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Putin turns up economic heat before Ukraine talks



MOSCOW — Russian President Vladimir Putin turned up the heat on Ukraine on Wednesday by threatening to demand advance payment for gas supplies, a move designed to exert economic pressure as Ukraine confronts possible bankruptcy, a mutiny by pro-Russian separatists in the east and a Russian military buildup across the border.

NATO's top commander in Europe warned that the alliance could respond to the Russian military threat against Ukraine by deploying U.S. troops to Eastern Europe, but Putin's latest tactics suggest he may be aiming to secure Russia's clout with its neighbor without invading.

Speaking at a Cabinet session, the Russian leader voiced hope that diplomatic efforts to ease the Ukrainian crisis would yield "positive results," an apparent reference to talks set for next week that will bring together the U.S., the European Union, Russia and Ukraine for the first time.

Russia wants the talks to focus on a roadmap for Ukraine that would include constitutional reforms to turn it into a federation and guarantee its neutral status. Those demands reflect the Kremlin's hope of retaining influence over its neighbor and ensuring it does not join NATO. Ukraine has responded by saying it will not be dictated by Russia.

Taking a tough stance before the negotiations set for next week, Putin instructed the government to be prepared to charge Ukraine in advance for gas supplies — a step that would inflict more pain on a nation already teetering on the verge of bankruptcy. He said the change needed to be taken if "additional consultations" with the European Union fail to yield results.

Russia has already eliminated a gas discount it had given Ukraine, arguing that it was tied to a lease for Russia's Black Sea Fleet base in Crimea, a Ukrainian region that Russia annexed last month. And Ukraine has promised the International Monetary Fund that it will cut energy subsidies to residents in exchange for a bailout loan of up to \$14 billion. That means gas prices were set to rise 50 percent on May 1, even before the latest salvo from Putin.

The Kremlin pressure comes as pro-Russia protesters have continued to occupy government buildings in eastern Ukraine.

Ukraine and the West have accused Moscow of fomenting the unrest to create a pretext for another Russian military incursion similar to last month's takeover of Crimea.

Ukrainian Interior Minister Arsen Avakov said the standoff in Luhansk and the two neighboring Russian-leaning regions of Donetsk and Kharkiv must be resolved within two days.

“I want to repeat that there are two options: political settlement through negotiations and the use of force,” Avakov told reporters. “We are ready for both options.”

Russian Foreign Minister Sergey Lavrov quickly responded by warning against “making 48-hour ultimatums.”

“The situation can only be settled through an equal and respectful dialogue,” he said.

All the cities affected by the uprisings are in Ukraine’s industrial Russian-speaking heartland in the east, which has a large population of ethnic Russians and strong economic and cultural ties to Russia. Many residents are suspicious of the government that took power in February after pro-Russian President Viktor Yanukovich fled the capital following months of protests.

While Putin kept a military option on the table, saying that “all means” could be used to protect Russian speakers, Moscow is clearly concerned about the grave military, political and economic consequences of invading eastern Ukraine.

The West, which has slapped Putin’s entourage with travel bans and asset freezes in response to Russia’s annexation of Crimea, has made it clear that it will introduce far more painful sanctions against Russia’s energy industries and other economic sectors if Moscow sends troops into eastern Ukraine.

Unlike Crimea, which was quickly swept by Russian forces who met no resistance from Ukrainian troops, an invasion into the east would likely trigger fighting that could quickly erode public support at home for Putin’s expansionist drive.

And from an economic viewpoint, taking control of a huge swath of territory in the east, which accounts for nearly a quarter of Ukraine’s population of 46 million and the bulk of its industrial wealth, would require huge investments that could be beyond Russia’s capacity.

Fyodor Lukyanov, chairman of the Council for Foreign and Defense Policy, an association of leading political experts, said making Ukraine a federation would allow the Kremlin to retain control by rendering the country too amorphous to join any Western blocs.

Lukyanov warned in remarks on the Slon.ru online newspaper that even though Putin may prefer to achieve his goals by non-military means, bloodshed in the east would likely trigger a Russian invasion.

“If Ukrainian special forces and law enforcement agencies move to violently suppress the demonstrations ... Russia will have to pull into that,” he said.

About 40,000 Russian troops deployed alongside the Ukrainian border have underlined Russia’s readiness to act. Moscow rejected Western demands to pull them back, saying that it has the right to station the military wherever it wants on its territory.

An assortment of satellite images provided to The Associated Press by NATO headquarters showed dozens of Russian tanks and other armored vehicles, combat jets and helicopter gunships stationed in areas along the Ukrainian border. But the photographs were not enough to judge the full scope of the deployment.

NATO’s top military commander in Europe, U.S. Air Force Gen. Philip Breedlove, told the AP that countermoves to the Russian military threat against Ukraine could include sending American troops to alliance nations in Eastern Europe that feel at risk.

“Essentially what we are looking at is a package of land, air and maritime measures that would build assurance for our easternmost allies,” he said.

In Luhansk, masked protesters warned the government that any attempt to storm the headquarters of Ukraine’s Security Service they occupied would be a “welcome to hell.” Hundreds of supporters camped outside the building overnight, shouting “Putin! Putin!” They erected high barricades along a thoroughfare running in front of the building.

In another eastern city of Donetsk, where protesters were still occupying another government building, regional governor Serhiy Taruta met with key activists to negotiate a peaceful solution. Both he and the activists sounded optimistic after the talks.

“I’m sure that we will solve this peacefully,” Taruta said. “Any forceful measures will only aggravate the situation.”

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