

# Kiev to Talk Gas Venture During Putin Visit

By [The Moscow Times](#)

October 25, 2010

**The  Moscow Times**

KIEV — Ukraine is ready to discuss with Russia a joint venture between their state-run energy companies to exploit Russian gas fields, but it still rules out a merger of the two companies, Ukraine's prime minister said Monday.

A spokesman quoted Prime Minister Mykola Azarov as making his comments ahead of a visit to Kiev by Prime Minister Vladimir Putin during which Ukraine is expected to call for Moscow to lower the price of gas.

Moscow has said it could cut the gas price if Ukraine agrees to merge its state-owned Naftogaz with Russia's energy giant Gazprom, but Ukraine has not warmed to the idea.

Azarov, in his comments on Monday, continued to rule out any merger, which, given the capitalization of the two companies, would be a straightforward takeover of Naftogaz by Gazprom, he said. But Ukraine could entertain a proposal for joint exploitation of Russian

energy fields, including one in the Astrakhan region, his spokesman quoted Azarov as saying.

"He fully rules out a merger but sees as realistic the creation of a joint venture on the basis of oil wells, including the Astrakhan one and the transport of gas to consumers," the spokesman said.

Despite Kiev's position, Moscow has made no secret that it sees the setting up of a joint venture as a first step toward a merger.

Ukrainian President Viktor Yanukovich said in Paris earlier this month that Russia wants access to the management of Ukrainian pipelines, while Ukraine wants to be able to extract gas in Russia and transport it to Ukraine.

Current legislation bans the privatization or renting of Ukraine's export gas pipeline network. Analysts say Kiev must adapt legislation if it wants to go ahead with a joint venture. Azarov's press service on Monday quoted the prime minister as saying, "The main thing in setting up a joint venture is that it is mutually advantageous and the participation of the [two] sides is equal."

Ukrainian officials have made clear that they will raise the pricing issue when Putin visits Kiev on Wednesday. Azarov last month urged Russia to cut gas prices, saying their current deal was unacceptable and would not work for its full 10-year term, despite a discount agreed upon last April. The ex-Soviet republic of 46 million relies hugely on imports of Russian gas particularly for domestic heating.

But the monthly bill is a drain on the cash-strapped government. The September bill, calculated on a basis of \$248 per 1,000 cubic meters, amounted to \$715 million. Gazprom has said Ukraine is likely to buy Russian gas at about \$250 per 1,000 cubic meters in the fourth quarter of this year and in 2011.

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