2	1	1	2	1	4	5
	credit	0	1	1	2	1	1	2	1	4	5
	debit	0	0	0	0	0	0	0	0	0	0
freight		8	-5	-7	-9	-14	-33	-19	-17	-13	-83
	credit	23	13	13	15	13	16	16	15	64	60
	debit	-15	-18	-20	-24	-27	-49	-35	-32	-77	-143
other		104	109	112	147	143	138	137	143	472	561
	credit	124	135	147	179	177	178	173	188	585	716
	debit	-20	-26	-35	-32	-34	-40	-36	-45	-113	-155
Rail transport		127	80	76	65	104	116	97	93	348	410
	credit	206	162	182	168	194	192	210	203	718	799
	debit	-79	-82	-106	-103	-90	-76	-113	-110	-370	-389
passenger		3	11	22	5	2	9	17	1	41	29
	credit	18	26	56	25	19	28	58	24	125	129
	debit	-15	-15	-34	-20	-17	-19	-41	-23	-84	-100
freight		90	36	21	21	57	45	26	36	168	164
	credit	124	75	66	72	89	72	66	83	337	310
	debit	-34	-39	-45	-51	-32	-27	-40	-47	-169	-146
other		34	33	33	39	45	62	54	56	139	217
	credit	64	61	60	71	86	92	86	96	256	360
	debit	-30	-28	-27	-32	-41	-30	-32	-40	-117	-143
Air transport		46	60	59	38	37	57	64	55	203	213
	credit	93	117	137	112	105	138	162	157	459	562
	debit	-47	-57	-78	-74	-68	-81	-98	-102	-256	-349
passenger		25	35	34	21	16	28	38	18	115	100
	credit	44	60	69	54	48	68	83	69	227	268
	debit	-19	-25	-35	-33	-32	-40	-45	-51	-112	-168
freight		14	19	19	12	12	14	20	24	64	70
	credit	19	24	24	18	16	20	25	32	85	93
	debit	-5	-5	-5	-6	-4	-6	-5	-8	-21	-23
other		7	6	6	5	9	15	6	13	24	43
	credit	30	33	44	40	41	50	54	56	147	201
	debit	-23	-27	-38	-35	-32	-35	-48	-43	-123	-158
Other transport		324	337	316	423	335	333	355	301	1400	1324
	credit	576	536	501	598	615	568	567	589	2211	2339
	debit	-252	-199	-185	-175	-280	-235	-212	-288	-811	-1015
passenger		1	6	5	2	-1	5	5	1	14	10
	credit	1	6	6	2	1	6	6	2	15	15
	debit	0	0	-1	0	-2	-1	-1	-1	-1	-5
freight		294	306	290	398	313	298	326	271	1288	1208
	credit	541	498	465	566	583	522	522	545	2070	2172
	debit	-247	-192	-175	-168	-270	-224	-196	-274	-782	-964
<i>including</i>											
Pipeline transport		284	292	278	391	286	263	300	245	1245	1094
	credit	503	452	416	516	535	468	469	487	1887	1959
	debit	-219	-160	-138	-125	-249	-205	-169	-242	-642	-865
other		29	25	21	23	23	30	24	29	98	106
	credit	34	32	30	30	31	40	39	42	126	152
	debit	-5	-7	-9	-7	-8	-10	-15	-13	-28	-46

Balance of payments items	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2004	2005
Travel	-211	24	441	-157	-160	3	644	-167	97	320
credit	296	670	1159	435	408	725	1521	471	2560	3125
debit	-507	-646	-718	-592	-568	-722	-877	-638	-2463	-2805
Communication services	3	7	15	-5	20	21	40	31	20	112
credit	25	28	35	37	40	45	63	55	125	203
debit	-22	-21	-20	-42	-20	-24	-23	-24	-105	-91
Construction services	-27	-3	0	-98	2	2	-16	2	-128	-10
credit	17	15	20	21	27	28	31	29	73	115
debit	-44	-18	-20	-119	-25	-26	-47	-27	-201	-125
Financial services	-14	-23	-32	-32	-42	-42	-70	-66	-101	-220
credit	4	7	6	7	8	11	9	8	24	36
debit	-18	-30	-38	-39	-50	-53	-79	-74	-125	-256
Insurance services	-101	-189	-66	-43	-25	-21	-31	-17	-399	-94
credit	3	5	5	5	5	6	7	7	18	25
debit	-104	-194	-71	-48	-30	-27	-38	-24	-417	-119
Computer and information services	1	-9	-19	-22	-22	-9	-36	-17	-49	-84
credit	10	5	7	8	8	8	13	15	30	44
debit	-9	-14	-26	-30	-30	-17	-49	-32	-79	-128
Royalties and license fees	-65	-53	-61	-49	-101	-98	-93	-107	-228	-399
credit	6	5	6	23	5	5	5	7	40	22
debit	-71	-58	-67	-72	-106	-103	-98	-114	-268	-421
Advertising and market research	-22	-56	-29	-69	-7	-7	-8	-1	-176	-23
credit	6	12	16	11	12	12	15	24	45	63
debit	-28	-68	-45	-80	-19	-19	-23	-25	-221	-86
Research and development	22	24	11	24	30	27	32	39	81	128
credit	28	33	26	41	44	38	53	67	128	202
debit	-6	-9	-15	-17	-14	-11	-21	-28	-47	-74
Government services	-30	-22	-5	-4	-40	-32	-39	-34	-61	-145
credit	83	94	108	114	102	110	108	121	399	441
debit	-113	-116	-113	-118	-142	-142	-147	-155	-460	-586
Other business services	-32	-84	-63	-54	-73	-64	-24	-48	-233	-209
credit	86	81	98	111	111	135	177	174	376	597
debit	-118	-165	-161	-165	-184	-199	-201	-222	-609	-806
INCOME	-105	-171	-182	-187	-231	-230	-245	-279	-645	-985
credit	96	84	112	97	138	168	221	231	389	758
debit	-201	-255	-294	-284	-369	-398	-466	-510	-1034	-1743
Compensation of employees	48	52	60	52	68	83	94	104	212	349
credit	49	54	61	54	70	85	96	108	218	359
debit	-1	-2	-1	-2	-2	-2	-2	-4	-6	-10
Investment income	-153	-223	-242	-239	-299	-313	-339	-383	-857	-1334
credit	47	30	51	43	68	83	125	123	171	399
debit	-200	-253	-293	-282	-367	-396	-464	-506	-1028	-1733
Direct investment	-24	-40	-85	-29	-43	-57	-86	-77	-178	-263
credit	0	1	1	0	0	1	1	3	2	5
debit	-24	-41	-86	-29	-43	-58	-87	-80	-180	-268
Income on equity (dividends)	-9	-36	-79	-20	-26	-40	-69	-62	-144	-197
credit	0	1	1	0	0	1	1	2	2	4
debit	-9	-37	-80	-20	-26	-41	-70	-64	-146	-201
Dividends and distributed branch profits	-9	-36	-75	-19	-25	-40	-66	-62	-139	-193
credit	0	1	1	0	0	1	1	2	2	4
debit	-9	-37	-76	-19	-25	-41	-67	-64	-141	-197
Reinvested earnings	0	0	-4	-1	-1	0	-3	0	-5	-4
credit	0	0	0	0	0	0	0	0	0	0
debit	0	0	-4	-1	-1	0	-3	0	-5	-4

Continued

Balance of payments items	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2004	2005
Income on debt (interest)	-15	-4	-6	-9	-17	-17	-17	-15	-34	-66
credit	0	0	0	0	0	0	0	1	0	1
debit	-15	-4	-6	-9	-17	-17	-17	-16	-34	-67
Portfolio investment	-60	-94	-79	-88	-142	-99	-160	-104	-321	-505
credit	3	7	6	5	4	6	9	20	21	39
debit	-63	-101	-85	-93	-146	-105	-169	-124	-342	-544
Income on equity (dividends)	0	0	-1	0	0	0	-5	-5	-1	-10
credit	0	0	0	0	0	0	0	0	0	0
debit	0	0	-1	0	0	0	-5	-5	-1	-10
Other sectors	0	0	-1	0	0	0	-5	-5	-1	-10
credit	0	0	0	0	0	0	0	0	0	0
debit	0	0	-1	0	0	0	-5	-5	-1	-10
Income on debt (interest)	-60	-94	-78	-88	-142	-99	-155	-99	-320	-495
credit	3	7	6	5	4	6	9	20	21	39
debit	-63	-101	-84	-93	-146	-105	-164	-119	-341	-534
Bonds and notes	-60	-94	-78	-88	-142	-99	-155	-99	-320	-495
credit	3	7	6	5	4	6	9	20	21	39
debit	-63	-101	-84	-93	-146	-105	-164	-119	-341	-534
Monetary authorities	3	7	6	5	3	6	9	20	21	38
credit	3	7	6	5	3	6	9	20	21	38
debit	0	0	0	0	0	0	0	0	0	0
General government	-62	-85	-79	-79	-100	-98	-113	-100	-305	-411
credit	0	0	0	0	0	0	0	0	0	0
debit	-62	-85	-79	-79	-100	-98	-113	-100	-305	-411
Banks	0	-5	0	-11	-12	-5	-17	-10	-16	-44
credit	0	0	0	0	0	0	0	0	0	0
debit	0	-5	0	-11	-12	-5	-17	-10	-16	-44
Other sectors	-1	-11	-5	-3	-33	-2	-34	-9	-20	-78
credit	0	0	0	0	1	0	0	0	0	1
debit	-1	-11	-5	-3	-34	-2	-34	-9	-20	-79
Other investment	-69	-89	-78	-122	-114	-157	-93	-202	-358	-566
credit	44	22	44	38	64	76	115	100	148	355
debit	-113	-111	-122	-160	-178	-233	-208	-302	-506	-921
Monetary authorities	30	18	19	18	42	52	87	69	85	250
credit	40	19	40	31	54	64	100	81	130	299
debit	-10	-1	-21	-13	-12	-12	-13	-12	-45	-49
General government	-28	-27	-18	-33	-47	-78	-53	-93	-106	-271
credit	0	0	0	0	0	0	0	0	0	0
debit	-28	-27	-18	-33	-47	-78	-53	-93	-106	-271
Banks	-15	-27	-28	-22	-23	-24	-27	-35	-92	-109
credit	4	3	4	7	10	10	14	17	18	51
debit	-19	-30	-32	-29	-33	-34	-41	-52	-110	-160
Other sectors	-56	-53	-51	-85	-86	-107	-100	-143	-245	-436
credit	0	0	0	0	0	2	1	2	0	5
debit	-56	-53	-51	-85	-86	-109	-101	-145	-245	-441
CURRENT TRANSFERS	475	758	720	623	626	694	745	780	2576	2845
credit	495	778	740	658	672	763	805	871	2671	3111
debit	-20	-20	-20	-35	-46	-69	-60	-91	-95	-266
General government	107	107	104	105	128	134	133	133	423	528
credit	110	112	109	121	136	139	138	142	452	555
debit	-3	-5	-5	-16	-8	-5	-5	-9	-29	-27
Other sectors	368	651	616	518	498	560	612	647	2153	2317
credit	385	666	631	537	536	624	667	729	2219	2556
debit	-17	-15	-15	-19	-38	-64	-55	-82	-66	-239

Balance of Payments of Ukraine in 2005

Continued

Balance of payments items	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2004	2005
Workers' remittances	41	50	54	48	44	61	66	63	193	234
credit	41	50	54	48	44	61	67	64	193	236
debit	0	0	0	0	0	0	-1	-1	0	-2
Other	327	601	562	470	454	499	546	584	1960	2083
credit	344	616	577	489	492	563	600	665	2026	2320
debit	-17	-15	-15	-19	-38	-64	-54	-81	-66	-237
<u>CAPITAL AND FINANCIAL ACCOUNT</u>	-1416	-2366	-1990	-1099	-1471	-650	-282	-280	-6871	-2683
CAPITAL ACCOUNT	1	2	4	0	-6	-2	-42	-15	7	-65
credit	4	5	8	4	2	4	4	4	21	14
debit	-3	-3	-4	-4	-8	-6	-46	-19	-14	-79
Capital transfers	1	2	2	0	0	-2	-2	-4	5	-8
credit	4	5	6	4	2	4	4	4	19	14
debit	-3	-3	-4	-4	-2	-6	-6	-8	-14	-22
Other sectors	1	2	2	0	0	-2	-2	-4	5	-8
credit	4	5	6	4	2	4	4	4	19	14
debit	-3	-3	-4	-4	-2	-6	-6	-8	-14	-22
Migrants' transfers	-3	-3	-4	-4	-2	-6	-6	-8	-14	-22
credit	0	0	0	0	0	0	0	0	0	0
debit	-3	-3	-4	-4	-2	-6	-6	-8	-14	-22
Other	4	5	6	4	2	4	4	4	19	14
credit	4	5	6	4	2	4	4	4	19	14
debit	0	0	0	0	0	0	0	0	0	0
Acquisition/disposal of nonfinancial assets	0	0	2	0	-6	0	-40	-11	2	-57
credit	0	0	2	0	0	0	0	0	2	0
debit	0	0	0	0	-6	0	-40	-11	0	-57
FINANCIAL ACCOUNT	-1417	-2368	-1994	-1099	-1465	-648	-240	-265	-6878	-2618
DIRECT INVESTMENT	333	614	420	344	247	365	447	6474	1711	7533
Abroad	-1	0	-2	-1	-18	-1	-228	-28	-4	-275
Equity capital	-1	0	-2	-1	-18	-1	-228	-28	-4	-275
In Ukraine	334	614	422	345	265	366	675	6502	1715	7808
Equity capital	319	412	376	383	314	345	431	6399	1490	7489
Reinvested earnings	1	0	4	1	1	0	3	0	6	4
Other capital	14	202	42	-39	-50	21	241	103	219	315
PORTFOLIO INVESTMENT	449	149	1313	156	397	923	90	1347	2067	2757
<u>Foreign securities</u>	-1	-1	-3	-1	4	-1	-3	0	-6	0
Equity securities	-1	-1	-2	-2	4	-1	1	0	-6	4
General government	0	-1	-2	0	0	0	0	0	-3	0
Banks	0	0	0	-1	0	0	1	0	-1	1
Other sectors	-1	0	0	-1	4	-1	0	0	-2	3
Debt securities	0	0	-1	1	0	0	-4	0	0	-4
Bonds and notes	0	0	-1	1	0	0	-4	0	0	-4
Banks	0	0	0	1	0	0	0	0	1	0
Other sectors	0	0	-1	0	0	0	-4	0	-1	-4
<u>Domestic securities</u>	450	150	1316	157	393	924	93	1347	2073	2757
Equity securities	16	-18	-17	-42	83	5	15	-21	-61	82
Other sectors	16	-18	-17	-42	83	5	15	-21	-61	82
Debt securities	434	168	1333	199	310	919	78	1368	2134	2675
Bonds and notes	431	169	1332	202	307	911	77	1368	2134	2663
Monetary authorities	-5	0	0	0	0	0	0	0	-5	0
General government	436	30	545	200	162	469	-237	926	1211	1320
Banks	-3	101	152	3	145	254	10	464	253	873
Other sectors	3	38	635	-1	0	188	304	-22	675	470
Money-market instruments	3	-1	1	-3	3	8	1	0	0	12
Banks	3	-1	1	-3	3	8	1	0	0	12

