

Belarus Gas Price a Lesson for Ukraine

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President Dmitry Medvedev and Prime Minister Vladimir Putin on Monday unanimously promised Belarus cheaper gas next year as a reward for its accession to a customs union with Russia.

This show of benevolence came just days after Russia turned down a request from Ukraine for a similar discount last week. