

IMF to Review Ukraine Lending in Late March

By [The Moscow Times](#)

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KIEV — An International Monetary Fund mission will visit Ukraine at the end of March to discuss a resumption of lending with the new leadership, and Ukrainian officials said they expected "difficult talks."

In advance of the IMF's arrival, Ukraine's new leaders gave an assurance that the country would meet its debt repayment obligations, both domestic and foreign.

At the end of January, Ukraine's debt stood at \$26.5 billion — about \$15 billion foreign and the rest domestic.

"Ukraine will meet its obligations, and the government will do all it can to ensure that no one has any doubts about this," presidential administration official Irina Akimova said.

"I hope that there will be no longer any questions of technical default and default in general

relating to Ukraine," she told journalists Wednesday.

Under a \$16.4 billion bailout program, the IMF disbursed about \$10.5 billion but then suspended the program late last year after Ukraine decided to increase minimum wages and pensions in breach of earlier commitments.

The new leadership of President Viktor Yanukovich, which faces monthly bills of about \$700 million for Russian natural gas alone, has made it clear that it wants to get back to a new funding program with the IMF.

But it will have to impress the IMF with its ideas for fiscal prudence and particularly with what it plans for its draft budget for 2010.

"The arrival of a basic mission of the IMF is expected at the end of March," Akimova said.

With an eye to the impending arrival of the IMF mission, Akimova said the government would aim to keep the budget deficit for 2010 at no more than 6 percent to 7 percent.

"The re-establishment of cooperation with the IMF is one of the key tasks for the government and the presidential administration," she said.

By the end of March, when the IMF mission was due, the government would have a budget draft that could form the basis for discussion, she said. "This requires a budget deficit of no more than 6-7 percent," she said.

The Yanukovich leadership meanwhile stuck to the previous government's growth estimates for the year, saying it saw gross domestic product growth for 2010 at 3 percent to 3.1 percent, compared with a 15 percent fall in 2009.

This compared to the IMF's own GDP growth projection of 2.7 percent for Ukraine.

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