

THE WALL STREET JOURNAL.

The Wall Street Journal – 04.03.2014

By Lukas I. Alpert, Jay Solomon and Margaret Coker

– Alan Cullison, Laurence Norman and Carol E. Lee contributed to this article

Write to Lukas I. Alpert at lukas.alpert@wsj.com, Jay Solomon at jay.solomon@wsj.com and Margaret Coker at margaret.coker@wsj.com

Putin, Obama Talk Tough on Ukraine

Moscow Shows Little Sign of Backing Down; Russian Troops Fire Warning Shots Outside Air Base

*Путін та Обама мали жорстку розмову про Україну
Москва не поспішає відступати; російські війська роблять попереджувальні
постріли на кордоні бази повітряних сил*

США веде словесну війну з президентом Росії Володимиром Путіним весь час сподіваючись, що він відступить з України, але існує мало свідомств що так буде. Пан Путін повним горлом захищає своє застосування сили в неспокійному регіоні Криму, відкидаючи вимоги Заходу вивести війська і наполягаючи, що санкції проти нього контрпродуктивні. Російські війська, що захопили українську авіабазу роблять попереджувальні постріли в українських колег, підкреслюючи рішучість Москви.

<http://online.wsj.com/news/articles/SB10001424052702304815004579418354181250972?KEYWORDS=Ukraine&mg=reno64-wsj&url=http%3A%2F%2Fonline.wsj.com%2Farticle%2FSB10001424052702304815004579418354181250972.html%3FKEYWORDS%3DUkraine>

Russia's defense minister on Tuesday ordered soldiers involved in combat-preparedness drills across Russia to return to their bases, but the situation on the ground in Crimea remained tense. WSJ's Greg White joins the News Hub with details. Photo: AP

The U.S. kept up a war of words with Russian President Vladimir Putin while hoping he will back down over Ukraine, but there was little evidence Tuesday he would.

Mr. Putin offered a full-throated defense of his use of force in the restive region of Crimea, rejecting Western demands to withdraw and insisting sanctions would be counterproductive. Russian troops occupying an air base there fired warning shots at Ukrainian counterparts, seemingly underlining Moscow's determination.



Ukrainian Col. Yuli Mamchur, right, speaks to Russian troops Tuesday at the Balbek air base in Crimea.

"We reserve the right to use all means at our disposal to protect" people in the region, Mr. Putin told reporters in Moscow Tuesday.

At an economic event later in Washington, President Barack Obama condemned the moves. "There is a strong belief that Russia's action is violating international law," he said. "I know President Putin seems to have a different set of lawyers making a different set of interpretations, but I don't think that's fooling anybody."

U.S. Secretary of State John Kerry, during an emergency visit to Kiev, pledged \$1 billion in aid to Ukraine's new government. U.S. and European leaders also intensified threats of punitive measures if Moscow didn't begin pulling troops from the former Soviet state.

Update from the ground in Ukraine and Russia, including Russian troops in military drills ordered back to bases and what to expect from Secretary of State John Kerry's visit to Kiev. Plus, European markets reacting to the crisis; and more. Photo: AP.

Still, Obama administration officials also said they saw Mr. Putin's remarks—his first extensive comments since Russian soldiers went on the move last weekend—as a pause in escalation of tensions.

While Mr. Putin left open an option for more action, the officials noted that he is bringing large-scale military exercises in Russia to an end. Mr. Putin also signaled he might support new presidential elections in Ukraine this spring, they said.

Mr. Putin said that Russia was simply defending its military installations in Crimea, including the Black Sea Fleet, amid instability following the collapse of Ukraine's government.

He said he didn't see any immediate need to send troops further into Ukraine, but that Russia reserves the right to use force to protect its interests. "For the moment there is no need for that, but the possibility still exists," he said. "On the whole, it seems to me that it's stabilizing."

As he was speaking, though, Russian troops in the port of Sevastopol were firing warning shots over the heads of unarmed Ukrainian soldiers trying to return to work at a captured airfield—illustrating the potential for an escalation of violence amid the tense standoff.

The opposing commanders defused the confrontation at Balbek air base after hours of negotiations, without any fighting. The Ukrainian commander, Col. Yuli Mamchur, said the Russians had agreed to joint patrols of the base—with the Ukrainians remaining unarmed.

"This of course isn't what we need," he said. "We are still awaiting better results."

In his comments, Mr. Obama, pointed to the "soldiers out of their barracks in Crimea" as evidence that Mr. Putin is not acting out of concern for Russian nationals in Ukraine, as he has said, but "seeking, through force, to exert influence on a neighboring country."

