

Ukraine drops plan to go West, turns East to Moscow

BY **RICHARD BALMFORTH** AND **PAVEL POLITYUK**

KIEV Thu Nov 21, 2013 10:20pm GMT

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1 OF 2. Ukrainian President Viktor Yanukovych addresses deputies during a new session of the Parliament in Kiev in this September 3, 2013 file photo.

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(Reuters) - Ukraine abruptly spurned an historic new alliance with its western neighbours on Thursday, suspending an imminent trade pact with the European Union and saying it would revive talks on a deal instead with Russia, its old Soviet master.

Kiev's sudden eastward pivot was a victory for Russian President Vladimir Putin, who once described the Soviet Union's demise as the tragedy of the century. His spokesman welcomed "the desire to improve and develop trade and economic cooperation" with a "close partner".

European officials were dismayed. Swedish Foreign Minister Carl Bildt, a veteran of east-west diplomacy, tweeted: "Ukraine government suddenly bows deeply to the Kremlin. Politics of brutal pressure evidently works."

Ukraine had been due to sign a wide-ranging trade and cooperation agreement with the EU on November 29 which would have tugged it westwards and away from Russia's sphere of influence. Brussels said the deal would have boosted investment in the cash-strapped country of 46 million people.

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Earlier, EU officials said President Viktor Yanukovich had cited fears of losing massive trade with Russia when he told an EU envoy this week that he could not agree terms.

Yanukovich's prime minister issued the dramatic order to suspend the process in the interests of "national security" and renew "active dialogue" with Moscow. EU officials, who had hoped the president's complaints in recent days were a last-minute bargaining tactic, saw little chance of saving the deal.

Ukraine is the most populous of the states that escaped Moscow's orbit when the Soviet Union split, and is closely bound to Russia historically and culturally. During its two decades of independence it has often been bitterly polarised between those who see its future with the West and those who look to Moscow.

Luring it westward has been a strategic objective for the EU, to tear down the last remnants of the old Iron Curtain.

But shuttle diplomacy was dogged for months by EU pressure for Yanukovich to release jailed opposition leader Yulia Tymoshenko, who European leaders consider a political prisoner.

Moscow meanwhile had threatened retaliation for Kiev's moves west, raising fears it could cut energy supplies in new "gas wars".

Ukraine's parliament, dominated by Yanukovich's allies, prepared the way for the announcement by rejecting a series of bills that would have satisfied the EU by letting Tymoshenko out of prison to travel to Germany for medical treatment.

Shortly afterwards, Prime Minister Mykola Azarov issued the order on suspending the EU process. Talks would be revived with Russia, other members of a Moscow-led customs union and the former Soviet Commonwealth of Independent States.

European governments, especially those dominated by Moscow during the Cold War, have been keen to anchor Ukraine's bulk and population closer to the West, though others have doubted whether corruption and oppression make it a viable partner.

EU DISAPPOINTMENT

"This is a disappointment not just for the EU but, we believe, for the people of Ukraine," EU foreign policy chief Catherine Ashton said in a statement.

Germany's foreign minister Guido Westerwelle said the European Union was keen still to improve ties with Ukraine but that it was up to Kiev to decide.

Sweden's Bildt foresaw Ukraine's economy declining and said the rupture would "kill" Kiev's foreign investment prospects.

EU officials told Reuters that when Yanukovich met the EU'S point man on Ukraine, Stefan Fuele, on Tuesday, the Ukrainian leader had said he could not agree to the deal.

It would, he said, cost Kiev \$500 billion in trade with Russia over the coming years, while implementing demands for Ukraine to adopt EU legal and other standards would cost another \$104 billion.

Some EU diplomats had viewed that stance as brinkmanship, an effort to secure better

terms.

Two EU envoys, former Polish President Aleksander Kwasniewski and Irish politician Pat Cox, also expressed disappointment at the failure of their mission. They have shuttled to and from Kiev 27 times over 18 months in a bid to help Ukraine step in line with EU criteria for sealing a deal.

In the last few months this had come down to securing a deal under which Tymoshenko would be released to go to Germany for treatment for back trouble. Her fate, in hospital under prison guard in the northern town of Kharkiv, now remains uncertain.

The two envoys, who were scheduled to pay a potentially poignant visit to Tymoshenko before leaving, appealed to Yanukovich to deliver on promises of reform, including a law that would allow her to go abroad for medical treatment.

"The door will not be shut on the European hopes and aspirations of Ukraine," they said.

"TREASON, IMPEACHMENT"

Ukrainian opposition leader Arseny Yatsenyuk, an ally of Tymoshenko, said that if Yanukovich failed to sign the deal with Europe would be "treason" and provide grounds for the president's impeachment.

Yanukovich himself, on a visit to Austria, declined comment after the government's statement. Earlier, he had told a news conference in Vienna: "Ukraine is continuing to move in the direction of European integration ... We are convinced that we have set off on the right path."

The 28-member EU had insisted Kiev carry out democratic reforms including ending "selective justice". The EU's calls to free Tymoshenko irked Yanukovich who narrowly defeated her in the 2010 presidential election.

Nonetheless, he had been scheduled to sign the far-reaching agreement with the EU in Vilnius.

Germany's Westerwelle spoke of wishing that Ukraine would share the EU's values and choose a "European path of development" but made clear that was up to Kiev.

"Our interest in good relations with Ukraine is unbroken and our offer of a real partnership still stands," he said in a statement. "The ball is in Kiev's court. It is their sovereign right to decide on their path freely."

(Additional reporting by Natalya Zinets in Kiev, Andrius Sytas in Vilnius, [Luke Baker](#) and Martin Santa in Brussels, [Georgina Prodhan](#) in Vienna; Editing by [Peter Graff](#))

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LOL! I bet that put the noses of the 4th Reich delegates out of joint!

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Maybe the allure of Bitcoin was greater than that of the 'euro'?

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