Continued

Balance of payments items	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2004	2005
OTHER INVESTMENT	-1160	-1407	-1287	-4576	491	-502	363	-2835	-8430	-2483
<u>Assets</u>	-1663	-2507	-2756	-5387	-813	-1065	-2005	-4053	-12313	-7936
Trade credits	-314	-4	-261	-213	-627	312	214	-117	-792	-218
Other sectors	-314	-4	-261	-213	-627	312	214	-117	-792	-218
Short-term	-314	-4	-261	-213	-627	312	214	-117	-792	-218
Loans	-154	-187	58	101	-255	-60	97	18	-182	-200
Banks	-154	-187	58	101	-255	-60	97	18	-182	-200
Long-term	0	0	0	-1	-2	-13	-10	-29	-1	-54
Short-term	-154	-187	58	102	-253	-47	107	47	-181	-146
Currency and deposits	179	-150	-381	-666	254	-118	323	-1237	-1018	-778
Monetary authorities	8	-101	79	-252	256	13	15	-17	-266	267
Banks	198	-52	-457	-413	82	-110	265	-638	-724	-401
Other sectors	-27	3	-3	-1	-84	-21	43	-582	-28	-644
Other assets	-1374	-2166	-2172	-4609	-185	-1199	-2639	-2717	-10321	-6740
General government	0	0	0	0	-5	0	0	0	0	-5
Long-term	0	0	0	0	-5	0	0	0	0	-5
Other sectors	-1374	-2166	-2172	-4609	-180	-1199	-2639	-2717	-10321	-6735
Short-term	-1374	-2166	-2172	-4609	-180	-1199	-2639	-2717	-10321	-6735
Insufficient receipts from exports of goods and services and payments for imports that were not delivered and those on fictitious transactions with securities	-1756	-2144	-1624	-1416	-663	-758	-1256	-793	-6940	-3470
<u>Liabilities</u>	503	1100	1469	811	1304	563	2368	1218	3883	5453
Trade credits	438	131	1844	-289	566	-578	-30	-594	2124	-636
Other sectors	438	131	1844	-289	566	-578	-30	-594	2124	-636
Short-term	438	131	1844	-289	566	-578	-30	-594	2124	-636
Loans	-78	668	1188	1166	260	509	2150	1672	2944	4591
Monetary authorities	-54	-80	-66	-106	-73	-107	-63	-71	-306	-314
Use of Fund credit and loans	-64	-84	-64	-101	-66	-102	-63	-65	-313	-296
Drawings	0	0	0	0	0	0	0	0	0	0
Repayments (schedule)	-64	-84	-64	-101	-66	-102	-63	-65	-313	-296
Other long-term	10	4	-2	-5	-2	-5	0	-6	7	-13
Drawings	13	9	1	0	1	1	0	0	23	2
Repayments (schedule)	-3	-5	-3	-5	-3	-6	0	-6	-16	-15
Short-term	0	0	0	0	-5	0	0	0	0	-5
General government	-86	-91	378	721	-55	42	258	-152	922	93
Long-term	-86	-91	378	721	-55	42	258	-152	922	93
Drawings	16	21	516	881	43	194	391	35	1434	663
Other	16	21	516	881	43	194	391	35	1434	663
Repayments (schedule)	-102	-112	-138	-160	-98	-152	-133	-187	-512	-570
Banks	-26	11	86	180	82	161	333	1205	251	1781
Long-term	0	4	66	53	92	85	86	489	123	752
Drawings	29	23	81	79	140	120	169	539	212	968
Repayments (schedule)	-29	-19	-15	-26	-48	-35	-83	-50	-89	-216
Short-term	-26	7	20	127	-10	76	247	716	128	1029
Other sectors	88	828	790	371	306	413	1622	690	2077	3031
Long-term	122	631	844	239	213	279	1379	767	1836	2638
Drawings	538	1076	1285	857	732	981	2035	2142	3756	5890
Repayments (schedule)	-416	-445	-441	-618	-519	-702	-656	-1375	-1920	-3252
Short-term	-34	197	-54	132	93	134	243	-77	241	393

Balance of Payments of Ukraine in 2005

Concluded

Balance of payments items	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2004	2005
Currency and deposits	43	236	0	49	412	108	271	91	328	882
Banks	43	236	0	49	412	108	271	91	328	882
Other liabilities	100	65	-1563	-115	66	524	-23	49	-1513	616
Other sectors	100	65	-1563	-115	66	524	-23	49	-1513	616
Short-term	100	65	-1563	-115	66	524	-23	49	-1513	616
Other	100	65	-1563	-115	66	524	-23	49	-1513	616
RESERVE ASSETS	-1039	-1724	-2440	2977	-2600	-1434	-1140	-5251	-2226	-10425
Monetary gold	-3	-1	-1	0	0	0	-7	-3	-5	-10
Special drawing rights	21	-1	0	0	-2	1	1	0	20	0
Foreign currency	-1057	-1722	-2439	2977	-2598	-1435	-1134	-5248	-2241	-10415
Currency and deposits	-1020	-1355	-2464	2790	-2385	-1397	-830	-2567	-2049	-7179
Banks	-1020	-1355	-2464	2790	-2385	-1397	-830	-2567	-2049	-7179
Securities	-37	-367	25	187	-213	-38	-304	-2681	-192	-3236
Bonds and notes	-37	-367	25	187	-213	-38	-304	-2681	-192	-3236
Net Errors and Omissions	-20	29	-71	24	-132	30	-122	376	-38	152
BALANCE	0	0	0	0	0	0	0	0	0	0

Note.

1. Volumes of exports/imports of services in the *Travel* item were recalculated according to the new methodology.

2. According to the recommendations made by the BOP Statistics IMF Technical Mission, the volumes of fictitious transactions with the shares of Ukrainian enterprises performed with the aim of exporting capital were transferred from the *Portfolio investment, domestic securities* item to the *Other investment, assets* item.

DYNAMICS OF THE BALANCE OF PAYMENTS OF UKRAINE

USD million

Balance of payments items	1998	1999	2000	2001	2002	2003	2004	2005
CURRENT ACCOUNT	-1296	1658	1481	1402	3173	2891	6909	2531
GOODS AND SERVICES (balance)	-1207	1821	1575	613	1857	1288	4978	671
EXPORTS OF GOODS AND SERVICES	17621	17058	19522	21086	23351	28953	41291	44378
IMPORTS OF GOODS AND SERVICES	-18828	-15237	-17947	-20473	-21494	-27665	-36313	-43707
GOODS (balance)	-2584	244	779	198	710	518	3741	-1135
EXPORTS OF GOODS	13699	13189	15722	17091	18669	23739	33432	35024
IMPORTS OF GOODS	-16283	-12945	-14943	-16893	-17959	-23221	-29691	-36159
including:								
General merchandise	-3010	-234	-13	-581	-15	-21	2873	-2000
exports FOB	12094	11617	13775	15116	16507	21430	30572	32164
imports FOB	-15104	-11851	-13788	-15697	-16522	-21451	-27699	-34164
Goods for processing	449	452	781	732	668	488	693	750
credit	1478	1442	1806	1823	1999	2123	2525	2511
debit	-1029	-990	-1025	-1091	-1331	-1635	-1832	-1761
Repairs on goods	104	113	124	133	144	148	306	311
credit	121	122	135	146	156	179	326	332
debit	-17	-9	-11	-13	-12	-31	-20	-21
Goods procured in ports by carriers	-127	-87	-113	-86	-87	-97	-131	-196
credit	6	8	6	6	7	7	9	17
debit	-133	-95	-119	-92	-94	-104	-140	-213
<i>For reference</i>								
Exports of goods according to State Statistics Committee data	12637	11582	14573	16265	17957	23080	32672	34287
Adjustments	1062	1607	1149	826	712	659	760	737
For classification	121	122	135	146	156	179	326	332
Repairs on goods	121	122	135	146	156	179	326	332
For coverage	941	1485	1014	680	556	480	434	405
Including the value of the goods handed over to Russia	0	726	274	0	0	0	0	0
Imports of goods according to State Statistics Committee data	-14676	-11846	-13956	-15775	-16977	-23021	-28996	-36141
Adjustments	-1607	-1099	-987	-1118	-982	-200	-695	-18
For classification	73	71	69	68	68	849	973	1145
Repairs on goods	-17	-9	-11	-13	-12	-31	-20	-21
Prices adjusted to FOB	90	80	80	81	80	880	993	1166
For coverage	-1680	-1170	-1056	-1186	-1050	-1049	-1668	-1163
SERVICES (balance)	1377	1577	796	415	1147	770	1237	1806
EXPORTS OF SERVICES	3922	3869	3800	3995	4682	5214	7859	9354
IMPORTS OF SERVICES	-2545	-2292	-3004	-3580	-3535	-4444	-6622	-7548
Transportation services	2735	2715	2530	2552	2897	2156	2414	2430
credit	3222	3073	2920	2961	3384	3514	4041	4481
debit	-487	-358	-390	-409	-487	-1358	-1627	-2051
passenger	77	80	78	76	76	105	174	144
credit	224	176	169	186	213	269	371	417
debit	-147	-96	-91	-110	-137	-164	-197	-273
freight	2306	2238	2088	2029	2311	1510	1507	1359
credit	2405	2302	2179	2117	2413	2426	2556	2635
debit	-99	-64	-91	-88	-102	-916	-1049	-1276
other	352	397	364	447	510	541	733	927
credit	593	595	572	658	758	819	1114	1429
debit	-241	-198	-208	-211	-248	-278	-381	-502

Balance of Payments of Ukraine in 2005

Continued

Balance of payments items	1998	1999	2000	2001	2002	2003	2004	2005
Sea transport	357	391	324	294	330	324	463	483
credit	451	461	435	423	480	486	653	781
debit	-94	-70	-111	-129	-150	-162	-190	-298
passenger	4	2	3	0	1	1	4	5
credit	5	3	3	0	1	1	4	5
debit	-1	-1	0	0	0	0	0	0
freight	86	71	44	8	14	1	-13	-83
credit	102	85	80	43	60	71	64	60
debit	-16	-14	-36	-35	-46	-70	-77	-143
other	267	318	277	286	315	322	472	561
credit	344	373	352	380	419	414	585	716
debit	-77	-55	-75	-94	-104	-92	-113	-155
Rail transport	190	214	209	255	318	305	348	410
credit	392	346	330	369	452	556	718	799
debit	-202	-132	-121	-114	-134	-251	-370	-389
passenger	16	20	23	19	24	30	41	29
credit	107	72	65	72	87	101	125	129
debit	-91	-52	-42	-53	-63	-71	-84	-100
freight	153	172	153	172	214	192	168	164
credit	174	187	181	191	226	288	337	310
debit	-21	-15	-28	-19	-12	-96	-169	-146
other	21	22	33	64	80	83	139	217
credit	111	87	84	106	139	167	256	360
debit	-90	-65	-51	-42	-59	-84	-117	-143
Air transport	92	111	117	138	126	183	203	213
credit	218	219	219	248	265	369	459	562
debit	-126	-108	-102	-110	-139	-186	-256	-349
passenger	47	50	45	49	40	65	115	100
credit	97	92	91	102	113	155	227	268
debit	-50	-42	-46	-53	-73	-90	-112	-168
freight	15	30	41	42	52	73	64	70
credit	43	48	46	47	58	91	85	93
debit	-28	-18	-5	-5	-6	-18	-21	-23
other	30	31	31	47	34	45	24	43
credit	78	79	82	99	94	123	147	201
debit	-48	-48	-51	-52	-60	-78	-123	-158
Other transport	2096	1999	1880	1865	2123	1344	1400	1324
credit	2161	2047	1936	1921	2187	2103	2211	2339
debit	-65	-48	-56	-56	-64	-759	-811	-1015
passenger	10	8	7	8	11	9	14	10
credit	15	9	10	12	12	12	15	15
debit	-5	-1	-3	-4	-1	-3	-1	-5
freight	2052	1965	1850	1807	2031	1244	1288	1208
credit	2086	1982	1872	1836	2069	1976	2070	2172
debit	-34	-17	-22	-29	-38	-732	-782	-964
<i>including</i>								
<i>Pipeline transport</i>	...	...	...	...	...	1243	1245	1094
credit	1893	1868	1750	1703	1934	1825	1887	1959
debit	...	...	...	...	...	-582	-642	-865
other	34	26	23	50	81	91	98	106
credit	60	56	54	73	106	115	126	152
debit	-26	-30	-31	-23	-25	-24	-28	-46

