

# Kiev Regime Debt: Ukraine Stiffs China for Billions It Owes

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In-depth Report: [UKRAINE REPORT](#)

*China paid Ukraine \$3B two years Ago for grain still not delivered, now demands refund. Another \$3.6B that's owed to China, will probably also default.*

Russia's RIA Novosti News Agency [reported](#), on January 17th, that China is demanding refund of \$1.5 billion in cash and of an additional \$1.5 billion in Chinese goods that were paid in advance by China (in 2013), for a 2012 Chinese order of grain from Ukraine, which goods still have not been supplied to China.

According to RIAN, "State Food and Grain Corporation of Ukraine (STATE FOOD) supplied grain in 2013, elsewhere, but not to China. The new Kiev authorities had an opportunity to fix the short-sighted actions 'of the [previous] Yanukovych regime,' and to present a positive economic image to the Chinese." But it didn't happen.

Furthermore: "Prior to the Presidency of Yanukovych [which started in 2010], China's leadership had simply refused to do business with the pre-Yanukovych Administration's Yulia Tymoshenko, and they planned to wait until Yanukovych became President. He then came, and since has been ousted, and yet still only \$153 million of grain has been delivered." (None of the \$1.5B cash that China advanced to Ukraine to pay for growing and shipping grain has been returned to China, but *only* the \$153M that had essentially been swapped: Chinese goods for Ukrainian grain.) This \$153 million was approximately as much as the interest that would be due on China's prepayment, and so Ukraine still owes China the full \$3 billion (\$1.5B in cash, + \$1.5B that China supplied in goods).

The RIAN report goes on to quote Alex Luponosov, a Ukrainian authority on Ukraine's banking system, who says, "Ukraine won't be able to supply the grain to China, because we don't have it." The reason he gives is that "there is a big shortage of technicians: combiners, adjusters, mechanics, farm-machinery operators — all of them were taken by the army." Those men are being required to fight in Ukraine's 'ATO' or 'Anti Terrorist Operation,' that's occurring in Ukraine's former Donbass region (the far-eastern tip of Ukraine), the place where the residents don't accept the new Ukrainian Government's legitimacy, and they are therefore being called 'Terrorists' by this new Government, which is thus [bombing](#) them, supposedly in order to convince them that this new Government's authority over them is legitimate (even though the [residents](#) there [never participated in its selection](#), and have been cut off even from Ukraine's social-security payments).

The Russian news report continues by quoting Luponosov again: "If the declaration of mobilization will take place in the planned figures, up to 100 thousand people in three stages, the sowing campaign cannot take place, either on the farms or at the grain

traders.” As part of Ukraine’s military mobilization — the new phase of which which started on January 20 — military offices take first the rural male population of the country, and farm-production must therefore suffer.

Luponosov was quoted: “Now try to tell Parliament to amend the war-legislation so that these people won’t be taken from their villages. No one will deny the military. Parliament thus cannot do anything [to fulfill on Ukraine’s grain-contract with China].”

The RIAN report says that, “China is angry,” and it closes: “By the way, in addition to China’s \$3B loan that’s to be repaid with grain [which cannot be supplied], Ukraine also received from China a \$3.6 billion loan to pay for the gasification of coal, by Ukraine’s gas company, Naftogaz, which the Ukrainian Government has guaranteed up to 2.3 billion dollars. Information on the implementation of the coal-gasification project has not been made available, but there seems to be a high probability that this matter too will be decided in a court. If China decides to call in that loan, then the result will be the bankruptcy of either Naftogaz, or the Ukrainian Government.”

On January 9th, Ukraine’s Prime Minister, Arseniy Yatsenyuk, [reassured the IMF, EU, and other investors of all funds](#) that are being loaned to Ukraine, that Ukraine is doing everything possible to fulfill on its financial obligations to all investors:

“I would also like to note that the money that we get in the framework of international financial assistance, does not go to finance the state budget deficit, it does not go to the payment of pensions, it does not go to the payment of wages. All of this is happening in the first place, solely to perform our external obligations.” On 1 May 2014, the IMF (whose money comes from taxpayers in U.S. and the EU, not from the aristocrats whose investments the IMF protects and whom the IMF actually serves) had stated that Ukraine’s first obligation, [without which the IMF would lend no more money, is to win the war against Donbass](#). Yatsenyuk, thus, is here reassuring the IMF, and other investors in Ukraine, that their money will not go to pay for anything but winning this war.

The IMF, and other lenders, require Ukraine to win this war, because, if the Ukrainian Government doesn’t win, then [the natural gas](#) and other assets that are in the ground in that region will not become available to be sold off by the Ukrainian Government in order to pay-off those investors; instead, the residents there (the people whom the Ukrainian Government is now trying to [eliminate](#)) will control those assets, as being assets of a separate state — one which has not borrowed from these investors. The IMF wants the assets that are in the ground, [not the people who are living on it](#). That is why it demands victory ([elimination](#) of the [people](#) in [Donbass](#)) — or else Ukraine will promptly go [bankrupt](#). (And, perhaps, so too will some of those [investors](#).)

Investigative historian Eric Zuesse is the author, most recently, of [They’re Not Even Close: The Democratic vs. Republican Economic Records, 1910-2010](#), and of [CHRIST’S VENTRILOQUISTS: The Event that Created Christianity](#).

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