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FEATURES OF FORMATION OF DEBT POLICY OF UKRAINE

The transformation of the economic system of Ukraine is related to the implementation of economic, political, financial, credit, social change, and this, in its turn, requires significant financial and credit resources. Lack of such resources at the disposal of the state promotes the widespread use of government loans, leading to the formation and accumulation of public debt.

Over 24 years of independence, Ukraine has passed seven stages of formation of public debt. At the initial stages, it is possible to trace chaotic formation of state debt and the active involvement of external loans aimed mainly at consumption and budget deficit. During the period from 1998, when the country faced crisis, there was a series of operations to involve internal and external public debt. Thus, the Ministry of Finance has carried out a program of replacement of a share of domestic debt of Ukraine by new debt in order to reduce the impact of the crisis on the economy, but it was seen by the international financial community as sovereign default and immediately reflected in

the downgrades of credit rating of Ukraine.

Absence of a balanced debt strategy and short-sighted policy on foreign borrowings raised in 2000-2001 set difficult tasks to financial system to service the public debt, increasing not only threat of the default, but also the possibility of Ukraine to conduct policy that would meet the national interests. The last decade is marked by the formation of a coherent and balanced long-term government debt policy. However, developments over the last year offer new challenges and threats to the national economy, leading to a sharp increase in public debt, and may have unintended consequences.

Today, for Ukraine it is essential to develop a strategy of state in matters of government debt. Implementation of effective debt policy in Ukraine includes the development of concepts such as debt strategy in which public debt is not considered from the standpoint of the debt burden on the economy of Ukraine, but as an instrument of economic growth.