Continued

Balance of payments items	1998	1999	2000	2001	2002	2003	2004	2005
Travel	-25	-37	-76	7	131	146	97	320
credit	315	327	394	573	788	935	2560	3125
debit	-340	-364	-470	-566	-657	-789	-2463	-2805
Communication services	-29	-18	-10	-8	-11	4	20	112
credit	102	99	89	93	89	83	125	203
debit	-131	-117	-99	-101	-100	-79	-105	-91
Construction services	-155	-209	-133	-436	-187	-73	-128	-10
credit	41	34	38	27	29	51	73	115
debit	-196	-243	-171	-463	-216	-124	-201	-125
Financial services	-67	-64	-52	-17	-37	-42	-101	-220
credit	23	19	22	18	19	20	24	36
debit	-90	-83	-74	-35	-56	-62	-125	-256
Insurance services¹	...	...	-81	-110	-194	-565	-399	-94
credit	...	...	4	6	6	14	18	25
debit	...	...	-85	-116	-200	-579	-417	-119
Computer and information services¹	...	...	-45	-89	-65	-50	-49	-84
credit	...	...	6	7	10	17	30	44
debit	...	...	-51	-96	-75	-67	-79	-128
Royalties and license fees¹	...	...	-662	-178	-106	-278	-228	-399
credit	...	...	1	5	4	14	40	22
debit	...	...	-663	-183	-110	-292	-268	-421
Advertising and market research¹	...	...	-118	-60	-160	-100	-176	-23
credit	...	...	12	10	9	14	45	63
debit	...	...	-130	-70	-169	-114	-221	-86
Research and development¹	...	...	-13	-484	-445	45	81	128
credit	...	...	47	39	47	92	128	202
debit	...	...	-60	-523	-492	-47	-47	-74
Government services	-340	-314	-316	-315	-293	-264	-61	-145
credit	0	98	98	98	99	201	399	441
debit	-340	-412	-414	-413	-392	-465	-460	-586
Other business services	-742	-496	-228	-447	-383	-209	-233	-209
credit	219	219	169	158	198	259	376	597
debit	-961	-715	-397	-605	-581	-468	-609	-806
INCOME	-871	-869	-942	-667	-606	-581	-645	-985
credit	122	98	143	167	163	254	389	758
debit	-993	-967	-1085	-834	-769	-835	-1034	-1743
Compensation of employees	9	15	31	56	70	141	212	349
credit	12	18	33	56	74	145	218	359
debit	-3	-3	-2	0	-4	-4	-6	-10
Investment income	-880	-884	-973	-723	-676	-722	-857	-1334
credit	110	80	110	111	89	109	171	399
debit	-990	-964	-1083	-834	-765	-831	-1028	-1733
Direct investment	-65	-66	-43	-79	-105	-90	-178	-263
credit	0	3	0	0	0	0	2	5
debit	-65	-69	-43	-79	-105	-90	-180	-268
Portfolio investment	-331	-280	-458	-254	-234	-300	-321	-505
credit	1	0	3	2	3	0	21	39
debit	-332	-280	-461	-256	-237	-300	-342	-544
Income on equity	0	0	0	-12	-7	-3	-1	-10
credit	0	0	0	2	0	0	0	0
debit	0	0	0	-14	-7	-3	-1	-10
Income on debt (interest)	-331	-280	-458	-242	-227	-297	-320	-495
credit	1	0	3	0	3	0	21	39
debit	-332	-280	-461	-242	-230	-297	-341	-534

Balance of payments items	1998	1999	2000	2001	2002	2003	2004	2005
Other investment	-484	-538	-472	-390	-337	-332	-358	-566
credit	109	77	107	109	86	109	148	355
debit	-593	-615	-579	-499	-423	-441	-506	-921
CURRENT TRANSFERS	782	706	848	1456	1922	2184	2576	2845
credit	868	754	967	1516	1967	2270	2671	3111
debit	-86	-48	-119	-60	-45	-86	-95	-266
<u>CAPITAL AND FINANCIAL ACCOUNT</u>	<u>2106</u>	<u>-704</u>	<u>-1331</u>	<u>-1171</u>	<u>-2288</u>	<u>-1938</u>	<u>-6871</u>	<u>-2683</u>
CAPITAL ACCOUNT	-3	-10	-8	3	15	-17	7	-65
credit	0	0	0	8	26	11	21	14
debit	-3	-10	-8	-5	-11	-28	-14	-79
Capital transfers	-3	-10	-8	3	10	-14	5	-8
credit	0	0	0	8	21	11	19	14
debit	-3	-10	-8	-5	-11	-25	-14	-22
Acquisition/disposal of nonfinancial assets	0	0	0	0	5	-3	2	-57
credit	0	0	0	0	5	0	2	0
debit	0	0	0	0	0	-3	0	-57
FINANCIAL ACCOUNT	2109	-694	-1323	-1174	-2303	-1921	-6878	-2618
DIRECT INVESTMENT	747	489	594	769	698	1411	1711	7533
Abroad	4	-7	-1	-23	5	-13	-4	-275
Equity capital	4	-7	-1	-23	5	-13	-4	-275
In Ukraine	743	496	595	792	693	1424	1715	7808
Equity capital	743	496	595	792	691	1267	1490	7489
Reinvested earnings ²	...	...	...	...	2	12	6	4
Other capital ³	...	...	...	...	...	145	219	315
PORTFOLIO INVESTMENT	47	-86	-201	-866	-1716	-922	2067	2757
<u>Foreign securities</u>	-2	-11	-4	1	2	1	-6	0
Equity securities	-3	-5	-2	-1	1	-4	-6	4
General government	0	0	0	0	0	-4	-3	0
Banks	0	0	-2	-1	1	0	-1	1
Other sectors	-3	-5	0	0	0	0	-2	3
Debt securities	1	-6	-2	2	1	5	0	-4
Bonds and notes	1	-6	-2	2	1	5	0	-4
Banks	1	-6	-2	3	0	5	1	0
Other sectors	0	0	0	-1	1	0	-1	-4
<u>Domestic securities</u>	49	-75	-197	-867	-1718	-923	2073	2757
Equity securities	227	129	-193	-734	-1958	-1705	-61	82
Other sectors	227	129	-193	-734	-1958	-1705	-61	82
Debt securities	-178	-204	-4	-133	240	782	2134	2675
Bonds and notes	-178	-204	-4	-133	240	785	2134	2663
Monetary authorities	0	0	0	0	-8	-4	-5	0
General government	-178	-204	-4	-133	128	610	1211	1320
Banks	0	0	0	0	0	103	253	873
Other sectors	0	0	0	0	120	76	675	470
Money-market instruments	0	0	0	0	0	-3	0	12
Banks	0	0	0	0	0	-3	0	12
OTHER INVESTMENT	-9	-814	-1318	529	-240	-365	-8430	-2483
<u>Assets</u>	-1321	-2264	-449	-1015	-781	-940	-12313	-7936
Trade credits⁴	...	...	...	...	-90	-187	-792	-218
Other sectors	...	...	...	...	-90	-187	-792	-218
Short-term	...	...	...	...	-90	-187	-792	-218

Continued

Balance of payments items	1998	1999	2000	2001	2002	2003	2004	2005
Loans	-12	158	12	-4	13	-10	-182	-200
Banks	-12	158	12	-4	13	-10	-182	-200
Long-term	0	134	3	7	10	2	-1	-54
Short-term	-12	24	9	-11	3	-12	-181	-146
Currency and deposits	-34	-112	-95	143	-137	-477	-1018	-778
Monetary authorities	0	0	-15	1	-23	-30	-266	267
Banks	-34	-107	-76	141	-99	-445	-724	-401
Other sectors	0	-5	-4	1	-15	-2	-28	-644
Other assets	-1275	-2310	-366	-1154	-567	-266	-10321	-6740
General government	0	-824	1002	0	0	0	0	-5
Long-term	0	0	0	0	0	0	0	-5
Short-term	0	-824	1002	0	0	0	0	0
Other sectors	-1275	-1486	-1368	-1154	-567	-266	-10321	-6735
Short-term	-1275	-1486	-1368	-1154	-567	-266	-10321	-6735
Insufficient receipts from exports of goods and services and payments for imports that were not delivered and those on fictitious transactions with securities ⁵	...	...	...	...	...	...	-6940	-3470
Liabilities	1312	1450	-869	1544	541	575	3883	5453
Trade credits⁴	...	...	...	...	38	69	2124	-636
Other sectors	...	...	...	...	38	69	2124	-636
Short-term	...	...	...	...	38	69	2124	-636
Loans	-43	75	-1673	399	718	1061	2944	4591
Monetary authorities	275	78	-604	-79	-195	-199	-306	-314
Use of Fund credit and loans	275	78	-604	-79	-191	-215	-313	-296
Drawings	381	635	245	375	0	0	0	0
Repayments (schedule)	-106	-557	-849	-454	-191	-215	-313	-296
Other long-term	0	0	0	0	-4	16	7	-13
Short-term	0	0	0	0	0	0	0	-5
General government	-338	118	-1356	16	-30	-22	922	93
Long-term	-338	118	-1356	16	-30	-22	922	93
Drawings	780	547	179	719	424	475	1434	663
Rescheduling of existing debt	82	0	0	244	333	282	0	0
Other	698	547	179	475	91	193	1434	663
Repayments (schedule)	-1118	-429	-1535	-703	-454	-497	-512	-570
Banks	-173	-11	18	148	106	502	251	1781
Long-term ⁶	...	...	...	...	...	183	123	752
Drawings	...	...	...	...	...	233	212	968
Repayments (schedule)	...	...	...	...	...	-50	-89	-216
Short-term	-173	-11	18	148	106	319	128	1029
Other sectors	193	-110	269	314	837	780	2077	3031
Long-term	193	-191	270	232	491	598	1836	2638
Drawings	630	623	915	1322	1714	1907	3756	5890
Repayments (schedule)	-437	-814	-645	-1090	-1223	-1309	-1920	-3252
Short-term	0	81	-1	82	346	182	241	393
Currency and deposits	-91	-5	95	32	-30	277	328	882
Banks	-91	-5	95	32	-30	277	328	882

Balance of Payments of Ukraine in 2005

Concluded

Balance of payments items	1998	1999	2000	2001	2002	2003	2004	2005
Other liabilities	1446	1380	709	1113	-185	-832	-1513	616
General government	-97	41	330	149	-356	-282	0	0
Short-term	-97	41	330	149	-356	-282	0	0
Total arrears	0	0	361	148	-335	-282	0	0
Accumulation of arrears	0	0	1070	385	37	0	0	0
Principal	0	0	815	358	35	0	0	0
Interest	0	0	255	27	2	0	0	0
Repayment of arrears	0	0	-200	-40	-69	0	0	0
Interest	0	0	-200	-40	-69	0	0	0
Rescheduling of arrears	0	0	-509	-197	-303	-282	0	0
Principal	0	0	-509	-197	-303	-282	0	0
Other	-97	41	-31	1	-21	0	0	0
Other sectors	1543	1339	379	964	171	-550	-1513	616
Short-term	1543	1339	379	964	171	-550	-1513	616
Other	1543	1339	379	964	171	-550	-1513	616
RESERVE ASSETS	1324	-283	-398	-1606	-1045	-2045	-2226	-10425
Monetary gold	4	-15	-87	-5	1	3	-5	-10
Special drawing rights	-108	112	-184	-9	233	8	20	0
Foreign currency	1428	-380	-127	-1592	-1279	-2056	-2241	-10415
Currency and deposits	1428	-380	-127	-1592	-1279	-1515	-2049	-7179
Securities	0	0	0	0	0	-541	-192	-3236
Net Errors and Omissions	-810	-954	-150	-231	-885	-953	-38	152
BALANCE	0	0	0	0	0	0	0	0

¹ Before 2000 covered under the *Other investment* item.

² Before 2002 covered under the *Equity capital* item.

³ Before 2003 covered under the *Other investment, long-term loans, other sectors (liabilities)* item and *Other investment, short-term loans, other sectors (liabilities)* item.

⁴ Before 2002 covered under the *Other investment, other assets* item and *Other investment and other liabilities* item.

⁵ Due to the considerable discrepancies between payments for exports/imports and volumes of exports/imports of goods and services which are not reflected in the data on the debts of enterprises, from the first quarter of 2004, the BOP includes the evaluation of insufficient receipts from exports of goods and services and payments for imports of goods and services that were not delivered to Ukraine and payments for fictitious transactions with securities.

⁶ Before 2003 covered under the *Long-term loans, other sectors (liabilities)* item.

Note:

1. Including the value of the goods handed over to the Russian Federation in payment of debt obligations:

– in 1999 to the amount of USD 726 million according to the Black Sea Fleet Agreement;

– in 2000 to the amount of USD 274 million in payment of debts of the National Joint-Stock Company “Naftogaz of Ukraine” to the Open Joint-Stock Company “Gazprom”.

2. Volumes of 2004/2005 exports/imports of services in the *Travel* item were recalculated according to the new methodology.

3. According to the recommendations made by the BOP Statistics IMF Technical Mission, the volumes of fictitious transactions with the shares of Ukrainian enterprises performed with the aim of exporting capital over 2004 – 2005 were transferred from the *Portfolio investment, domestic securities* item to the *Other investment, assets* item.