Mr. Putin spoke in diametrically opposite terms about recent events in Ukraine. He said ousted President Viktor Yanukovich was the country's only legitimate leader, and described the occupation of Crimea as a lawful security operation.

He insisted that further use of Russian force would be in line with international law because Mr. Yanukovich, who had sought refuge in Russia, had requested it.

He denounced the new government in Kiev, referring to them as "the people who call themselves the government."

"The parliament is partly [legitimate], but everyone else, no," he said. "And absolutely for sure you cannot speak of the legitimacy of the acting president." Still, he acknowledged that Mr. Yanukovich had no political future and said Russia wouldn't rule out dealing with the winner of May presidential elections in Ukraine if what he called the "terror on the streets of Kiev" stopped.



Russian President Vladimir Putin, left, vehemently defended his use of force in Ukraine, while President Barack Obama said Russia appeared to be violating international law. A soldier in Crimea under Russian command, center, fires his weapon into the air as a warning to Ukrainian troops. RIA Novosti/European Pressphoto Agency, Sean Gallup/Getty Images, Ron Sachs/Zuma Press

Western countries, meanwhile, sought to bolster the provisional government in Kiev.

The European Union is set to impose an asset freeze on Mr. Yanukovich and 17 other officials on Thursday, two EU diplomats said Tuesday, as part of an effort by the bloc to blacklist people it accuses of corruption.

The financial assistance offered by Mr. Kerry—\$1 billion in loan guarantees and technical support for Ukraine's central bank and finance ministry—marked the first concrete American assistance since opposition forces overthrew Mr. Yanukovich last month.

Ukraine accused the Kremlin of making moves to expand its forces in Crimea, as Ukraine's State Border Service said Russia has massed armored military vehicles on its side of a narrow sea crossing separating eastern Crimea from Russia. Photo: Getty.

The U.S. financial assistance is a bid to help Ukraine face down twin economic and energy crises while it seeks a wider bailout from the International Monetary Fund. U.S. officials said that the loan guarantees were expected to help Ukraine finance purchases of energy imports.

Russia's state-run gas giant OAO Gazprom OGZPY +7.58% said Tuesday it would discontinue discounted gas deliveries to Ukraine starting in early April, a decision that Mr. Putin said was driven by Ukraine's failure to pay its bills. At the same time, Russian Prime Minister Dmitry Medvedev ordered his finance ministry to look into the possibility of providing a \$2 billion to \$3 billion loan to Ukraine so that it can repay its debts for gas deliveries.

Mr. Obama spoke Tuesday with German Chancellor Angela Merkel about the situation in Ukraine.

Ukrainian troops at bases in Crimea are surrounded by Russian forces. WSJ's Jason Bellini explains what that means, and gives #TheShortAnswer on what you need to know about Crimea.

Mr. Kerry's Ukraine diplomacy will intensify Wednesday in Paris. In the morning, he was to attend a gathering of signatories to the Budapest Memorandum, a 1994 agreement Ukraine signed with the U.S., U.K. and Russia. The pact saw Kiev give up its nuclear weapons arsenal—then, the third largest in the world—in exchange for guarantees from those countries that they would respect and defend Ukraine's borders.

Mr. Kerry, U.K. Foreign Secretary William Hague, and Ukraine's interim Foreign Minister Andri Deshchytzia all have confirmed their attendance. But in a sign of the growing rift between Moscow and the West, Russian Foreign Minister Sergei Lavrov has refused to attend.

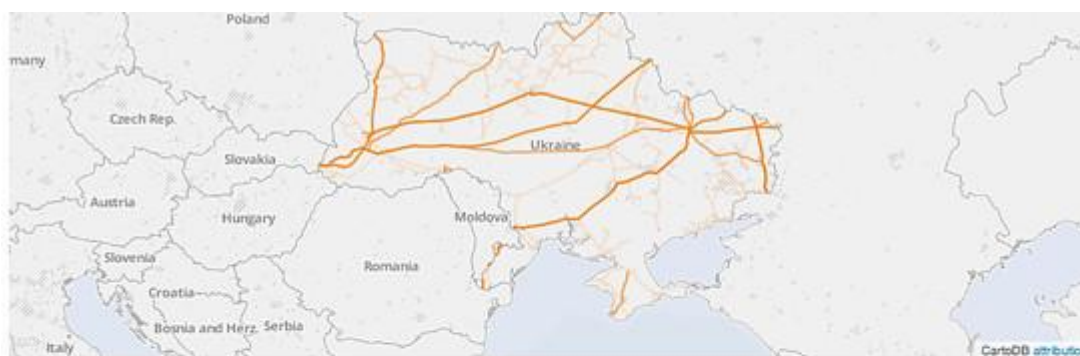
Russian President Vladimir Putin comments on the situation in Ukraine during a presser at the Novo-Ogaryovo presidential residence outside Moscow. Photo: Associated Press

