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Ukraine to Issue Bonds to Support Naftogaz

By The Moscow Times

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Ukraine will issue domestic bonds amounting to 31.5 billion hryvnas ($2 billion) to support state energy firm Naftogaz, a document posted on the government's website said on Monday.

Kiev, which is mired in an economic crisis, is under pressure to reform Naftogaz, whose financial deficit is significantly larger than the national budget deficit and requires government support to pay its bills.

As in previous such transactions, the new bonds are likely to be bought by the central bank to provide cash for Naftogaz to fund its gas imports, a further strain on dwindling foreign currency reserves

Last year Ukraine issued 96.6 billion hryvnas ($6.18 billion) in local bonds to support Naftogaz, increasing internal debt.

On top of regular gas payments, the company paid $3.1 billion to Russia's Gazprom in late 2014 for past gas debts.

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