**BREAKDOWN OF FOREIGN TRADE TURNOVER
WITHIN REGIONS**

Regions	Exports					Imports				
	2004		2005		in % of 2005	2004		2005		in % of 2005
	USD mln	% of total	USD mln	% of total		USD mln	% of total	USD mln	% of total	
GOODS AND SERVICES	41291	100.0	44378	100.0	107.5	36313	100.0	43707	100.0	120.4
CIS countries	13511	32.7	16312	36.8	120.7	16907	46.6	19215	44.0	113.7
<i>including</i>										
Russian Federation	9850	23.9	11796	26.6	119.8	12992	35.8	14306	32.7	110.1
Other regions	27780	67.3	28066	63.2	101.0	19406	53.4	24492	56.0	126.2
Europe	14076	34.1	13783	31.1	97.9	12974	35.7	15792	36.1	121.7
<i>including</i>										
EU countries	11909	28.8	11877	26.8	99.7	12313	33.9	15018	34.4	122.0
Asia	8414	20.4	8971	20.2	106.6	3045	8.4	5300	12.1	174.1
America	3059	7.4	2385	5.4	78.0	1769	4.9	1784	4.1	100.8
<i>including</i>										
USA	1859	4.5	1329	3.0	71.5	1252	3.4	1099	2.5	87.8
Africa	1793	4.3	2480	5.6	138.3	308	0.8	485	1.1	157.5
Australia	13	0.03	20	0.05	153.8	57	0.2	104	0.2	182.5
GOODS	33432	100.0	35024	100.0	104.8	29691	100.0	36159	100.0	121.8
CIS countries	9045	27.1	11232	32.1	124.2	14891	50.2	16629	46.0	111.7
<i>including</i>										
Russian Federation	5889	17.6	7496	21.4	127.3	11812	39.8	12843	35.5	108.7
Other regions	24387	72.9	23792	67.9	97.6	14800	49.8	19530	54.0	132.0
Europe	11764	35.2	10893	31.1	92.6	9824	33.1	12541	34.7	127.7
<i>including</i>										
EU countries	9779	29.3	9209	26.3	94.2	9280	31.3	11752	32.5	126.6
Asia	8035	24.0	8404	24.0	104.6	2485	8.4	4526	12.5	182.1
America	2545	7.6	1831	5.2	71.9	1154	3.9	1234	3.4	106.9
<i>including</i>										
USA	1507	4.5	957	2.7	63.5	732	2.5	691	1.9	94.4
Africa	1758	5.3	2406	6.9	136.9	266	0.9	415	1.1	156.0
Australia	12	0.04	14	0.04	116.7	55	0.2	101	0.3	183.6
SERVICES	7859	100.0	9354	100.0	119.0	6622	100.0	7548	100.0	114.0
CIS countries	4466	56.8	5080	54.3	113.7	2016	30.4	2586	34.3	128.3
<i>including</i>										
Russian Federation	3961	50.4	4300	46.0	108.6	1180	17.8	1463	19.4	124.0
Other regions	3393	43.2	4274	45.7	126.0	4606	69.6	4962	65.7	107.7
Europe	2312	29.4	2890	30.9	125.0	3150	47.6	3251	43.1	103.2
<i>including</i>										
EU countries	2130	27.1	2668	28.5	125.3	3033	45.8	3266	43.3	107.7
Asia	379	4.8	567	6.1	149.6	560	8.5	774	10.3	138.2
America	514	6.5	554	5.9	107.8	615	9.3	550	7.3	89.4
<i>including</i>										
USA	352	4.5	372	4.0	105.7	520	7.9	408	5.4	78.5
Africa	35	0.4	74	0.8	2.1 t.	42	0.6	70	0.9	166.7
Australia	1	0.01	6	0.1	6.0 t.	2	0.03	3	0.04	150.0

**SHARE OF MAIN TRADING PARTNERS OF UKRAINE
WITHIN TOTAL GOODS TURNOVER
in 2005**

USD million

Countries	Goods turnover	Share within total goods turnover, percent	Exports	Imports	Balance
Russian Federation	20339	28.6	7496	12843	-5347
Germany	4670	6.6	1286	3384	-2098
Italy	2924	4.1	1894	1030	864
Turkey	2643	3.7	2035	608	1427
China	2522	3.5	711	1811	-1100
Poland	2418	3.4	1011	1407	-396
Turkmenistan	2006	2.8	187	1819	-1632
Belarus	1831	2.6	892	939	-47
USA	1648	2.3	957	691	266
Hungary	1339	1.9	691	648	43
India	1058	1.5	737	321	416
France	999	1.4	200	799	-599
Netherlands	979	1.4	515	464	51
Czech Republic	971	1.4	377	594	-217
Great Britain	861	1.2	358	503	-145
Kazakhstan	854	1.2	668	186	482
Republic of Korea	850	1.2	202	648	-446
Egypt	840	1.2	803	37	766
Slovakia	813	1.1	509	304	205
Spain	808	1.1	574	234	340
Austria	775	1.1	317	458	-141
Moldova	764	1.1	679	85	594
Syrian Arab Republic	708	1.0	680	28	652
Romania	702	1.0	490	212	278
Bulgaria	653	0.9	544	109	435
Switzerland	650	0.9	396	254	142

DIRECT INVESTMENT IN UKRAINE BY MAIN ECONOMIC ACTIVITIES

Economic activities	1 January 2005		1 January 2006		Growth rates, %
	USD million	share, %	USD million	share, %	
Total (1+2)	9606		17209		179.1
1. Equity capital and reinvested earnings*	9047	100.0	16375	100.0	181.0
<i>including by economic activities:</i>					
Metallurgy and metal working*	520	5.7	5410	33.0	10.4 t.
Financial activities*	694	7.7	1803	11.0	2.6 t.
Wholesale trade and mediation in trade	1479	16.3	1771	10.8	119.7
Food industry and agricultural products processing	1128	12.5	1169	7.1	103.6
Real estate activities, leasing and services to legal entities*	675	7.5	927	5.7	137.3
Machine building*	657	7.3	694	4.2	105.6
Chemical and petrochemical industry*	503	5.6	621	3.8	123.5
Construction	275	3.0	387	2.4	140.7
Post and communication*	309	3.4	326	2.0	105.5
Extractive industry*	173	1.9	310	1.9	179.2
Auxiliary transportation services	257	2.8	308	1.9	119.8
Agriculture, hunting and related services*	217	2.4	292	1.8	134.6
Other economic activities*	2160	23.9	2357	14.4	109.1
2. Other capital (direct investment)	559		834		149.2

* According to the Statistical Bulletin of the State Statistics Committee of Ukraine over respective period including privatization and NBU additional calculations.

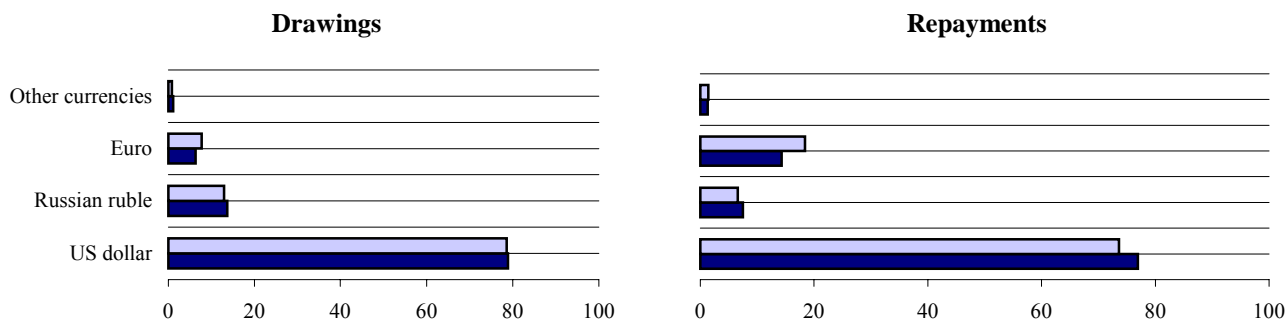
DIRECT INVESTMENT IN UKRAINE BY MAIN INVESTORS

Countries	1 January 2005		1 January 2006		Growth rates, %
	USD million	share, %	USD million	share, %	
Total (1+2)	9606		17209		179.1
1. Equity capital and reinvested earnings*	9047	100.0	16375	100.0	181.0
<i>Including by countries:</i>					
Germany	654	7.2	5505	33.6	8.4 t.
Cyprus	1101	12.2	1562	9.5	141.9
Austria	361	4.0	1424	8.7	3.9 t.
USA	1191	13.2	1374	8.4	115.4
Great Britain	955	10.6	1155	7.1	120.9
Russian Federation	721	8.0	800	4.9	111.0
Netherlands	637	7.0	722	4.4	113.3
Virgin Islands (Great Britain)	582	6.4	689	4.2	118.4
Switzerland	442	4.9	446	2.7	100.9
Poland	195	2.2	224	1.4	114.9
Hungary	177	2.0	191	1.2	107.9
Republic of Korea	172	1.9	172	1.1	100.0
Sweden	120	1.3	134	0.8	111.7
Denmark	106	1.2	130	0.8	122.6
Canada	118	1.3	125	0.8	105.9
Italy	103	1.1	118	0.7	114.6
Gibraltar	69	0.8	105	0.6	152.2
Liechtenstein	127	1.4	98	0.6	77.2
Slovakia	93	1.0	94	0.6	101.1
Belize	34	0.4	83	0.5	2.4 t.
France	79	0.9	82	0.5	103.8
Norway	74	0.8	74	0.5	100.0
Luxemburg	58	0.6	72	0.4	124.1
Saint Vincent and Grenadines	62	0.7	70	0.4	112.9
Turkey	51	0.6	67	0.4	131.4
Israel	48	0.5	49	0.3	102.1
Other countries	717	7.8	810	4.9	113.0
2. Other capital (direct investment)	559		834		149.2

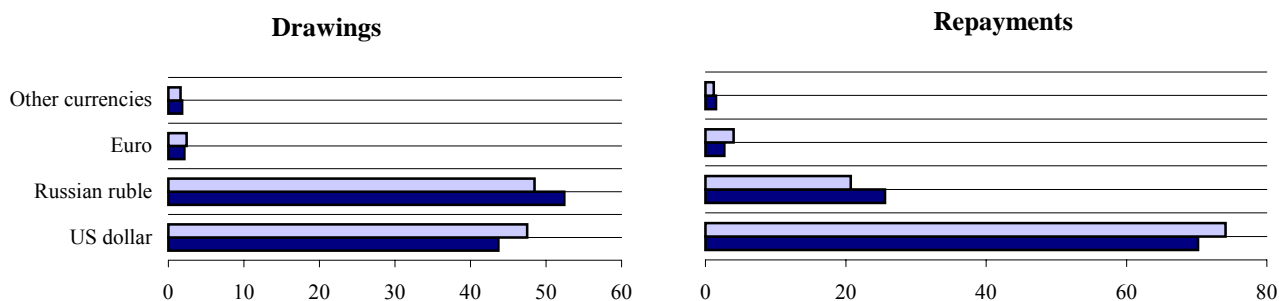
* According to the Statistical Bulletin of the State Statistics Committee of Ukraine.

**BREAKDOWN OF DRAWINGS AND REPAYMENTS FOR GOODS AND SERVICES
BY CURRENCIES WITHIN REGIONS
(in percent of total)**

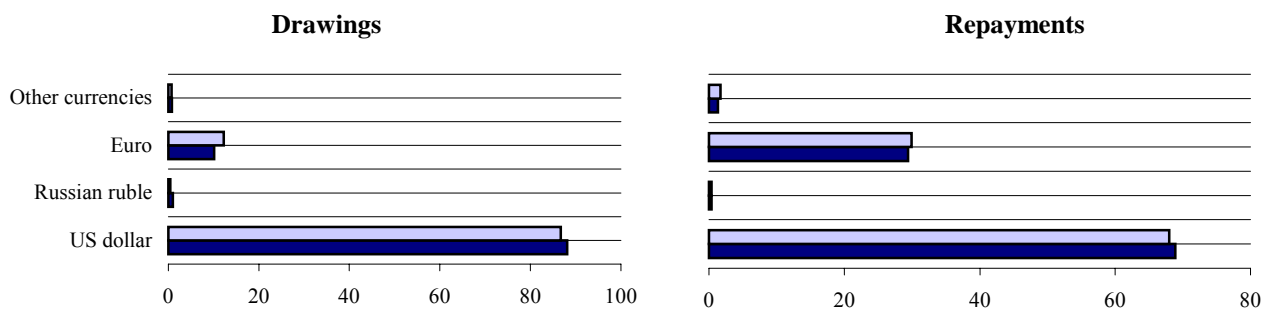
Goods and services (total)



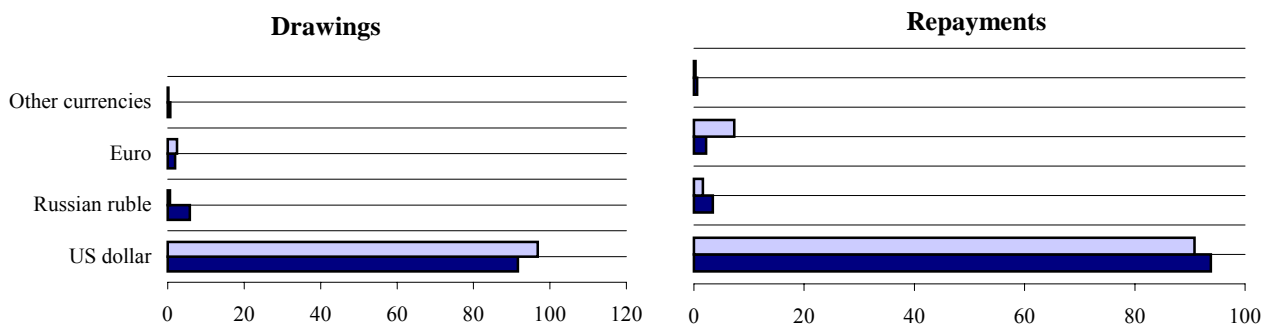
CIS countries



European countries



American countries



2005

2004

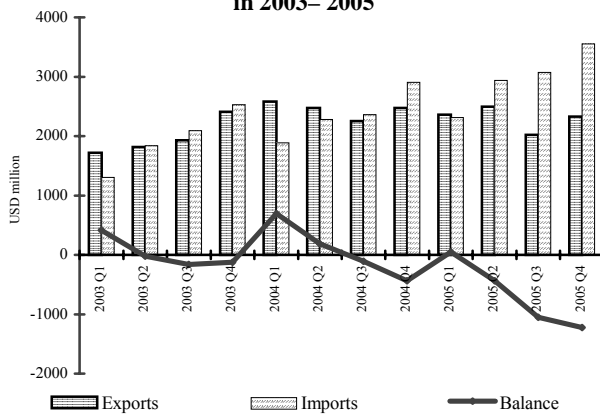
PART 2. TRADE AND ECONOMIC RELATIONS BETWEEN UKRAINE AND EU COUNTRIES

DEVELOPMENT OF EXTERNAL ECONOMIC RELATIONS WITH EU COUNTRIES in 2005

In 2005, trade with EU countries (goods and services) rose by 11.0%. The share of these countries within the external trade turnover went down from 31.2% in 2004 to 30.5% in 2005.

