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Ukraine Awaits 'Clear Response' on $2bn Bailout From Russia

By The Moscow Times

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KIEV — Ukraine is waiting for a "clear response" from Russia on a $2 billion loan needed to cover its debt for Russian gas supplies, Prime Minister Arseniy Yatsenyuk has said.

Yatsenyuk said Tuesday that Ukraine owes Russia about $2 billion "in debts, racked up by the previous cabinet and the previous president."

"Russia promised to give a loan of $2 billion, intended to cover gas debts that originated under former President Viktor Yanukovych. We would like to hear a clear response from Russia on whether it wants to fulfill the obligations it undertook several months ago," the Ukrainian premier said.

He said that the new leadership in Kiev was ready for extensive dialog with Russia and that first contacts between the two governments had already taken place.

The vast majority of Ukraine's natural gas is imported from Russia's state-owned Gazprom. Russia granted a substantial gas discount to the Yanukovych government as part of a package of aid that included a pledge to provide a $15 billion bailout in December.

This followed Yanukovych's decision to reject an association agreement with the European Union in November, which triggered massive anti-government protests that led to his overthrow in February.

Russia planned to purchase $2 billion worth of Ukrainian eurobonds last month as the second tranche of its aid package, following a $3 billion purchase of Ukrainian bonds in December.

Ukraine's economy is teetering on the verge of bankruptcy as it tackles a punishing balance-of-payments crisis.

President Vladimir Putin said on Tuesday that Ukraine's debt would rise to $2 billion from the current $1.5-1.6 billion if it was late with its payment for deliveries of gas in February.

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