

Ukraine Raises Budget Deficit Forecast

By [The Moscow Times](#)

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KIEV — Ukraine, which has been pleading with potential lenders for help, raised its 2014 budget deficit forecast on Friday to 4.3 percent of gross domestic product, up from 3.6 percent forecast in the budget.

Last month the International Monetary Fund estimated last year's combined government deficit, including state-owned energy company Naftogaz, at 7.75 percent of GDP.

However, the government of President Viktor Yanukovych, who has faced huge opposition protests in recent weeks, is reluctant to make unpopular cutbacks.

Russia agreed to bail out Ukraine by purchasing its sovereign bonds after Kiev performed a sharp foreign policy U-turn and refused to sign deals on political association and free trade with the European Union in late November.

The government officially forecasts the 2013 deficit at 3.2 percent, rising to 3.6 percent in 2014 according to the draft budget law adopted by parliament on Thursday.

The session approved the budget without discussion due to an attempted blockade of proceedings by the political opposition, and few details of the budget were available.

But the finance ministry said the deficit will be higher than projected as a result of a raft of amendments introduced by parliament.

It said current revenues are projected at 392.6 billion hryvna (\$49.1 billion) and expenditures at 471.3 billion hryvna (\$58.9 billion). It projected the deficit at 71.4 billion hryvna (\$8.9 billion).

The government has said the Ukrainian economy is likely to grow by 3 percent this year, from probable stagnation in 2013, mostly thanks to Russian aid.

Kiev received the first \$3 billion tranche of the Russian bailout in December and expects the remaining \$12 billion early this year.

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