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Russia Pushes Ukraine to Pay Back Disputed $3Bln Loan

Case opens in British Supreme Court over Russian loan deal struck with ousted Ukrainian President as peace talks open in Paris.

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Ukrainian President Volodymyr Zelensky will sit down with President Vladimir Putin in Paris Monday evening for peace talks over the Eastern Ukraine conflict. **president.gov.ua**

The legal battle between Russia and Ukraine over an unpaid $3 billion loan reached new heights Monday, as Ukraine pushed the British Supreme Court not to force it to make a repayment.

Russia is demanding Ukraine repay the loan, which matured in December 2015 and has not been repaid, with interest, while Ukraine argues that it should not be forced to pay without having a chance to challenge the debt. Ukraine's position was backed by an appeals court in a ruling that Russia now wants the Supreme Court to overturn.

The battle over repayment has been raging since Moscow refused to restructure the loan

agreement amid Ukraine's economic crisis following the Maidan revolution in 2014 and breakout of hostilities with Russian-backed separatists in the Donbass region.

The case is being decided in London because the debt was structured as a Eurobond — sovereign debt denominated in a currency which isn't the borrowers home currency — under English law, and could see British courts rule on some of the most contentious issues in the Russia-Ukraine feud that has divided Moscow from the West.

The hearing opened Monday — the same day Russian President Vladimir Putin was set to meet Ukrainian President Vladimir Zelenskiy in Paris for fresh peace talks over the conflict in Eastern Ukraine.

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Alex Gerbi, a partner at the firm representing Kiev in the case, said before the hearing that Ukraine would argue that the debt was incurred under duress.

"Russia should have to prove its claim, and justify its conduct, in the full public scrutiny of an English trial," Gerbi said.

Ukraine has accused Russia of applying "massive, unlawful and illegitimate economic and political pressure to Ukraine in 2013," forcing the country to accept Moscow's financial support instead of striking closer ties with the EU, according to earlier court documents.

Moscow has not commented on the case. According to court documents, Moscow "does not accept Ukraine's defense. [Russia's] position is that even if Ukraine's account of what occurred were accurate, it would be irrelevant."

The $3 billion bond was borrowed by Ukraine in the final months of the administration of President Viktor Yanukovich, a supporter of close relations with Moscow who was toppled in the Maidan public uprising after abandoning a previously agreed deal for Ukraine to enter into an association agreement with the EU.

Russia responded to Yanukovich's fall by seizing Ukraine's Crimea peninsula and backing separatists in eastern Ukraine in a war which has killed more than 13,000 people. The United States and European Union responded to those Russian moves with sanctions against Moscow which have yet to be lifted.

The Eurobond matured in December 2015 and has not been repaid. Moscow wants payment in full, including interest which could push the debt beyond $4 billion. Kiev says Russia should have participated in a 2015 restructuring of its Eurobonds.

Retuers contributed reporting to this article.

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