Goods. In 2005, the total goods turnover with EU countries came to USD 21.1 billion against USD 19.2 billion in 2004, having increased by 9.7%.

Dynamics of Ukraine's External Trade in Commodities with EU countries in 2003–2005



From 2001, within the total external trade turnover, the share of EU countries gradually increased. On the contrary, in 2005, it reduced chiefly at the expense of 5.8% decrease in exports of goods to EU countries. It resulted from a diminution of exports of machine building products (almost twice), products of chemical industry and related branches (by 15.5%), and industrial goods (by 7.4%).

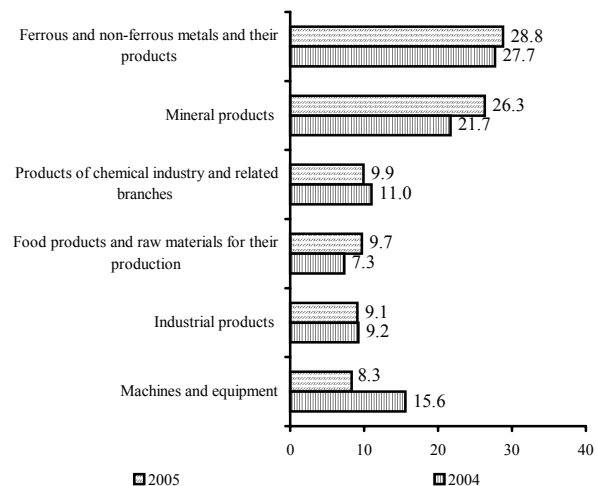
Exports. In the last three years, exports of Ukrainian goods to EU countries exceeded those to other countries. Nevertheless, in 2005 versus 2004, within the Ukrainian exports, the share of EU countries decreased by 3 percentage points to 26.9%, whereas that of CIS countries grew from 27.1 to 32.1%. In 2005, exports of goods to EU countries amounted to UAH 9.2 billion, being 5.8% as little as in 2004.

Italy, Germany, Poland and Hungary accounted for 53.0% of exports of Ukrainian goods to EU countries.

Observed were noticeable changes in the commodity composition of exports to EU countries. The share of *machine building products* within exports

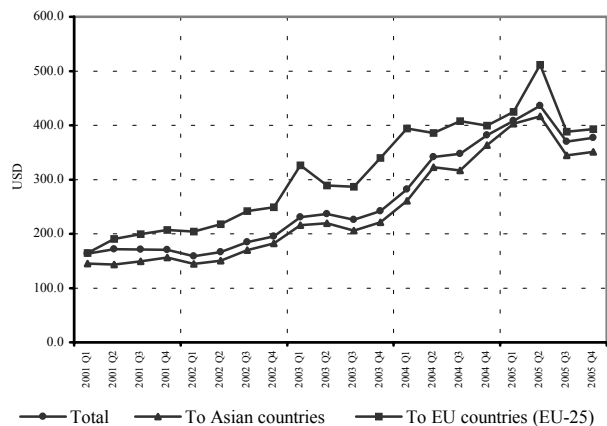
to EU countries went up from 11.1% in 2000 to 15.6% in 2004, whereas in 2005 exports of machine building products in terms of value decreased 2.0 times (primarily due to a decline in exports to Lithuania and Germany), their share within exports to EU countries having reduced by 8.3%.

Dynamics of Commodity Composition of Exports to EU Countries



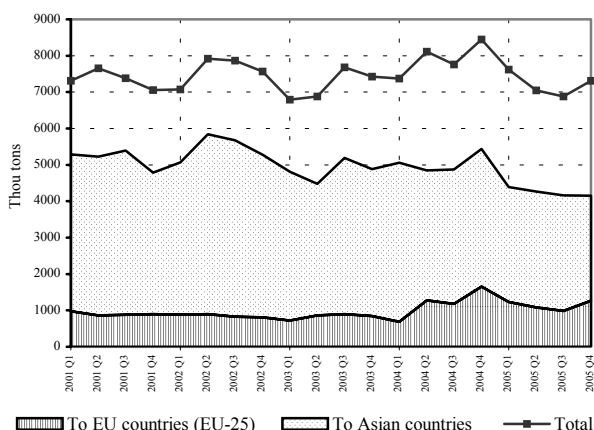
The share of *metallurgy industry products* and *mineral products* within exports to EU countries made 28.8 and 26.3% respectively.

Average Weighted Prices of Exported Ferrous Metals (72nd group), USD per ton



Within Ukraine's exports to EU countries, 9.9% fell on *chemical industry products*, 9.1% falling on *industrial goods*. Within the chemical industry products exported to EU countries, there were such groups of products as organic compounds, inorganic chemistry products, salt and plaster materials, plastic goods and products made of them. More than 80% of the industrial goods exported to EU countries fell on clothes and footwear. Within the mineral products exported to EU countries, more than 48% fell on oil products, 26% falling on iron ores.

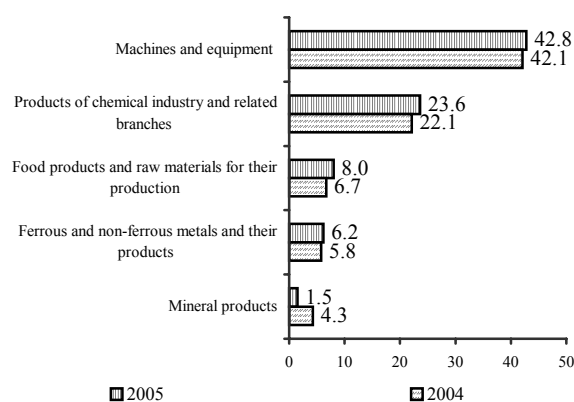
Volumes of Exports of Ferrous Metals
(72nd group), thou. tons



In 2005, within the total exports to EU countries, the share of **agricultural and industrial complex products** grew from 7.3 to 9.7%. Within food products exported to EU countries, more than 70% fell on grain crops (35% of the exports of this group) and oilseeds and oil (35%).

Imports. In 2005, the government pursued the policy aimed at increasing the real income of individuals and domestic consumption, intensification of anti-smuggling measures, and decreasing customs-tariffs. The real effective exchange rate of hryvnia against US dollar grew by 15.9% (the real exchange rate of hryvnia against Euro rose by 28.2%). These facts promoted more than 25% increase in imports from EU countries. Imports of goods and products from the EU came to USD 11.9 billion. Within the total imports, the share of these countries grew from 32.6 in 2004 to 32.9% in 2005.

Dynamics of Commodity Composition of
Imports from EU Countries



Within the imports from EU countries, goods with higher level of value added prevailed. During the last years, the share of **machines and equipment**,

transportation facilities and instruments augmented considerably (from 31.3% in 2000 to 42.8% in 2005). In 2005 compared with 2004, imports of this group in terms of value grew by 27.9%.

Within the total imports of goods from EU countries, 23.6% fell on **products of chemical industry and related branches**. Within this group, the largest shares fell on plastic goods and pharmaceutical products (30.0 and 25.2% respectively). In 2005, EU countries accounted for more than 50.0% of chemical industry products within the total imports of chemical industry products and 44.0% of industrial goods within the total imports of industrial goods.

Services*. In 2005, exports of services to EU countries came to USD 2.7 billion, having augmented by 25.3% compared with 2004. Imports of services equaled USD 3.3 billion, having risen by 7.7% versus 2004.

Exports. Within the total exports of services, the share of EU countries grew by 1.4 percentage points versus 2004 to 28.5%.

Within the services rendered to the residents of EU countries, 48.3% fell on transportation services which grew by 7.1% in 2005. Expenses of the residents of EU countries for travel rose by 50.2%. Within the total exports of services, the share of these services augmented from 28.3% in 2004 to 33.9% in 2005.

In 2005, **imports of services** from EU countries went up by 7.7%. Within the total imports of services, the share of these countries reduced by 2.5 percentage points to 43.3%.

Within the services rendered by nonresidents from EU countries, 44.0% fell on those in the *Travel* item, 17.7% fell on transportation services, 8.8% falling on those in the *Royalties and license fees* item. In 2005, imports of services in the *Royalties and license fees* item multiplied 1.8 times, those in the *Transportation services* item increased 1.3 times, those in the *Travel* item having grown by 6.1%. Imports of financial services grew most of all (2.5 times). Within the imports of services, their share rose from 2.3% in 2004 to 5.3% in 2005. At the same time, imports of insurance, construction and communication services reduced 5.4, 1.5 and 1.4 times respectively.

* 2004 and 2005 exports/imports in the *Travel* item were recalculated according to the new methodology.

**GOODS TURNOVER
WITH EU COUNTRIES AND EU ACCESSION COUNTRIES**

Countries	2004		2005		
	USD million	% of total	USD million	% of total	% of 2004
TOTAL	61668	100.0	70428	100.0	114.2
EU countries (25 countries)	19220	31.2	21083	29.9	109.7
Germany	4623	7.5	4670	6.6	101.0
Italy	2426	3.9	2924	4.2	120.5
Poland	1949	3.2	2418	3.4	124.1
Hungary	1170	1.9	1339	1.9	114.4
France	856	1.4	999	1.4	116.6
Netherlands	877	1.4	979	1.4	111.6
Czech Republic	719	1.2	971	1.4	135.2
Great Britain	1080	1.8	861	1.2	79.7
Slovakia	615	1.0	813	1.2	132.2
Spain	693	1.1	807	1.1	116.5
Austria	594	1.0	776	1.1	130.7
Sweden	446	0.7	589	0.8	132.0
Belgium	541	0.9	512	0.7	94.6
Lithuania	623	1.0	410	0.6	65.7
Finland	287	0.5	380	0.5	132.6
Latvia	428	0.7	376	0.5	87.8
Denmark	287	0.5	283	0.4	98.4
Estonia	352	0.6	228	0.3	64.8
Cyprus	233	0.4	222	0.3	95.3
Greece	172	0.3	206	0.3	119.3
Slovenia	123	0.2	157	0.2	127.6
Ireland	40	0.1	52	0.1	129.3
Luxemburg	17	0.03	48	0.1	2.8 t.
Portugal	49	0.1	48	0.1	98.0
Malta	19	0.03	15	0.02	81.4
<i>For reference:</i>					
EU accession countries (5 countries)	3755	6.1	4115	5.8	109.6
Turkey	2238	3.6	2643	3.8	118.1
Romania	815	1.3	702	1.0	86.0
Bulgaria	580	0.9	652	0.9	112.5
Croatia	69	0.1	80	0.1	115.1
Macedonia, the Former Yugoslav Republic of Macedonia	53	0.1	38	0.1	73.2

**EXPORTS OF GOODS
TO EU COUNTRIES AND EU ACCESSION COUNTRIES**

Countries	2004		2005		
	USD million	% of total	USD million	% of total	% of 2004
TOTAL	32672	100.0	34287	100.0	104.9
EU countries (25 countries)	9779	29.9	9209	26.9	94.2
Italy	1620	5.0	1894	5.5	116.9
Germany	1891	5.8	1286	3.8	68.0
Poland	980	3.0	1011	2.9	103.2
Hungary	808	2.5	691	2.0	85.5
Spain	522	1.6	574	1.7	109.9
Netherlands	525	1.6	515	1.5	98.1
Slovakia	398	1.2	509	1.5	127.8
Czech Republic	299	0.9	377	1.1	126.2
Great Britain	347	1.1	358	1.0	103.4
Austria	249	0.8	317	0.9	127.3
Latvia	377	1.2	312	0.9	82.6
Cyprus	168	0.5	218	0.6	129.1
Lithuania	469	1.4	210	0.6	44.7
France	203	0.6	200	0.6	98.2
Belgium	278	0.9	198	0.6	71.1
Greece	118	0.4	138	0.4	116.7
Estonia	278	0.9	125	0.4	44.9
Denmark	115	0.4	107	0.3	92.7
Sweden	28	0.1	42	0.1	149.2
Slovenia	15	0.05	32	0.1	2.2 t.
Finland	31	0.1	29	0.1	92.9
Luxemburg	6	0.02	27	0.1	4.5 t.
Portugal	27	0.1	20	0.1	73.6
Malta	19	0.1	15	0.04	81.5
Ireland	8	0.02	7	0.02	88.5
<i>For reference:</i>					
EU accession countries (5 countries)	3202	9.8	3165	9.2	98.8
Turkey	1869	5.7	2035	5.9	108.9
Bulgaria	499	1.5	544	1.6	109.0
Romania	732	2.2	490	1.4	66.9
Croatia	52	0.2	61	0.2	116.5
Macedonia, the Former Yugoslav Republic of Macedonia	50	0.2	36	0.1	71.5

