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STATE OF EXTERNAL DEBT OF UKRAINE TOWARDS INTERNATIONAL CREDITORS: EVALUATION AND SETTLEMENT APPROACHES

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Under the conditions of market economy formation and functioning the role and importance of public debt as a component of public finances has greatly increased. Sustained economic development

of Ukraine is impossible without usage of external public borrowing mechanism that leads to external public debt.

Key words: *external debt, international lenders, debt management, public debt policy.*

Statement of the problem. Recently, Ukraine has faced with significant economic problems that are being solved today. This causes the development of the processes that slow down social and economic life at all levels. Changes in government policy related to the issues of monetary and fiscal policy and the state's inability to solve the problem of financing government expenditures lead to getting new debt funds.

The purpose of this scientific research is to determine the structure and assess the external debt of Ukraine in order to highlight the main approaches of the optimal debt policy of the state.

Justification of scientific results. Public debt is an urgent financial problem for Ukraine. In structural terms, it is divided, as in other countries, into internal and external public debts. Internal debt is a debt of the state government on government securities, failure to pay salaries in all sectors of the economy, debts of the enterprises to each other and to the state, debt of the state to the enterprises for the production. External public debt is a debt of the state to foreign citizens, companies, governments and international financial organizations.

High level of the internal and external debts as well as raising costs for its maintenance enhances the urgency of the problem and search of the ways to improve its management.

Statistical data of gross external debt comply with data of the international investment position and payment balance of the state. Gross external debt is calculated in U.S. dollars. Information of the National Bank of Ukraine regarding the liabilities

by credits and loans of the International Monetary Fund and the international financial institutions as well as the amount of deposits is used to determine the debt of the agencies of monetary and credit regulation.

In general, the level of economic development and the state level of paying capacity is determined by such indicators as gross domestic product (GDP), balance of payments, exchange rate of the national currency against foreign currencies, gross national product, net domestic product, national income, and others. Public debt is one of the most important criteria of the economic development. External public debt may be influenced by specific economic indicators.

Cooperation of Ukraine with international financial organizations has both positive and negative effects on the country. On the one hand, credits, financial and technical assistance provided by the international financial institutions contribute to the improvement of the economic situation and enable the country to overcome internal crises and prevent the impact of external global economic events. On the other hand, involvement of big loans from international financial institutions leads to a catastrophic increase of Ukraine's commitments to international organizations and intensifies political and economic impact of international economic institutions in Ukraine.

Ukraine has enormous economic potential, but as a country with transition economy it needs financial resources, including foreign loans from international financial institutions

for the transformation of its economy. Although the Government of Ukraine tries to reduce the dependence of the national economy on the foreign loans through the active involvement of credit funds in the domestic market, in the nearest future foreign loans will play an important role in the formation of its financial resources as possible capacity of the domestic credit market is limited.

Development of the effective strategies for managing external debt, including external public debt, particularly in terms of its rapid growth, is a multifaceted problem. Solving of this problem requires coordinated interaction of all departments and agencies responsible for implementation of the management process.

According to current legislation of Ukraine, external debt management and its maintenance is performed by the Ministry of Finance of Ukraine, which included a specially formed Department of the External Debt Maintenance of Ukraine. Within its responsibilities the Ministry of Finance acts as a financial agent of the state while executing all financial transactions related to this purpose. Ministry of Finance of Ukraine registers all foreign loans from different lenders involved both on behalf of the state and under the state guarantees of Ukrainian legal entities. On the basis of this

information, statistical recording of all external public liabilities is performed, a detailed schedule on the payment for its maintenance is developed. According to it, the State Treasury provides timely funding of the maintenance of the public debt within available financial resources assigned by the State Budget of Ukraine for these purposes.

Conclusions. Therefore, public debt of Ukraine has two components – a internal and external public debts. Quantitative evaluation of the internal public debt is performed in national currency, external debt – in foreign currency, usually in U.S. dollars. Statistics of public debts shows that there are several stages of its formation and development.

The strategic objective of the government debt policy in Ukraine should be raising funds for effective implementation of programs of institutional development and investment of the state while ensuring a stable ratio of public debt to GDP. An important task of strategic debt management is also searching for the optimal balance between debt and tax financing of public expenditures.

A comprehensive solution to the problem of the public external debt taking into account proposed measures will contribute to the development of public finance and improve the financial state of Ukraine.

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