The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Kremlin Preparing Substantial Welcome for Yanukovych on Tuesday

By Anatoly Medetsky

December 16, 2013

Putin speaking with Yanukovych at a working meeting in Sochi earlier this month.

The Kremlin on Monday announced that it was offering a raft of substantial deals, including a loan, for Ukraine, whose President Viktor Yanukovych was on his way to Moscow for talks.

President Vladimir Putin is hosting the talks after Ukraine last month abruptly backed out of a landmark agreement that would have tied its future with the European Union — and complicated its trade with Russia.

The reversal triggered massive pro-EU rallies in Kiev's central square and statements of support for the demonstrators from the world's leading democracies. U.S. senators John McCain and Christopher Murphy, and British Foreign Secretary William Hague were the latest Western policy makers to voice their backing.

An economically ailing Ukraine has said it will look to Russia for help to deal with its woes,

and the Kremlin indicated it had something in store for Yanukovych who was coming to Moscow for the meeting of a Russia-Ukraine cooperation commission on Tuesday.

"The meeting is expected to result in the signing of a solid package of bilateral agreements," a statement from the Kremlin said Monday.

The statement did not list the agreements, saying only that the countries would look to advance joint projects in such areas as energy, transportation, space and agriculture.

Andrei Belousov, the Kremlin economic aide, said Monday that Russia could also give a loan to Ukraine, which previously rejected the International Monetary Fund's terms for a credit line.

"The situation in Ukraine is now such that without loans, from one side or another, they will simply fail to maintain economic stability," Belousov said, Interfax reported.

Belousov did not say how much Russia was willing to lend to Ukraine, though economists in Kiev have said the country needs at least $10 billion.

Ukrainian Energy Minister Eduard Stavitsky and a pro-government Ukrainian lawmaker, Alexander Yefremov, both said Monday that Russia could express willingness to reduce the price that Ukraine pays for Russian natural gas. The trade in gas to feed Ukraine's power plants and a major chemicals industry has been perhaps the biggest issue in relations between the two countries. Moscow has used Kiev's gas debt in the tussle with Yanukovych to prevent the EU agreement, demanding an immediate settlement of outstanding bills.

It was not clear if Ukraine at the Tuesday meeting would commit to any moves that would ultimately bring it into the Russia-led Customs Union, which Moscow has touted as an alternative to the EU.

The talks in Moscow are coming as the West remains strongly in favor of the anti-Yanukovych protests.

In a move that could stoke unrest in Kiev, the EU on Sunday suspended talks on signing the aborted trade and political pact with Ukraine at a later time, which leaves Yanukovych open for more rancor at home.

Senator McCain went on stage on Sunday before a cheering crowd in Kiev and encouraged the people with a speech.

"The free world is with you, America is with you, I am with you," he said, CNN reported.

The Daily Telegraph carried an article by British Foreign Secretary Hague on Monday where he said: "It is inspiring to see these people standing up for their vision of the future of Ukraine: a free, sovereign, democratic country with much closer ties to the EU and a positive relationship of mutual respect with Russia. This is a vision I share."

The protests are the biggest since the Orange Revolution in 2004, which voided Yanukovych's victory in a presidential election and forced a repeat vote that brought pro-Western Viktor Yushchenko to power.

The exposure of Russian banks to Ukraine is "highly insignificant" and amounts to less than 1 percent of their assets, Russia's Central Bank said on Monday.

Russia's banking sector is owed a total of $11 billion by Ukrainian residents, and owes them $1.3 billion, the financial regulator said in e-mailed comments, Reuters reported.

"The interconnections between our financial systems does not raise the slightest concern," it said. "From the point of view of our banking sector this is a highly insignificant volume of money owed that amounts to less than 1 percent of its assets."

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Original url:
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