U.S. officials view the Budapest Memorandum as an active treaty that has implications beyond the Russia-Ukraine conflict. Any failure to protect Ukraine, American officials fear, could undercut other international efforts to use security guarantees to persuade countries to give up their nuclear-weapon ambitions.

Mr. Kerry was scheduled to hold a bilateral meeting with Mr. Lavrov later Wednesday. The two diplomats have worked closely together on efforts to end Syria's civil war. Their meeting will be the first since the Ukraine crisis intensified last month.

The Obama administration has said it is prepared to enact financial sanctions on Russian leaders, companies and military officers if Russia doesn't withdraw its forces, and has been encouraging leaders in Europe to follow suit.

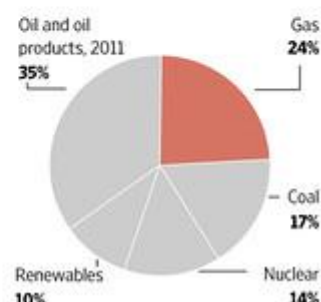
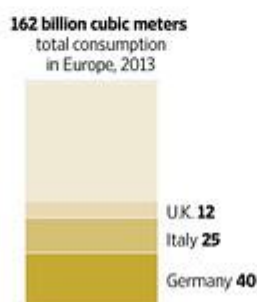
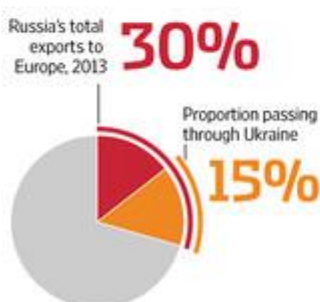
Pipeline Politics



Russia supplies 30% of Europe's natural gas...

...much of which goes to three of Europe's largest economies...

...and gas is the continent's second-most important energy source.



Germany's Foreign Minister Frank-Walter Steinmeier said that if Russia and Ukraine weren't able to open direct talks, the European Union was likely to discuss at a meeting Thursday the possibility of "restrictive measures" on Russia.

But Mr. Putin brushed off the idea of sanctions.

"Those who are going to impose sanctions on Russia should think about their consequences," he said. "I think in today's world, where everything is interconnected and everyone is dependent on one another in this way or another, we can, of course, inflict damage on one another, but this will be mutually harmful. They should think about that, too."

Earlier in the day, Russia's defense minister ordered soldiers involved in snap combat-readiness drills across Russia to return to their bases. The military exercises had involved around 150,000 troops—some close to the Ukrainian border.

The order to return to base by Friday didn't apply to Russian forces in Crimea, who have effectively seized total control of the peninsula, and have Ukrainian units remaining there surrounded.

Secretary of State John Kerry has landed in Kiev. Is there little that can be done to quell the situation? Truman National Security Project Fellow Job Henning points to the need for a new pan-European security strategy. Photo: AP.

Ukrainian leaders concede that they have no military countermove to restore control over Crimea, a semiautonomous province where a majority of residents speak Russian but hold Ukrainian passports.

As time passes, the chance for an accidental flare-up increases, as seen at the Balbek air base, which served about half of Ukraine's fighter aircraft until it was occupied by Russian troops last week.

Tuesday morning, Ukrainian servicemen forced from the base last week by armed units they identified as Russian special forces marched back onto it carrying a Ukrainian flag. Their arrival prompted a frenzied shouting match in which the Russians pointed their guns at the Ukrainians and fired into the air.

President Barack Obama says Russia's military invasion of Ukraine could end up driving countries away from Russia, instead of closer to it. Meanwhile, the U.S. pledged \$1 billion in loan guarantees to Ukraine. Photo: Getty

The Ukrainians only stopped after Russians threatened to shoot them in the legs, then the commanders reached a temporary arrangement for joint patrols.

– Alan Cullison, Laurence Norman and Carol E. Lee contributed to this article.

Write to Lukas I. Alpert at lukas.alpert@wsj.com, Jay Solomon at jay.solomon@wsj.com and Margaret Coker at margaret.coker@wsj.com