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Ukraine's Central Bank Chief Berated for Record Low Hryvna

By The Moscow Times

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Ukraine must take swift and decisive action to overcome a "full-scale financial crisis," Central Bank head Valeriya Gontareva said Friday in a speech to parliament, where she faced abuse and mockery over her performance.

A year of revolution and war with pro-Russian separatists has pushed the hryvna currency to record lows and crippled the economy, which was already near bankruptcy after years of corruption.

Deputies voiced anger over the hryvna whose value against the dollar slumped nearly 50 percent last year. Radical Party leader Oleh Lyashko, a member of the governing coalition, led criticism of Gontareva's stewardship of the Central Bank by scattering fake dollars in a derisive gesture as she stepped up to the tribune to speak.

The Central Bank is considering raising the main interest rate from the current level of 14

percent to combat inflation, she said.

The ex-Soviet country's hard currency reserves have collapsed to just enough to cover five weeks of imports, and an estimated $15 billion funding gap has fanned fears of big government debt write-downs.

Earlier, Finance Minister Natalia Yaresko said Ukraine needed "financial mobilization" and further help from foreign backers to survive the economic crisis.

"To win in this war, together with the military we need to carry out financial mobilization," Yaresko told parliament, underscoring the link between Ukraine's financial plight and a conflict with pro-Russian separatists in its eastern regions which has brought confrontation with Russia.

"To survive, Ukraine needs the financial support of its friends and partners — it's a question of loans, not gifts," she said.

Talks with the International Monetary Fund on an existing $17 billion loan package have been overshadowed by hints from Russia it might demand early repayment of a $3 billion loan whose terms it accuses Kiev of violating.

"Despite the information campaign about the supposed insolvency of Ukraine, I declare Ukraine today is fulfilling all aspects of its external financial obligations," Yaresko said.

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