

Ukraine Could Ask IMF for Up to \$2Bln for Gas

By [The Moscow Times](#)

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VIENNA — Rising prices for gas imports from Russia may push Ukraine to draw its International Monetary Fund loan down faster to protect its foreign exchange reserves, Prime Minister Mykola Azarov said on Wednesday.

He was speaking after a meeting with his Russian counterpart Vladimir Putin in Moscow on Tuesday failed to secure agreement to lower gas prices that will ratchet up sharply from current levels toward the end of this year.

Azarov said Ukraine might ask the IMF for a stabilization credit of \$1 billion to \$2 billion, although there is no pressing need for financial support at the moment.

"If such problems arise, we have an agreement with the IMF that is in force," Azarov said. "We would ... request a stabilization loan, which would be put on the foreign exchange account of the National Bank in order, above all, to stabilize the national currency."

"Rising gas prices are causing us to pay more and more and that is reducing our currency reserves."

A \$15 billion IMF loan program was frozen after Ukraine failed to push through vital financial and pension reforms.

The Fund refused to release a \$1.6 billion loan tranche in March after Kiev balked at implementing unpopular austerity reforms such as raising the retirement age and hiking consumer gas prices by 50 percent.

Ukraine now pays \$297 per thousand cubic meters for Russian gas, but that will rise sharply toward the end of the year as the contract price will rise in line with oil prices with a lag of several months.

Some 80 percent of Russian gas exports to Europe flow through pipelines that traverse Ukraine, and deliveries have been disrupted in the past as a result of pricing disputes between Moscow and Kiev.

Azarov said, however, that there were no grounds for concern on security of supply.

"Ukraine is a civilized, democratic state that will fulfill its contracts as long as they are in force," he said.

He argued that the gas price paid by Ukraine should be at a discount to its western neighbors in the European Union. "If the gas price in Poland is around \$350 [per tcm] we should be paying \$200-\$220," Azarov said.

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