

IMF View of New High Court Anti-Corruption Law Still a Mystery

CONTENTS

New Court Law Won't Deliver "Zero Tolerance for Corruption"

Finance Minister's Dismissal a Red Flag for Fiscal Prospects

Gas Rate Hike Question Likely to Wait Until IMF Assesses HACC Law

Hryvnia Remains Stable, Despite Weak EM Currencies and IMF Delays

Industrial Output Rises 3% y/y in April, from +1% in March

Retail Trade Grows 7.6% y/y as Real Wages Increase 12.5%

CPI Plunges in Response to Seasonal Food Price Declines

Prime Rate Flat as Inflation Eases More Than Expected

Fiscal Accounts: Drop From High Base, But Prospects Positive

External Accounts: CAD Shifts to Surplus

Calendar of Events

The bill on the high anti-corruption court (HACC) has finally passed in the Verkhovna Rada. President Petro Poroshenko promptly signed it into law, and it took effect on June 14th. Nominally, Ukraine's government has fulfilled the IMF requirement, but, predictably, the law was not quite the one the IMF wanted. First, the Public Council of International Experts (PCIE) was given limited input into judge selection. Second, it appeared that the PCIE could also include Ukrainians. Third, earlier corruption cases will be subject to review in regular courts, not the HACC. So Ukraine's lawmakers, as usual, left a few loopholes, to keep the HACC under control.

Provisional IMF comments on the law were very restrained: the Fund said it wanted to evaluate it. It's hard to predict the Fund's view. If "zero tolerance for corruption" is its priority, we believe the response will be negative. If officers give more emphasis to progress, the conclusion could be positive. >>>