

Poroshenko Criticizes IMF as Stockholm Rules in Favor of Naftogaz

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Recent weeks brought both good and bad news for Ukraine. First, the litigation between Gazprom and Naftogaz finally ended, with a ruling in favor of Naftogaz, obliging Gazprom to compensate the Ukrainian energy corporation to the tune of \$2.56 billion. Gazprom responded by launching an appeal, and announced it was cancelling its gas supply contract with Ukraine. This victory over Gazprom is far more significant than just a commercial dispute. It changes the pattern of communication between Moscow and Kyiv. And it showed Ukrainians that standing up for their national interests can pay off. Of course, Gazprom is unlikely to pay this debt in cash anytime soon. Most likely Russia will use the \$3 billion of defaulted Eurobonds issued under Viktor Yanukovich to cancel this liability.

On the heels of the good news from Stockholm came some harsh rhetoric from President Petro Poroshenko over IMF demands regarding an anti-corruption court. On March 1st, the Verkhovna Rada passed the first reading of a bill on a high anti-corruption court, approving provisions that the IMF called inconsistent with commitments under Ukraine's IMF-supported program, and the recommendations of the Venice Commission. The IMF insists that the appointment of judges to the anti-corruption court be handled by an independent expert commission, given the bitter experience of judicial reform so far >>>