**IMPORTS OF GOODS
FROM EU COUNTRIES AND EU ACCESSION COUNTRIES**

Countries	2004		2005		
	USD million	% of total	USD million	% of total	% of 2004
TOTAL	28996	100.0	36141	100.0	124.6
EU countries (25 countries)	9441	32.6	11874	32.9	125.8
Germany	2732	9.4	3384	9.4	123.9
Poland	969	3.3	1407	3.9	145.2
Italy	806	2.8	1030	2.9	127.8
France	653	2.3	799	2.2	122.4
Hungary	362	1.2	648	1.8	178.8
Czech Republic	420	1.4	594	1.6	141.6
Sweden	418	1.4	547	1.5	130.8
Great Britain	734	2.5	503	1.4	68.5
Netherlands	352	1.2	464	1.3	131.8
Austria	344	1.2	459	1.3	133.2
Finland	256	0.9	351	1.0	137.4
Belgium	263	0.9	314	0.9	119.6
Slovakia	216	0.7	304	0.8	140.5
Spain	171	0.6	234	0.6	136.6
Lithuania	155	0.5	200	0.6	129.3
Denmark	172	0.6	176	0.5	102.2
Slovenia	109	0.4	125	0.3	115.0
Estonia	73	0.3	103	0.3	140.1
Greece	54	0.2	68	0.2	124.9
Latvia	51	0.2	65	0.2	126.3
Ireland	33	0.1	45	0.1	138.8
Portugal	22	0.1	28	0.1	128.5
Luxemburg	11	0.04	22	0.1	192.1
Cyprus	65	0.2	5	0.01	7.4
Malta	0.4	0.001	0.3	0.001	73.3
<i>For reference:</i>					
EU accession countries (5 countries)	553	1.9	950	2.6	171.8
Turkey	368	1.3	608	1.7	165.0
Romania	84	0.3	212	0.6	2.5 t.
Bulgaria	81	0.3	109	0.3	133.7
Croatia	17	0.1	19	0.1	111.2
Macedonia, the Former Yugoslav Republic of Macedonia	2	0.01	3	0.01	108.2

DIRECT FOREIGN INVESTMENT IN UKRAINE FROM EU COUNTRIES

Countries	2003	2004	2005		
	Total (by period end), USD million	Total (by period end), USD million	Total (by period end), USD million	% of total	% of previous period
Total EU countries (25 countries)	3784	4808	11745	100.0	244.3
Germany*	441	667	5505	46.9	8.3 t.
Cyprus	779	1036	1562	13.3	150.8
Austria*	263	357	1424	12.1	4.0 t.
Great Britain*	702	913	1155	9.8	126.5
Netherlands*	551	635	722	6.1	113.7
Poland	153	192	224	1.9	116.7
Hungary*	133	185	191	1.6	103.2
Sweden	117	120	134	1.1	111.7
Denmark	61	106	130	1.1	122.6
Italy	95	106	118	1.0	111.3
Slovakia*	47	46	94	0.8	2.0 t.
France	61	79	82	0.7	103.8
Luxemburg	41	58	72	0.6	124.1
Czech Republic	43	46	47	0.4	102.2
Ireland	79	55	46	0.4	83.6
Belgium	28	43	45	0.4	104.7
Spain	36	39	43	0.4	110.3
Lithuania	32	29	40	0.3	137.9
Latvia	72	33	37	0.3	112.1
Estonia	17	26	28	0.2	107.7
Greece	15	16	19	0.2	118.8
Finland	6	8	9	0.1	112.5
Malta	7	8	9	0.1	112.5
Portugal	2	2	5	0.04	2.5 t.
Slovenia	3	4	4	0.03	100.0

* Including privatization.

PART 3. EXTERNAL DEBT OF UKRAINE

**EXTERNAL DEBT OF UKRAINE
AT THE END OF 2005**

In 2005, the gross external debt of Ukraine rose by USD 8.2 billion (26.6%) (in 2004, by USD 6.8 billion or 28.7%), amounting to USD 38.8 billion (47.4% of GDP against 47.2% of GDP in 2004).

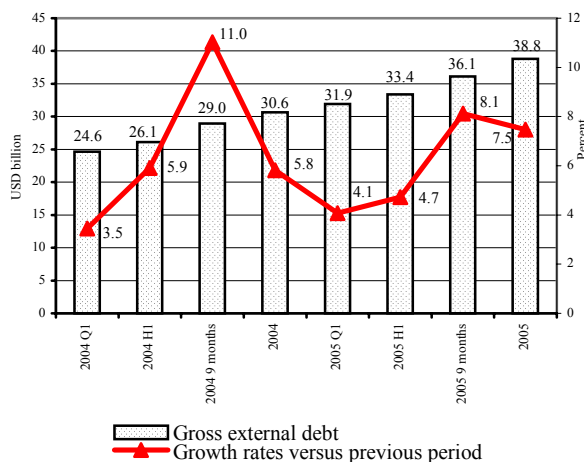
The gross external liabilities grew due to an increase in the debts on private loans (USD 7.4 billion including those on Euro bonds – USD 1.1 billion) and a considerable inflow of the capital of nonresidents to the internal debt government securities market (USD 1.0 billion).

In the period under review, the debts increased in:

- the **government sector** – by USD 1.2 billion (14.7% of the total growth of debts);
- the **banking sector** – by USD 3.6 billion (43.5%);
- **other economy sectors** (including direct investment) – by USD 3.8 billion (47.1%).

At the same time, in 2005, the debts of the **monetary authorities** reduced by USD 0.4 billion (5.3%).

Dynamics of Gross External Debt of Ukraine



At the end of 2005, the **ratio of gross external debt of Ukraine to exports of goods and services** made 87.5% (in 2004, 74.2%).

In 2005, within the external debt of Ukraine:

– **by economy sectors**:

the share of the banking sector grew from 8.7 to 16.0, whereas the shares of the general government, monetary authorities and other sectors went down from 36.6 to 31.9%, from 5.5 to 3.2%, and from 47.4 to 46.7% respectively.

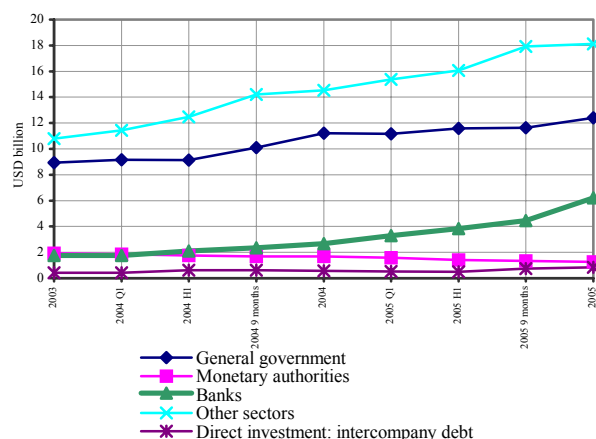
– **by instruments**:

the shares of credits and debt securities grew from 38.9 to 50.2% and from 14.9 to 21.6% respectively, whereas the share of trade credits reduced from 19.5 to 18.3%.

– **by maturity**:

the long-term debt came to USD 26.7 billion (68.9%), the short-term one amounting to USD 12.1 billion (31.1%).

Dynamics of External Debts of Economy Sectors



During the two last years, the ratio of the short-term debt to the long-term one gradually diminished. At the end of 2003, USD 0.61 of the short-term debt fell on USD 1 of the long-term debt. At the accounting date, USD 0.45 of the short-term debt fell on USD 1 of the long-term debt.

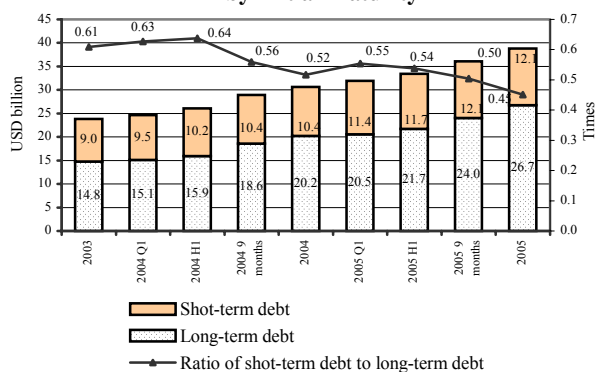
Within the **long-term debt**, as of 1 January 2006, 63.5% fell on credits, 31.3% fell on debt securities, 5.2% falling on other instruments.

As of 1 January 2006, **the service ratio of the long-term loan and debt liabilities** (as a ratio of expenses for principal and interest payment to exports of goods and services) made 14.7% (10.7% at the beginning of 2005). The expenses for servicing and redemption of loan and debt liabilities increased against the background of a decrease in the growth rates of exports of goods and services (by 47.1 and 7.5% respectively).

In 2005, the external debt of the general government grew by USD 1.2 billion or 10.7%, equaling USD 12.4 billion (15.1% of GDP) as of 1 January 2006. The debt volume changed owing to the **increase in the liabilities on**:

- the **government securities** of non-residents (by USD 1.0 billion or 3.4 times);
- the **Eurobonds issued by local authorities** (the Kyiv State Municipal Administration) (by USD 0.2 billion or 1.7 times).

Gross External Debt of Ukraine by Initial Maturity



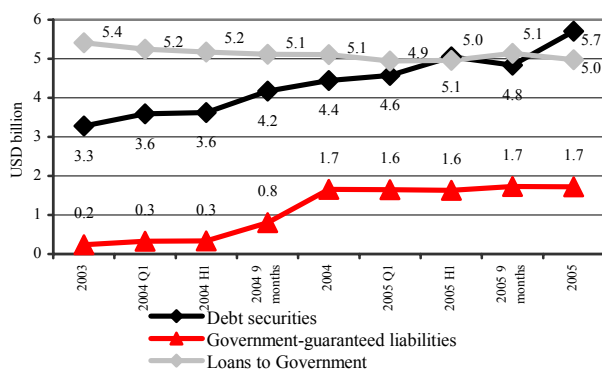
In 2005, the public debt on Eurobonds almost did not change: USD 0.6 billion were paid to non-residents and at the same time, there were issued Eurobonds to the amount of EUR 0.6 billion (USD 0.7 billion) at the lowest yield in the history of independent Ukraine (4.95%).

As of 1 January 2006, the accumulated debts to non-residents amounted to USD 1.4 billion (69.7% of the total volume of government securities). In the first, second and third quarters of 2005, the debts rose by USD 462, 500, and 61 million respectively. In the fourth quarter of 2005, there was seen a net outflow of the capital of non-residents to the amount of USD 46 million.

In January – September 2005, the liabilities to non-residents on internal debt government securities grew by USD 1 billion (out of them USD 61 million or 6.0% fell on the third quarter), whereas they reduced in the fourth quarter.

As of 1 January 2006, the liabilities of the **monetary authorities** totaled USD 1.2 billion (3.2% of the gross external debt of Ukraine). In 2005, the debts **reduced by 25.8% (USD 436 million)** owing to repayment of credits granted by the International Monetary Fund.

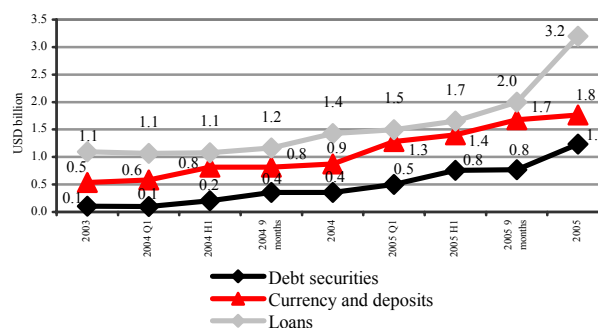
Dynamics of External Debts of the General Government of Ukraine by Financial Instruments



In 2005, the debts of the **banking sector** multiplied 2.3 times (in 2004, 1.5 times), equaling **USD 6.2 billion** at the end of the year (16% of the gross external debt). In 2005, the **liabilities of the banking sector to non-residents rose by USD 3.5 billion**, which was caused by an increase in:

- the credits granted by non-residents (by USD 1.8 billion, 49.8% of the total growth);
- the deposits of non-residents and the balance on their accounts with Ukrainian banks (by USD 0.9 billion, 25.1% of the total growth);
- the Eurobonds issued by banks (by USD 0.7 billion, 20.2%);
- the corporate bonds and money market instruments (by 4.3%).

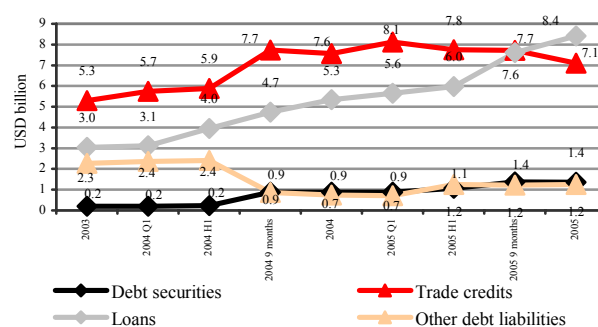
Dynamics of External Debt of the Banking Sector of the Economy of Ukraine by Financial Instruments



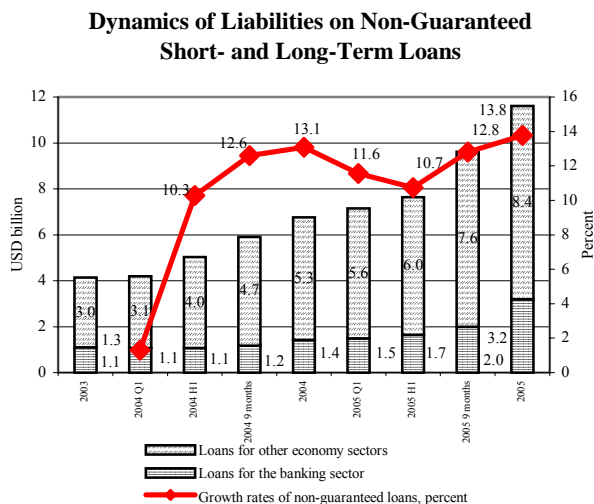
At the end of 2005, the liabilities of **other sectors** to non-residents (including direct investment) came to USD 18.9 billion, having grown by USD 3.8 billion during the year (in 2004, by USD 3.9 billion). The **increase was due to a growth of:**

- the **short- and long-term non-guaranteed credits** (by USD 3.3 billion, 86.9% of the total growth);
- the **Eurobonds issued by companies** (by USD 0.4 billion, 10.6%);
- **other financial instruments** (2.5% of the increase in debts fell on trade credits, overdue debts on non-guaranteed and trade credits and corporate bonds).

