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# Ukrainian Industrial Output Plummets as Violence Rages

By The Moscow Times

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KIEV — Ukrainian industrial production fell in July at its steepest rate since the 2008-2009 global financial crisis, as months of conflict between government forces and separatist rebels took its toll on Ukraine's industrial heartland.

Ukrainian troops and pro-Russian rebels have been fighting since April in the heavily industrialized eastern regions of Donetsk and Luhansk, a conflict that has destroyed infrastructure and disrupted supply networks.

July's output fell 12.1 percent from July a year ago, accelerating from a 5 percent drop in June, the state statistics service said Monday.

Production fell 28.5 percent in Donetsk and 56 percent in Luhansk in July from last July, the state statistics service said. The two regions, which produce most of the country's coal and a significant amount of steel, together contributed nearly 17 percent of Ukrainian gross

domestic product in 2013.

"Looking ahead, everything will depend on the military conflict and its destructiveness. August is likely to be as bad as July," said Olena Bilan, chief economist at Dragon Capital.

Last week it emerged that around half of the 115 coal mines in Ukraine, Europe's second-largest coal producer, have halted production entirely. The country's largest steelmaker, Metinvest, is no longer accepting new orders because the turmoil has forced it to cut production.

Ukraine produced 26.1 percent less coal in July than a year earlier and metals output fell 12.3 percent, according to Monday's state statistics service data.

Month on month, total industrial output fell 2.2 percent last month after a drop of 1.5 percent in June.

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