

IMF Hands Ukraine \$3.19Bln Aid Tranche

By [The Moscow Times](#)

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The International Monetary Fund has given Ukraine the first \$3.19 billion tranche of an eventual \$17 billion aid package intended to bolster its struggling economy, but in light of Ukraine's gas debts the money may soon belong to Russia.

The International Monetary Fund, or IMF, delivered the aid tranche to the Ukrainian Central Bank on Wednesday, Itar-Tass reported.

Nearly \$2 billion will be used to finance Ukraine's budget deficit, while the remaining sum will be placed in the Central Bank's foreign currency reserves.

However, at the core of Kiev's economic woes is its unresolved dependency on Russia for natural gas supplies. Ukraine owes \$3.5 billion to Gazprom according to Russian Energy Minister Alexander Novak.

In April, Gazprom hiked the price Ukraine must pay for Russian gas when Moscow cancelled two discounts granted to the previous Ukrainian government. This effectively doubled

the price from \$268.50 per thousand cubic meters to \$485.50, making the costs imposed on Kiev higher than any other customer in Europe.

Ukraine has stated that it is willing to pay its bill at the original price, but stressed it would be unable to pay the price set on April 1.

Gazprom has threatened to limit the supply of natural gas to Ukraine in June if it does not receive payment for May deliveries, creating a situation in which IMF aid may be passed on directly to Gazprom in order to ensure a steady flow of gas from Moscow.

The IMF's \$17 billion aid package was approved last week and designed to be dispersed incrementally over a two-year period.

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