The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

$3Bln Ukraine Eurobond Issue Bought by Russia

By The Moscow Times

December 23, 2013



Russia has closed a deal to buy Ukraine's newly-issued $3 billion Eurobond, part of a $15 billion bailout of its smaller neighbor, Russian Finance Minister Anton Siluanov said Monday.

Russia offered a lifeline to Ukraine last week, helping revive the country's economy and keep it within Moscow's orbit.

Moscow is tapping its National Welfare Fund, a rainy day reserve, to buy $15 billion worth of Ukrainian Eurobonds. It is also offering Kiev relief on the price of gas exports.

"The deal was closed on Friday," Siluanov told journalists, referring to the $3 billion bond. He added that another tranche of help would be set next year.

The non-tradable Eurobond matures in two years and has a coupon of 5 percent.

Kiev needs cash to cover its external funding gap, while the Central Bank's currency reserves

are depleted by efforts to support the hryvna and repay foreign debt.

The government owes about $8 billion in foreign debt payments next year. The amount due for gas imports, another part of its external obligations, is now unclear.

Ukraine paid out $1 billion per month in 2013 for gas imports, although the sum may change next year depending on the volume required. Russia slashed the price Ukraine pays for gas deliveries by about one-third.

The National Welfare Fund is intended to cover pension fund imbalances, which amounts to 4.2 percent of gross domestic product.

Original url:
https://www.themoscowtimes.com/2013/12/23/3bln-ukraine-eurobond-issue-bought-by-russia-a30728