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Tentative Russia-Ukraine Gas Deal Reached in Crisis Talks in Milan

By The Moscow Times

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(L to R) France's President Francois Hollande, Russia's President Vladimir Putin, Italy's Prime Minister Matteo Renzi, Ukraine's President Petro Poroshenko and German Chancellor Angela Merkel sit during a meeting on the sidelines of a Europe-Asia summit (ASEM) in Milan, Oct. 17, 2014.

MILAN, Italy — Russia and Ukraine made progress on Friday towards resolving a row over gas supplies, but European leaders said Moscow had to do much more to prop up a fragile ceasefire and end fighting in eastern Ukraine.

The mooted deal aimed at re-opening Russian gas supplies to Ukraine ahead of the cold winter months came as something of a surprise following an initial round of talks in Milan that the Kremlin said was "full of misunderstandings and disagreements."

However, Ukrainian President Petro Poroshenko said a subsequent meeting with Russian President Vladimir Putin and the leaders of France and German had made some headway in defusing a crisis that has revived memories of Cold War enmity.

"We have the first limited progress on the gas issue. We have agreed on the main parameters of the contract," he said, adding that all sides remain committed to a ceasefire deal struck last month to halt a pro-Russia revolt.

The Kremlin said Putin and Poroshenko would meet one-on-one later on Friday.

The West has clamped sanctions on Russia in response to its annexation of Crimea in March and its support for separatists battling government troops in the east of Ukraine.

Kiev and its Western backers accuse Moscow of aiding the separatist revolt by providing troops and arms. Russia denies the charges but says it has a right to defend the interests of the region's Russian-speaking majority.

EU officials said the gas talks would continue in Brussels next week, with Poroshenko telling reporters that the financing still needed to be resolved.

Moscow cut off gas supplies to Ukraine in June over unpaid debts and a pricing disagreement. This has sparked fears that the Russian gas that transits Ukraine en route to Europe could also be disrupted this winter.

Gloom

Clearly sympathetic with Kiev, European leaders attending an EU-Asia summit in Milan lined up to tell Russia to ensure full implementation of the ceasefire deal struck last month.

Germany, in particular, sounded gloomy.

"I cannot see a breakthrough here at all so far," Chancellor Angela Merkel said earlier on Friday.

"We will continue to talk. There was progress on some details, but the main issue is continued violations of the territorial integrity of Ukraine," she added.

Merkel's position as German leader in effect means that she sets the tone of EU relations with Russia, and she has taken the lead within Europe in trying to persuade Putin to change tack over Ukraine. She had a rocky time in Milan, however, with one German official saying the Russian leader had not displayed a "too constructive mood."

An initial meeting set for Thursday was delayed for hours because Putin flew into Italy well behind schedule. They then held more than 2-1/2 hours of talks that ran well past midnight, with both sides acknowledging discussions had been unproductive.

On Friday, Merkel reprimanded the former Soviet KGB spy in front of EU and Asian leaders, according to people present.

After a speech in which Putin raised doubts about the sovereignty of Ukraine, Merkel reminded him of the 1994 Budapest agreement, in which Russia recognized the sovereignty and territorial integrity of Ukraine, including Crimea.

The Kremlin also sounded unhappy about the initial round of meetings — particularly a

breakfast attended by Putin, Poroshenko and an array of EU leaders.

"The talks are indeed difficult, full of misunderstandings, disagreements, but they are nevertheless ongoing, the exchange of opinion is in progress," said Kremlin spokesman Dmitry Peskov, accusing some unnamed participants of taking an "absolutely biased, non-flexible, non-diplomatic" approach.

Drones

French President Francois Hollande said the second meeting had gone more smoothly because fewer people were present.

"A deal on gas is now really within reach, which is very important for the Ukrainians and very reassuring for the Russians, because they really want to be paid," he said.

There was also progress on the issue of monitoring the border and the so-called demarcation line separating the pro-Russia militias and Ukrainian forces.

Italy, France, Germany, Ukraine and Russia agreed to provide surveillance drones for the Organization for Security and Cooperation in Europe, which is overseeing the ceasefire, the Italian Foreign Ministry said in a statement.

But a dispute remained over the status of local elections in eastern Ukraine, where pro-Russian separatists want to organize their own ballots next month. Kiev says the votes should coincide with local elections being organized by the central government in December.

Russia is Europe's biggest gas supplier, accounting for around a third of its needs, and about half the Russian gas that the EU buys comes via Ukraine.

The stand-off over pricing is the third in a decade between Moscow and Kiev, though this time tensions are higher because of the fighting in eastern Ukraine.

More than 3,600 people have died in eastern Ukraine since fighting broke out in mid-April when armed separatists declared they were setting up their own state.

Although Putin announced this week that Russian troops near the border with Ukraine would be pulled back, Western officials want to see clear evidence that Moscow is acting on this.

"Vladimir Putin said very clearly he doesn't want a 'frozen conflict' and doesn't want a divided Ukraine. But if that's the case, then Russia now needs to take the actions to put in place all that has been agreed," said British Prime Minister David Cameron.

"If those things don't happen, then clearly the European Union, Britain included, must keep in place the sanctions and the pressure so we don't have this sort of conflict in our continent."

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