# IMF Double Standards: Ukraine and Greece

By RT
Global Research, June 15, 2015
RT 13 June 2015

Region: Europe, Russia and FSU
Theme: Global Economy

*Despite the grievous state of the Ukrainian economy, the IMF said it will continue to lend money to Ukraine, so Kiev can complete economic restructuring.*

"In the event that a negotiated settlement with private creditors is not reached and the country determines that it cannot service its debt, the Fund can lend to Ukraine consistent with its Lending-into-Arrears Policy," IMF Managing Director Christine Lagarde said.

The IMF chief's comments come as Finance Minister Natalia Yaresko and Ukrainian Prime Minister Arseny Yatseniuk wrapped up their promotional trip to US, which also included pleading with the IMF. Kiev hopes to persuade the international lender to release a $1.7 billion tranche of aid in July, as part of a $40-billion aid package that the IMF and Ukraine's foreign allies have committed to.

Ukraine's economic program (2015 – 18) seeks to implement macroeconomic and structural reforms. It's designed to focus on fiscal consolidation and energy sector reforms as well as the banking system. Kiev hopes to generate $15.3 billion in public sector financing during the program period. Ukrainian authorities also aim to bring public debt to under 71 percent of the country's GDP by 2020. Finally, the country seeks to gain economic stability by balancing the budget's gross financing needs to no more than 12 percent of GDP annually in 2019 – 25.

Yet Kiev's virtually bankrupt economy can't make the debt payments, when a $500-million bond matures in September. Upon his return from Washington, Ukraine's PM threatened to freeze debt repayments if no deal is agreed with private lenders. Kiev claims its military campaign in the east of the country is draining internationally borrowed funds.

"Today, Ukraine spends as much on foreign and domestic debt servicing as it does on defense," Yatsenyuk told a government meeting. "The budget can no longer afford it – and not just the budget. The Ukrainian people can no longer live like this," he said.

"We will not take money out of Ukrainians' pockets to pay foreign debts," he warned.

Comment: That may be his intention but that is not what the lenders want to hear.

Lagarde seems to agree that Kiev's "international reserves cannot be used for sovereign debt service without the government incurring new debt, which would be inconsistent with the objectives of the debt operation."

Yatsenyuk told the politicians that he expects the IMF board to meet in July, "so, all the preliminary conditions have to be agreed and approved by July."

Earlier this week, while visiting the US, Finance Minister Yaresko said Ukraine can't afford to wait until September to reach an agreement with its creditors. Unless the agreement is reached, Kiev might be forced to call a moratorium on debt payments. Last month, the Rada (parliament) passed a law allowing the government to do so.

"I don't think we have that much time," Yaresko said on Wednesday. "In that respect, I'd have to use other tools to reduce the pressure on the balance of payments, a moratorium."

"If we're not able to make progress, then the creditors will be provoking the use of that (moratorium)," Yaresko said. According to the minister, Kiev has already repaid some $2 billion.

The creditors' committee led by US asset management firm Franklin Templeton has proposed drawing some $8 billion from Kiev's central bank reserves as part of the restructuring plan, which Yaresko has called "unacceptable."

As the negotiations continue, creditors issued a statement blaming Kiev for a lack of action.

"Minister Yaresko has been in possession of a detailed IMF-compliant solution from the bond committee for over a month," creditors said on Thursday in an email statement. "We are deeply concerned about the stance the minister is taking, which is not in the interests of Ukraine. We are ready and willing to start talks at any time," Reuters reports.

The original source of this article is RT
Copyright © RT, RT, 2015

---

**Comment on Global Research Articles on our Facebook page**

**Become a Member of Global Research**

*Articles by:* RT

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca