

What kind of economy does Ukraine have?

Ukraine has a history of corruption and mismanagement that goes back to Soviet times.

Consider this: Ukraine's economy is smaller than it was in 1992, shortly after the collapse of the Soviet Union. At the time, Ukraine and Poland had similar-sized economies, but Poland's economy is now twice as big as Ukraine's.

The IMF estimates that the Ukrainian economy shrank 0.3% last year after barely growing in 2012.

Ukraine has a lot of coal mining, especially around the eastern city of Donetsk, as well as ageing heavy industry including shipbuilding, steel and arms. However, because many industries are so energy-inefficient, they are highly dependent on imports of Russian gas, which have been heavily subsidised.

Farming is also important: Ukraine has more arable land than any other European country and is a major producer of grain and sunflower oil. Wheat prices have risen 20% on world markets, partly because of the fear of instability in Ukraine.

And then there is the shadow economy: everything from cash-in-hand labour to corruption to illegal activities. A 2012 study by two Ukrainian academics reckons the shadow economy is equivalent to 44% of Ukraine's economic output.

In 2013, Ukraine was ranked 144 out of 177 in Transparency International's Corruption Perceptions Index.

Business and politics are deeply intertwined: Ukraine's richest man, Rinat Akhmetov was until recently an MP and a supporter of ex-President Yanukovich. His companies have received an important share of state tenders.