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By Larry Elliott

Ukraine pleads for quick restructuring of debts

Finance minister Natalie Jaresko wants to see debt cut and interest on remainder reduced so Ukraine can move towards stability

Україна виступає за швидку реструктуризацію боргів. Міністр фінансів Наталія Яресько хоче бачити скорочення боргу та відсотків по ньому, таким чином, на її думку, Україна може рухатися у напрямку стабільності.

Міністр фінансів України попередила, що в разі провалу переговорів по реструктуризації боргу, в Україні можливим буде становище дефолту. Після отримання першого траншу в розмірі 5 млрд. дол. в рамках допомоги МВФ Україні Яресько шукає додаткову фінансову підтримку на Заході. Угода з МВФ передбачає реструктуризацію боргів у розмірі 15 млрд. дол., і міністр фінансів наполягає на укладенні угоди з кредиторами до кінця травня.

<http://www.theguardian.com/world/2015/mar/24/ukraine-plea-added-help-stability-economy>



Ukraine could be forced into a damaging default unless talks to restructure its debts are concluded successfully and speedily, the country's finance minister warned on Tuesday.

Natalie Jaresko said all her country's creditors were aware of the critical nature of the negotiations designed to help stabilise an economy crippled by recession, corruption, mismanagement, and war.

"It's a serious, serious, financial crisis," Jaresko said. "Ukraine has had 70 years of communism and 23 years of incomplete reforms. The last regime, at a bare minimum, was corrupt. We have had revolution and war. There has been a huge human cost of the war, with 6,000 dead and 1 million people displaced. It is one of the most complicated situations in Europe."

Jaresko is seeking additional financial support from the west after the announcement of a \$17.5bn loan from the International Monetary Fund this month.

"We are very lucky to have the support of the IMF," Jaresko said, adding that Ukraine's reserves were at an all-time low of \$5bn before it received the first \$5bn tranche of IMF financial assistance this month.

Part of the IMF deal involves a \$15bn restructuring of Ukraine's debts, and Jaresko said there needed to be an agreement with creditors by the end of May. She is looking to ease her country's debt burden by a cut in the amount owed and by paying back the remainder over a longer period and at lower interest rates.

"I think everybody understands the situation is critical and that we need to move relatively quickly," she said as she admitted that the economy was likely to suffer a second year of deep recession in 2015

"There is always a risk of a default," she added, noting that several factions in Ukraine's parliament were demanding that the government go down that route.

Jaresko said the IMF loan was enough to stabilise the economy but not sufficient to "reorganise and renew" it.

"Everybody in the free world should be doing more to help Ukraine. This is a country that has given its life for democracy and is protecting Europe from an aggressive neighbour," she said.

"The human and economic costs to Europe from a Ukraine that is not stable are very great.

"Ukraine is a big country. This is not going to be a small crisis if it goes beyond our borders."

Jaresko said she could not complain that Ukraine had been ignored while the European Union tried to sort out the problems of Greece.

"I can't say they haven't focused. We would like more attention and more support. The Ukrainian government deserves that support."

Jaresko said that, in five years, she wanted to see a Ukraine at peace, with a rapidly growing economy, that had restored normal relations with all its neighbours and was diversified in its exports.

"There are enormous risks to that scenario. There are social risks, that society will not have the patience to continue with austerity. We have political risks. We have banking and currency shock risks. I don't control the violence in the east of the country," she said.

Every country, Russia included, had to buy into this vision, Jaresko said.

"We have got a banking crisis, a lack of confidence, people pulling money out of the banks. Every time there is a spike in violence people fear what will happen next.

"The good news is that we have made great progress on stability."

Tariffs had been imposed, currency controls imposed and a start made on introducing the structural reforms imposed by the IMF in return for its \$17.5bn of financial support.