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Ukraine's Finance Minister Sees No Need for More IMF Funds

By The Moscow Times

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The Central Bank of Ukraine.

WASHINGTON — Ukraine will not need a new International Monetary Fund financing program unless its conflict with pro-Russian separatists worsens significantly, Finance Minister Oleksandr Shlapak has said.

In an interview with a small group of reporters, Shlapak said the IMF's current $27 billion international financial lifeline was adequate for now and flatly ruled out a restructuring of the nation's debts, which some analysts have said may be needed to avoid a default.

"When it comes to our sovereign obligations, we don't have such a need [for new financial assistance], neither this year nor next," Shlapak said.

"Potentially, there's always such a chance; a question of additional resources might arise. Then yes, then we'll consider the possibility of some kind of new program with

the International Monetary Fund, or new characteristics of the program. But that, I repeat, is in the event that we get a substantial worsening of the situation. For now, there are quite enough resources."

If new help is needed, it might be to boost Ukraine's currency reserves, he said, noting that foreign allies have reassured the Central Bank chief that they stand ready to help.

Shlapak said Ukraine had nearly $16 billion in currency reserves and $2 billion in government accounts, which was "quite enough to live out the rest of the year, given that the situation does not worsen."

Just last month, Ukrainian Prime Minister Arseniy Yatsenyuk said the country would probably have to readjust its $17 billion IMF loan program due to the costly conflict in the eastern part of the country.

The IMF warned last month that Ukraine may need as much as $19 billion in additional funds from donors if the conflict continues during 2015.

Shlapak echoed Yatsenyuk's assertions that Ukraine did not need to restructure its debts, suggestions he said were spread by Russia or investment firms eager to cash in.

"We have reliable partners that will help us service these debts: that's the IMF, World Bank, European Union and the like. We don't see the need, today, to go for restructuring and we won't do it," Shlapak said.

"There's a principal agreement [in the IMF program] that we will deal with all of our debts. As long as the International Monetary Fund works with Ukraine, we will not be conducting any recapitalization of any shape as we do not consider it necessary."

Investors have focused on a controversial $3 billion Ukrainian bond held by Russia, with a clause that may enable the Kremlin to demand immediate repayment if Ukraine's debt-to-gross domestic product ratio rises above 60 percent.

Shlapak said it was premature to estimate that ratio before the year ends. If at that point Russia demands a payment, Ukraine would "absolutely" pay, though maybe in April instead of December.

"If they demand we settle the eurobond, we'll settle it, no big deal," Shlapak said.

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