Dynamics of External Debt of Other Sectors of the Economy of Ukraine by Financial Instruments



From the beginning of 2004, there was seen a trend toward an increase in the **non-guaranteed short- and long-term credits** of the banking and real economy sectors (including direct investment) which grew by USD 5.1 billion, totaling USD 12.4 billion at the end of 2005. Within the gross external debt of Ukraine, their share grew by 8.2 percentage points to 32.1%.



In the accounting period, the **short-term debt of Ukraine rose** by USD 1.6 billion (19.9% of the total growth) chiefly due to an increase in:

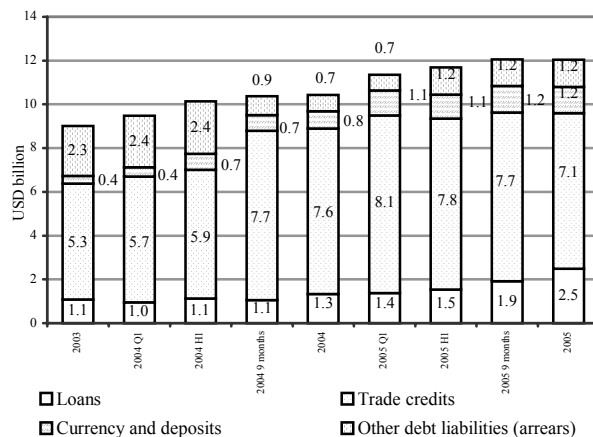
- the debts on the **interbank and non-guaranteed credits** of other economy sectors (by USD 1.2 billion, 71.6% of the total growth);
- the **balance of funds on the accounts of non-residents and short-term deposits of non-residents** with Ukrainian banks (by USD 0.4 billion, 26.5%);
- **other debt liabilities** (by USD 0.5 billion, 31.6%).

At the same time, the **debts on trade credits** reduced by USD 0.5 billion (28.8% of the total growth).

At the end of 2005, the short-term debt amounted to USD 12.1 billion (14.7% of GDP). Within the accumulated debt, 74.4% (USD 9 billion) fell on other economy sectors, the rest (25.6%) falling on the banking sector. **Within the short-term debt, 58.8% fell on trade credits.** In the year under review, they reduced by USD 0.5 billion, equaling USD 7.1 billion. Within the short-term debt, 20.7% fell on the banking and real sectors, 10.4% – on other arrears of credits, 9.9% - on the currency and deposits, 0.2% falling on the money market instruments.

In 2005, the **ratio of the short-term debt to reserve assets** went down from 1.1 at the year start to 0.6 at the year end.

Short-Term External Debt of Ukraine by Financial Instruments



In the period under review, there were certain changes in the **currency composition** of the external debt of Ukraine viz.:

- the share of hryvnia external debt liabilities went up from 1.7% at the year start to 5.0% at the year end;
- the share of Euro liabilities grew from 8.9 to 9.9% owing to new government and private loans;
- the share of SDR liabilities reduced from 5.2 to 3.1% due to the IMF loan redemption;
- the share of US dollar liabilities went down by 1.6 percentage points to 79.9% at the year end;
- the share of Russian ruble liabilities remained insignificant (1.8% at the year end compared with 2.1% at the year start).

UKRAINE'S EXTERNAL DEBT

USD million

Indicators	As of 1 January 2004	As of 1 April 2004	As of 1 July 2004	As of 1 October 2004	As of 1 January 2005	As of 1 April 2005	As of 1 July 2005	As of 1 October 2005	As of 1 January 2006
General government	8929	9167	9125	10091	11204	11158	11595	11640	12401
<i>Short-term</i>	0	0	0	0	0	0	0	0	5
Other debt liabilities	0	0	0	0	0	0	0	0	5
<i>Long-term</i>	8929	9167	9125	10091	11204	11158	11595	11640	12396
Debt securities	3280	3700	3728	4284	4548	4680	5114	4879	5786
Loans	5647	5467	5397	5807	6656	6478	6481	6761	6610
Other debt liabilities	2	0	0	0	0	0	0	0	0
Monetary authorities	1919	1852	1755	1692	1690	1573	1415	1345	1254
<i>Short-term</i>	0	0	0	0	5	0	0	0	0
Loans	0	0	0	0	5	0	0	0	0
Currency and deposits	0	0	0	0	0	0	0	0	0
<i>Long-term</i>	1919	1852	1755	1692	1685	1573	1415	1345	1254
Debt securities	10	5	5	5	0	0	0	0	0
Loans	1909	1847	1750	1687	1685	1573	1415	1345	1254
Banks	1746	1762	2108	2348	2662	3295	3835	4463	6217
<i>Short-term</i>	1087	1124	1447	1455	1652	2001	2027	2391	3084
Money-market instruments	11	14	13	14	11	14	22	23	24
Loans	720	693	699	719	858	841	906	1152	1861
Currency and deposits	356	417	735	722	783	1146	1099	1216	1199
<i>Long-term</i>	659	638	661	893	1010	1294	1808	2072	3133
Debt securities	103	100	201	353	356	501	758	768	1232
Loans	375	375	379	446	566	657	745	845	1335
Currency and deposits	181	163	81	94	88	136	305	459	566
Other sectors	10803	11426	12469	14211	14532	15360	16052	17930	18108
<i>Short-term</i>	7928	8368	8706	8926	8783	9365	9638	9710	8979
Loans	363	264	427	341	471	534	637	770	634
Trade credits	5290	5737	5876	7727	7565	8115	7754	7724	7096
Other debt liabilities	2275	2367	2403	858	747	716	1247	1216	1249
<i>Long-term</i>	2875	3058	3763	5285	5749	5995	6414	8220	9129
Debt securities	197	200	238	885	882	882	1070	1374	1352
Loans	2678	2858	3525	4400	4867	5113	5344	6846	7777
Direct investment:									
intercompany debt	414	426	631	622	559	510	505	737	834
Gross External Debt	23811	24633	26088	28964	30647	31896	33402	36115	38814

According to the methodology set forth in the External Debt Statistics, the data may be ascertained during 5 quarters after their first publication.

PART 4. METHODOLOGY ON BALANCE OF PAYMENTS AND UKRAINE'S EXTERNAL DEBT COMPILATION

COMMENTS ON METHODOLOGY TO THE BALANCE OF PAYMENTS

Generalized evaluation of the economic situation in a country and efficiency of its global economic relations is made on the basis of the balance of payments. The balance of payments is a macroeconomic model that systematically summarizes the economic transactions of an economy with the rest of the world. The objective of this model is to elaborate and introduce a sound exchange and foreign economic policy of a country, to analyze and forecast the situation in trade and financial markets, bilateral and multilateral comparisons and research studies, etc. On the basis of the balance of payments actual data, international financial institutions, the IMF in particular, take decisions with respect to granting financial assistance to some countries to stabilize the balance of payments and to overcome its deficit. The development and compilation of the balance of payments are an indispensable condition for all IMF members and are based on the unified methodology according to the standard component classification and consolidated information structure.

By its compilation the **balance of payments** is defined as a statistical statement that systemizes overall data on foreign economic transactions, for a specific period of time, made by residents of a country and residents of the rest of the world (non-residents). The major BOP components are grouped under two headings: the current account and the capital and financial account.

The definition of a *resident (non-resident)* in the BOP theory does not differ from that accepted by the System of National Accounts. To be a resident an economic unit must operate in the economic territory of a country for more than 1 year and have a center of economic interest in that economy. Thus, it must engage and intend to continue engaging (over a lengthy period of time) in economic activities and transactions in the country.

The *economic territory* of a country is defined as a geographic territory administered by a government within which persons, goods and capital circulate freely. The economic territory of a country includes air space, territorial waters, and continental shelf over which a country enjoys exclusive rights, territorial enclaves located in other countries (the territories of diplomatic representations, military

bases etc). Therefore, although territorial enclaves used by foreign governments or international organizations may be physically located within a country's geographical boundaries, such enclaves are not included in the country's economic territory.

The economic territory may not coincide with the politically demarcated boundaries, it rather consists of the territory administered by a country's government.

Data in the balance of payments are presented according to specific accounting rules. Every recorded economic transaction is represented by two entries. One of these entries is designated a credit, while the other is designated a debit. Most entries in the balance of payments refer to transactions in which economic values are provided or received in exchange for other economic values. When economic values (goods, services or financial assets) are donated special types of entries called *transfers* are made in the balance of payments as the required offsets.

The difference between credit and debit entries as a result of time and value discrepancies is called *net errors and omissions* and is given in the respective balance of payments item.

In Ukraine the *responsibility for BOP compilation* was imposed by law on the NBU (Law of Ukraine "On the National Bank of Ukraine", Decree of the Cabinet of Ministers of Ukraine "On the System of Foreign Exchange Regulation and Control" of 19 February 1993). The Joint Decree of the NBU and the Cabinet of Ministers of Ukraine № 517 "On Balance of Payments Compilation" of 17 March 2000 established an order of coordinating activities of ministries and departments with respect to the establishment of the BOP information base.

The balance of payments is compiled on the basis of the system of accounting transactions between residents and non-residents under the direction of the NBU supplemented with statistical review data. In January 1993, under the aegis of the State Statistics Committee of Ukraine introduced was an information collection system based on banking activities. According to this system information is given by two categories of respondents: (1) banks that declare transactions with non-residents made monthly on behalf of clients and on their own (form № 1-ПБ), (2) enterprises and organizations that opened accounts with foreign banks (form № 2-ПБ).

In Ukraine, organized was a closed information collection system. According to this system authorized banks give information about debit and credit turnovers under correspondent accounts with breakdown by operations and about balances on correspondent accounts at the beginning and at the end of

an accounting period. Forms are given in the original currency under each correspondent account (Nostro and Loro). Transactions are aggregated and coded in accordance with the standard classification given in the 5th addition of the IMF Balance of Payments Manual. The NBU converts the received data into US dollar at the average monthly exchange rate.

The State Statistics Committee introduced quarterly reporting to keep track of the flow of direct investment in Ukraine and abroad as well as of transactions with services. To compile the balance of payments the NBU also uses the official trade statistics of the State Statistics Committee, which is based on customs statistics.

The NBU coordinates the activities of institutions and collects the information necessary for BOP compilation. The NBU is also responsible for BOP compilation, development of the methodological and methodical basis for BOP analysis and forecast and for conduct of respective research.

CURRENT ACCOUNT

The current account comprises all the transactions with real valuables between residents and non-residents as well as donation or acquisition of valuables for current use. The current account is subdivided into 4 major components: goods, services, income and current transfers.

Goods. The main source of the data on external trade in goods is the State Statistics Committee information based on cargo customs declarations and enterprise reports on the goods that shall not be declared at customs (fish caught in the open sea and sold abroad, goods acquired by carriers in ports, etc). To compile the balance of payments these data are adjusted by coverage (informal trade) and for classification (conversion of imports from c.i.f. to f.o.b. and repairs on goods).

Informal trade is the most important component of these additional calculations (1.2% of exports and 3.2% of imports of goods calculated by the State Statistics Committee). It comprises the unorganized retail foreign trade turnover not included in the official statistics. Informal trade volumes are calculated on the basis of a range of expert evaluations.

The State Customs Service of Ukraine provides the NBU with the information about the number of passenger cars imported by natural persons to Ukraine for permanent use and about the amount of taxes charged at customs, including the excise tax and VAT. The total value of the modes of transportation imported by natural persons is calculated on the basis of 20% VAT. The goods imported to

Ukraine by natural persons are valued on the basis of the State Customs Service of Ukraine data on the import duty, VAT and excise tax paid by citizens at customs (Decree of the Cabinet of Ministers of Ukraine # 1652 of 13 December 2001).

Moreover, the State Statistics Committee runs annual spot checks on the value of the imported goods sold in the country's commodity markets. The NBU utilizes the State Statistics Committee analyzes to value the volumes of imported goods within the unorganized goods turnover in the domestic market and includes them in the trade balance.

To calculate the volumes of exported goods excluded from the official statistics the data and expert evaluations of the main trading partners are used.

In accordance with the BOP compilation methodology exports and imports of goods are recorded on f.o.b. basis. The f.o.b. valuation of goods includes any costs incurred in transporting the goods to the customs border of the exporting country and in loading the goods on board the carrier at that frontier. According to the methodology of trade balance compilation, which is done by the State Statistics Committee, imports are recorded on c.i.f. basis. In order to make up the BOP *Imports of goods* item transportation and insurance costs are deducted from the total imports. From 2003, costs of imports of goods are adjusted to f.o.b. prices according to the sampling data of the State Statistics Committee of Ukraine concerning the freight and insurance costs of imports of goods in 2002 and to the valuation of the Turkmen gas transportation.

