

Ukraine's Naftogaz Must Be Privatized, Says Presidential Aide

By [The Moscow Times](#)

December 09, 2014

The  **Moscow Times**

LONDON — A representative of Ukrainian President Petro Poroshenko called for state energy company Naftogaz to be privatized and natural gas prices to rise as the country grapples with a growing budget deficit and dependence on Russia for gas imports.

"Naftogaz needs to be privatized," Dmytro Shymkiv, the president's deputy chief of staff, said at a Ukrainian investment conference in London on Tuesday.

"We need to absolutely increase gas prices in the supply chain for both private consumers and commercial consumers."

He said subsidies to Naftogaz were skyrocketing but that some politicians and much of society would resist moves to price gas commercially.

Naftogaz is a significant burden on Ukraine's finances. The finance ministry has had

to borrow \$6.4 billion via the sale of hryvna-denominated domestic bonds to recapitalize the company this year and help it pay off debts to Russia's Gazprom.

The government is under pressure to enact reforms from the International Monetary Fund, which visited Kiev on Tuesday to discuss Ukraine's progress under a \$17 billion bailout program.

It has so far received two tranches totaling \$4.6 billion, but the country sorely needs the next payment of \$2.7 billion to support foreign currency reserves, which are at a 10-year low due to gas debt repayments to Russia and efforts to support the struggling currency.

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