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A Choice Between Bad and Worse

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EXECUTIVE SUMMARY

Ukraine has been suffering less from the Russian natural gas shutoff than the headlines might suggest. Having already socked away the equivalent of 30% of annual gas imports, in anticipation of just such a Russian negotiating ploy, the country can hold out against a Russian supply blockade for several months.

We have no doubt that terms will eventually be struck. Collective interdependence, with Ukraine in need of Russia's gas, and Russia in need of Ukrainian transshipment pipelines and EU money, suggests no real alternative.

Much more dangerous for the Ukrainian economy now is a shocking 2009 budget – already approved >>>

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