

Ukraine Cabinet postpones residential gas price hike

Ukraine

Posted by:

Posted on : 2017/10/3 17:00:24

Analyst: "We still believe Ukraine and the IMF will be able to find common ground in the coming weeks, and Ukraine will be able to receive at least USD 1 bln in a new IMF tranche by the year end."

KYIV, Oct 3, 2017 - The Ukrainian government decided last week to postpone publishing a resolution that required raising natural gas prices for households and heating utilities as of October, Concorde Capital told its clients, based on the ukrane.com news site report of Oct. 2. A March Cabinet resolution required that this gas price be determined based on an import parity principle, as the government and IMF had agreed upon. The government was supposed to increase prices as of October 2017 if the calculated price exceeded the existing one by 10% or more. Based on various calculations, this should have raised retail gas prices by 18%-19%. Ukraine's PM Volodymyr Groysman voiced his opposition to raising gas prices for the public, and the government is currently seeking to revise its pricing methodology for gas to avoid any increase. A new methodology has yet to be agreed upon with the IMF, which insists upon an import parity principle. Concorde analyst Alexander Paraschiy added: "Natural gas pricing is among the key outstanding issues in Ukraine's talks with the IMF on a new loan tranche. This week, Ukraine's parliament is scheduled to adopt pension reform, which is the most critical demand of the IMF. But the loan tranche won't come without resolving the gas pricing issue. We still believe Ukraine and the IMF will be able to find common ground in the coming weeks, and Ukraine will be able to receive at least USD 1 bln in a new IMF tranche by the year end."

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