
Ms Yulia refuses gas price hike despite IMF pledge

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Reuters reported that Ms Yulia Tymoshenko Prime Minister of Ukraine recently put off the unpopular step of raising gas prices at home until after the January 17th presidential election despite a promise to the International Monetary Fund.

She said that "I am going to recommend that the price of gas for communal heating utilities stays at the present level for the moment for the autumn winter period because I understand the whole crisis situation."

She added that "I understand the political situation as we prepare for the presidential election."

Ms Tymoshenko government had promised to raise household gas prices on September 1st and utility prices on October 1st both by 20%. That had been a condition of the IMF USD 16.4 billion bailout package and under an EU-brokered USD 1.7 billion gas infrastructure loan. But it skipped both dates.

Mr Philippe Le Houverou World Bank vice president for Europe and Central Asia said that it expected Ukraine to honor its promise. He said that "One of the key measures we all agreed with the government is to increase the tariffs. It's a difficult measure but there was an agreement. Yes, we expect they will raise the prices."

Ms Tymoshenko rival President Mr Viktor Yushchenko and opposition leader Mr Viktor Yanukovich are set to run in the vote, the first presidential election since the pro-Western Orange revolution of 2004 which was sparked by a rigged poll.

Ms Tymoshenko clearly feared raising gas prices would have a bad impact on her ratings. These stands at about 14% lagging Yanukovich 24% to 25% though analysts say a second round of voting will be close.

(Sourced from Reuters)

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