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<u>E.O.</u> 12958: <u>DECL</u>: 12/20/2016 TAGS: PREL PGOV RU UP

SUBJECT: UKRAINE: MR. PUTIN COMES TO KYIV

REF: KYIV 4597

Classified By: Ambassador, reason 1.4 (b,d)

- 1. (SBU) Summary. Russian President Vladimir Putin made a compressed one-day visit to Kyiv December 22, his first since March 2005 and the second since Ukraine's November-December 2004 Orange Revolution. Putin and Yushchenko met for two-and-a-half hours alone, without notetakers. After the formal launch of the Yushchenko-Putin bilateral commission, there was only time for a truncated joint press opportunity and a five minute Putin call on PM Yanukovych, though Yanukovych rode in Putin's car to the airport. The primary achievements, Presidential Secretariat deputy head Chaliy told Ambassador, were the positive atmosphere and the launching of the formal Yushchenko-Putin Commission mechanism. Of the four bilateral agreements signed, the ones on readmissions and intellectual property protection were more important than those on simplified border crossing procedures and cultural cooperation.
- 2. (C) Comment: Putin's visit was important primarily for finally having happened after frequent delays over the past 18 months. Much commentary revolved around the potential impact on gas prices and deliveries in the wake of Turkmen President Niyazov's death, along with symbolic details: Yushchenko switching into Russian for the bulk of the joint news conference; Putin clinking champagne glasses with FM Tarasyuk, whom he is known to despise, after having allegedly delayed his departure from Moscow by 90 minutes to ensure Tarasyuk did not meet him on arrival; Yanukovych riding in Putin's Russian limo to the airport for a special chat. Ukraine's leading foreign policy expert Oleksandr Sushko told us he saw nothing special about what was a routine visit; it did not symbolize Ukraine's return to Russia's sphere of influence, and the most contentious bilateral issues, like the Black Sea Fleet, were not addressed head on. Prominent commentator Serhiy Taran noted to us that while the visit, within the framework of the Yushchenko-Putin Commission, broke a perceived monopoly by Party of Regions on

constructively engaging Russia by giving Yushchenko the preeminent role, it also highlighted the ongoing tensions and duality in Ukraine's two policy centers around the President and Prime Minister. End Summary and Comment.

A long-delayed working visit finally transpires

- 3. (SBU) Russian President Vladimir Putin led a high-ranking Russian delegation to Kyiv December 22 to launch the long-delayed Yushchenko-Putin Commission. While four bilateral agreements (on readmission, IPR, borders, and culture) were signed during the visit, ministers, not presidents, endorsed the agreements. Yushchenko and Putin talked one-on-one for two and a half hours and held a joint press conference, but they did not sign or issue any joint declaration.
- 4. (SBU) Oleksandr Chaliy, head of the Presidential Secretariat's Foreign Policy Directorate, told Ambassador

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December 23 that a positive atmosphere surrounded the visit, which established the formal presidential commission mechanism after many delays. Both Chaliy and Sushko highlighted the readmissions agreement, which is crucial for Ukraine to implement its readmission agreement with the European Union (note: nearly all illegal third-country migrants passing through Ukraine to the EU arrive from Russia. Without a readmission agreement with Russia, Ukraine was at risk of a huge buildup of returned migrants from the EU).

- 5. (SBU) Chaliy noted that both presidents wanted more specifics for the action plan presented by subordinates, including the updating of the strategic partnership agreement. The tentative schedule looking forward would be to have an action plan ready for review by the end of February, with the next presidential session tentatively scheduled for May/June 2007.
- 6. (SBU) On specific issues of interest, Chaliy said both presidents endorsed resumption of negotiations on the status of Transnistria in the 5 2 format without preconditions, now that transportation/railroad problems between Russia, Moldova, the Transnistrian region, and Ukraine had been resolved. Putin had stated that PM Yanukovych's request to coordinate transportation tariffs between Russia and Ukraine could only be considered in the context of the Single Economic Space (SES. Note: currently, Ukraine's position is that it will only consider joining a free trade agreement but not more ambitious steps like a customs union advocated by Russia in the SES). Also significant may have been what was not said. For example, the issue of "synchronizing" WTO

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accessions, raised by Russian PM Fradkov during his visit to Kyiv in October, was conspicuously absent from public statements.

The ghost of Turkmenbashi and the Tarasyuk factor

7. (SBU) The specter of the recent death of Turkmen President Niyazov and potential implications for gas supplies hung over the Russian-Ukrainian talks. PM foreign policy

adviser Hryshchenko, not directly involved in the Putin visit, noted that both Ukraine and Russia were concerned about Niyazov's death. Journalists asked Putin during the press conference about the stability of Russian gas supplies to Ukraine in light of developments in Turkmenistan. Putin's answer, endorsing already reached agreements, reassured some, though evening news commentary noted that the January 4 Russian-Ukrainian gas agreement set the price of Russian gas to Ukraine at \$230/thousand cubic meters, with lower overall prices dependent on securing cheap Turkmen supplies. The Cabinet of Ministers Press service reported that PM Yanukovych held parallel meetings with Gazprom and RosUkrEnergo (RUE) to discuss energy cooperation and RUE's development plan.

- 8. (C) The other side story to the Putin visit was the ongoing domestic Ukrainian struggle over FM Tarasyuk's status, in the wake of the December 1 Rada vote for his dismissal, court decisions reinstating him pending final appeals, Yushchenko's endorsement of Tarasyuk remaining as Minister, and concerted coalition efforts to prevent Tarasyuk from attending weekly cabinet meetings. Despite the desire by PM Yanukovych's team, endorsed by Presidential Secretariat Head Baloha, to oust Tarasyuk prior to Putin's visit (reftel), Yushchenko named Tarasyuk as a member of the Ukrainian delegation to the Commission talks. Putin, who is widely believed to have demanded in August 2000 that former Ukrainian Kuchma fire Tarasyuk as PM for being too anti-Russian, clinked ceremonial champagne glasses with Tarasyuk without exchanging words; press reports suggested that Putin's 90 minute delay in arriving in Kyiv was due to Russian insistence that Tarasyuk not greet Putin upon arrival, per usual protocol. Both Chaliy and Hryshchenko told Ambassador after the visit that the issue of Tarasyuk's status had been put off for a time, because of, as Chaliv put it, "timing issues." Hryshchenko maintained that Tarasyuk still must go, but that the President would have to take action to replace him.
- 9. (U) Visit Embassy Kyiv's classified website: www.state.sgov.gov/p/eur/kiev.
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