The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Ukraine Gives Russia 2 Weeks to Agree to Debt Restructuring

By The Moscow Times

October 15, 2015



Ukraine's Prime Minister Arseny Yatseniuk and Finance Minister Natalia Yaresko attend a news conference in Kiev, Ukraine, Oct. 15.

Ukraine on Thursday gave Russia two weeks to accept to write off part of its loans to the country, as other international creditors have agreed to do, opening a new front in the show-down between the countries.

Relations soured after Russia annexed the Crimean Peninsula and threw its backing behind separatist rebels in eastern Ukraine. Ukrainian leaders have accused Moscow of sending troops and weapons to the east, a claim the Kremlin has vehemently denied.

Ukraine and its international creditors agreed in August to write off 20 percent of Ukraine's bond holdings, shrinking $19 billion in the country's sovereign debt to $15.5 billion.

Arseniy Yatsenyuk said in a statement Thursday that all Ukrainian bondholders on Wednesday

agreed on the restructuring deal at a meeting in London but a Russian representative did not show up. He said he would give Moscow two weeks, until Oct. 29, to agree to likewise trim a $3 billion loan Russia gave Ukraine in 2013.

Yatsenyuk threatened to sue Russia if it does not agree, though it's unclear what legal basis Ukraine would have.

Moscow has insisted on being fully repaid for the loan, which is due by the end of the year. Ukraine has contended that the Russian loan, which was extended to then-President Viktor Yanukovych in 2013 a few months before he fled the country, was a de-facto bribe for the Russian-friendly ruler who was facing street protests.

Speaking to reporters on Thursday, Dmitry Peskov, spokesman for President Vladimir Putin, said Russia has no intention to agree to any restructuring. "It is a sovereign debt, and the inability to service this debt leads to a default. A default involves certain procedures,"

Peskov said when asked whether Russia would be prepared to take legal action against Ukraine. Ukraine's potential failure to pay up in time could mean a show-down between the two countries at the end of December, spilling into possible asset seizures.

Original url:
https://www.themoscowtimes.com/2015/10/15/ukraine-gives-russia-2-weeks-to-agree-to-debt-restructuring-a50293