The next group of additional calculations is repair on services. According to the BOP compilation methodology repairs on goods are recorded under travel (part of the current account). The State Statistics Committee records repairs on goods in the foreign trade balance under services.

Exports and imports of goods are recorded when changes of ownership between non-residents and residents or vice versa occur at market prices. In the majority of cases it means that to value these transactions the contract or actual prices at the time of the transaction are used.

Services. The *Service* item consists of 3 major components: transportation, travel and other services. The NBU primarily makes up the *service* item on the basis of its data on external trade in services, since for a long time its data have been more comprehensive compared with those of the State Statistics Committee of Ukraine. This statement is particularly true with respect to imports of services.

Transportation services include the carriage of passengers and cargoes as well as other services

rendered by sea, air and other modes of transportation. The data source is bank reports (ITRS) and State Statistics Committee quarterly statistic reports on exports and imports of services. Data on adjustment of the costs of imports of goods to f.o.b. prices are used for the valuation of freight services.

The *Travel* item should cover all goods and services acquired by travelers during their visits in host countries if their stay did not exceed one year. The data source is the State Statistics Committee quarterly reports submitted by travel agencies and hotels as well as bank reports concerning settlements on travelers' checks and cards of international payment systems, travel allowances, and purchase/sales of cash foreign currency by natural persons. Besides, the NBU values the earnings and expenditures related to tourism on the basis of the information about the number of natural persons that cross the border of Ukraine and that about the amount of foreign currency exempt from customs registration. Introduced was a differentiated approach depending on the trip purpose and the country whose border is crossed (source: State Border Committee Administration).

Other services comprise communication services; construction services; insurance services; financial services; computer and information services; royalties and license fees; advertising and market research; research and development; other business services; and government services not included elsewhere.

Income. The *Income* item consists of compensation of employees and investment income.

Compensation of employees includes wages, salaries and other compensations earned by individuals for work performed in economies other than those in which they are residents (border workers, seasonal workers, and staff of international organizations, etc).

Investment income covers income derived from direct, portfolio, and other investment as well as from reserve assets payable in the accounting period. Investment income is recorded in accordance with the accrual method.

Current transfers. Transfers are defined as offsetting entries for real sources or financial items provided without quid pro quo by an economy to Ukraine and vice versa. Current transfers increase the income and consumption possibilities of the recipient and reduce the income and consumption possibilities of the donor. This item is made up on the basis of the bank reports related to private transfers, charitable contributions in the form of money, and money payments made by the state run public authorities according to the information about the technical assistance received provided by the Ministry of Economy and European Integration and according to that about humanitarian aid provided by the State Customs Service.

CAPITAL AND FINANCIAL ACCOUNT

Capital account. The capital account covers all transactions that involve the receipt or payment of capital transfers (transfers for investment, debt forgiveness, migrants' transfers, etc) and acquisition/disposal of nonfinancial assets and ownership. The volumes of transactions reflected in this item are inconsiderable. The information source for accounting this item are bank reports used for BOP compilation.

Financial account. The financial account covers all transactions that involve a change of ownership including the creation and liquidation of external assets and claims of a country, or in other words, the creation and liquidation of liabilities between residents and nonresidents.

The financial account is defined as comprising all transactions in the external financial assets and liabilities of an economy. The assets and liabilities are classified by three functional categories viz. direct investment, portfolio investment, and other investment. The assets include one more category i.e. reserve assets.

Portfolio investment covers equity securities and debt securities. Debt securities are subdivided into bonds and notes, money market instruments and financial derivatives.

Direct investment consists of equity capital, reinvested earnings and other capital (loans to direct investment enterprises).

Other investment includes trade credits, use of the Fund credit and loans from the Fund, other loans, currency and deposits and other assets and liabilities.

These investments are classified by type of instrument, domestic sector and original contractual maturity.

Reserve assets consist of those external assets available to and controlled by the monetary authorities for direct financing of payments imbalances and for intervention in exchange markets to affect the currency exchange rate and for other purposes. Reserve assets comprise monetary gold, SDRs, reserve position in the Fund, foreign exchange assets (consisting of currency and deposits and securities), and other claims.

For all the financial account positions an increase in a country's assets and a decrease in liabilities are recorded with a negative arithmetic sign, whereas a decrease in assets and an increase in liabilities are recorded with a positive arithmetic sign.

The Financial account transactions are evaluated in market prices.

All valuation changes and other changes that do not reflect transactions are excluded from the financial account. The following changes are among those specifically excluded: valuation changes in, or reclassifications of, reserves; changes resulting from territorial or other changes in classification of existing assets (for example, *portfolio investment* to *direct investment*, restructuring of short-term loans into long-term ones), valuation changes, which reflect exchange rate or price changes and other changes.

Direct investment. Direct investment is a category of international investment that reflects the objective of obtaining a lasting interest by a resident entity in one economy in an enterprise resident in another economy. Investment of money, property, securities, etc. is classified as direct investment if it grants not less than 10% of ordinary shares or voting power for an enterprise. Direct investment comprises investment in the form of foreign currency including receipts from privatization; movable and immovable property and interests related with it; shares, bonds and notes, and other securities, money claims and rights to the claims on contracts and intellectual property rights.

The information source for accounting direct investment are State Statistics Committee quarterly reports (form # 10-3E3, form # 13-3E3) as well as bank reports on capital flow on correspondent accounts and form # 4-ПБ *Report on Interstate Capital Flow in the Form of Direct Investment*.

Starting from 2003, loans granted by direct investment enterprises are reflected in the *Direct investment* item, having been excluded from the *Other investment* item.

Portfolio investment. Portfolio investment includes in addition to equity securities and debt securities in the form of bonds and notes, money market instruments and financial derivatives. For each financial instrument transactions are subdivided by domestic sectors. To calculate the *Portfolio investment* item used is the Ministry of Finance data on trade debts, monthly bank reports on capital flow on correspondent accounts, and quarterly bank reports on interstate capital flow in the form of portfolio investment (form # 3-ПБ).

The Ministry of Finance data on liabilities on debt securities are adjusted to the volumes of their purchase by residents of Ukraine in external mar-

kets. Transactions with equity securities are recorded at the world prices.

Other investment. Other investment includes all financial transactions not covered in direct investment, portfolio investment, or reserve assets. The instrument classification comprises trade credits, loans, currency and deposits, other assets and liabilities. Other investment is classified by such type of instrument as trade credits, loans, currency and deposits, other assets and other liabilities, domestic sectors and maturity.

Other investment is monitored on the basis of the Ministry of Finance data on all components of Ukraine's external debt, bank reports on obtainment and servicing of the non-guaranteed credits obtained from nonresidents, bank reports on interstate capital flow in the form of other investment, ITRS data, and data on payables and receivables of economic entities provided by the State Statistics Committee of Ukraine.

The *Trade credits* item reflects changes in current debts on export/import transactions of economic entities calculated on the basis of the State Statistics Committee data on payables and receivables. The *Other liabilities* item includes net changes in the overdue debts on obtained credits to nonresidents and overdue debts on trade operations. The *Other assets* item reflects net changes in the cash foreign currency outside the banking system, changes in overdue debts on trade operations and other changes not recorded elsewhere in the financial account. From the first quarter of 2004, this item also covers insufficient receipts from exports of goods and superfluous payments for imports of goods and services to Ukraine (including the import deliveries that were not made to Ukraine).

Reserve assets. Reserve assets comprise the NBU liquid foreign exchange assets with non-resident banks, NBU monetary gold, reserve position in the Fund and SDRs with adjustment to exchange rate difference. Reserve assets exclude NBU claims in hard currency to resident banks and deposits in bank metals (with the exception of gold).

The balance of payments is compiled quarterly on the 75th day after the period under review and is published on the NBU web-site at <http://www.bank.gov.ua>

Data are updated once a year when compiling the balance of payments for the fourth quarter and the accounting year.

METHODOLOGICAL COMMENTS ON THE STATISTICS OF UKRAINE'S EXTERNAL DEBT

Statistics of the gross external debt of Ukraine are compiled in accordance with the concept and methodology set forth in the *External Debt Statistics: Guide for Compilers and Users* (IMF, 2003) and in the fifth edition of the *Balance of Payments Manual* (BPM5) (IMF, 1993).

The gross external debt of the country as at the end of the reporting quarter is the outstanding amount of all actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in future and that are owed to non-residents by residents of an economy.

Basic framework of the external debt statistics is agreed with the System of National Accounts, Guide to the External Debt Statistics, Guide to the Public Finances Statistics, and Guide to the Monetary and Financial Statistics.

Classification. The external debt liabilities are classified according to the *BPM5* standard components.

Sector breakdown: The end-of-quarter gross stocks of external debt liabilities are presented under four economic sectors:

- (a) general government;
- (b) monetary authorities;
- (c) banks; and
- (d) other sectors.

Maturity breakdown: The data are broken down by maturity (short- and long-term) on the original maturity basis.

Instruments breakdown: The data are broken down by debt instruments:

- (a) debt securities;
- (b) trade credits;
- (c) loans;
- (d) currency and deposits;
- (e) other debt liabilities; and
- (f) liabilities of enterprises under direct investment loans (intercompany loans).

Data on the intercompany loans of entities, in accordance with the *BPM5* requirements, are not broken down either by the economy sectors or maturity.

Debt data are consistent with the corresponding series in the international investment position statistics. There is a possibility to compare the data with the external public debt of Ukraine published by the Ministry of Finance of Ukraine and the data of the State Statistics Committee of Ukraine on intercompany loans, trade credits and arrears.

The gross external debt is calculated in US dollars. In order to convert the debt liabilities denominated in hryvnias and foreign currencies into US dollars, the exchange rate established by the NBU is used.

The estimated indicators of the **gross external debt** as at the end of the reporting quarter comprise:

- direct public government guaranteed debt including IMF and IFO loans obtained by the NBU;
- bank liabilities on debt securities, credits and deposits;
- liabilities of the real economy sector on debt securities, loans and payables (trade credits and arrears on them).

In order to compile the indicators of the **general government** external debt information of the Ministry of Finance of Ukraine concerning the public government guaranteed debt is used, including the liabilities to international financial organizations, foreign general governments, commercial banks, and other liabilities. The Ministry of Finance of Ukraine data regarding the liabilities under government external debt bonds are adjusted by the amount of their purchase by residents of Ukraine in external markets. Taken into account is also the amount of internal government bonds acquired by non-residents in the internal market and that of the bonds issued for redemption of the budgetary arrears of VAT.

The **monetary authorities** debt is calculated based on the NBU data regarding the liabilities under the credits and loans granted by the International Monetary Fund and international financial organizations as well as obtained deposits.

The consolidated balance of the banking system, ITRS data and bank reports on obtainment and servicing of foreign credits are the database on the debt instruments of the **banking sector**.

The external debt of **other sectors** is calculated on the basis of reports on obtainment and servicing of foreign non-guaranteed credits, ITRS data and the State Statistics Committee of Ukraine data regarding debts to non-residents on export/import operations.

It should be noted that *Other debt liabilities* of the corresponding economy sectors comprise the accumulated arrears on principal, interest and other payments that were due for payment according to the schedule but were not paid.

The gross external debt statistics is compiled quarterly. The first publication comprises tentative data which can be adjusted during the next quarters and accepted as final in 5 quarters after their first publication. The external debt statistics are published on the 76th – 80th day after the reporting period (with the exception of this publication) on the NBU web-site at www.bank.gov.ua on the same day for all the users.

MAIN AMENDMENTS MADE TO THE BALANCE OF PAYMENTS AND EXTERNAL DEBT OF UKRAINE

In order to ensure the highest probability and full coverage of statistics some amendments were made to the balance of payments and external debt of Ukraine.

Data were adjusted or updated due to: changes in returns (coded notation – CR); methodological changes (M); new information sources (NIS); new relationship with non-residents (NR).

Indicators	Period	Amendment code
Balance of payments		
Exports of goods (f.o.b.)	2005 Q1-Q3	CR
Imports of goods (f.o.b.)	2005 Q1-Q3	CR
Exports/imports of services	2004 Q1-Q4 2005 Q1-Q3	CR (coverage and adjustment), M (new methodology for calculations in the <i>Travel</i> item, NIS
Exports/imports of services in the <i>Travel</i> item	2004 Q1-Q4, 2005 Q1-Q3	M, NIS
Exports of government services	2004 Q1-Q4 2005 Q1-Q3	CR (corrections made to the part related to earnings for the Black Sea Fleet maintenance)
Imports of government services	2005 Q1-Q3	CR (adjustment made to technical assistance)
Current transfers	2005 Q1-Q3	CR (adjustment made to technical assistance)
Income	2005 Q1-Q3	CR
Direct investment in Ukraine, equity capital	2005 Q1-Q3,	CR
Equity securities, liabilities	2004 Q1-Q4 2005 Q1-Q3	M (fictitious transactions with shares of Ukrainian enterprises transferred from the <i>Portfolio investment, equity securities</i> item to the <i>Other investment, other assets</i> item)
Bonds and notes, general government, liabilities	2005 Q2-Q3	CR
Other assets, other sectors, short-term, insufficient receipts from exports of goods and services; payment for imports that were not delivered, and payments on fictitious transactions with securities	2004 Q1-Q4 2005 Q1-Q3	M (including fictitious transactions with shares of Ukrainian enterprises transferred from the <i>Portfolio investment, equity securities</i> item)
Currency and deposits, other sectors, assets	2005 Q1-Q3	NIS
Non-guaranteed medium- and long-term loans, liabilities	2005 Q3	CR
Trade credits, other sectors, short-term, liabilities	2005 Q2-Q3	CR
Other liabilities, other sectors, other	2005 Q2	CR
External debt		
General government, debt securities, long-term	2005 Q2-Q3	CR
Other sectors, trade credits, short-term	2005 Q2-Q3	CR
Other sectors, loans, long-term	2005 Q1	CR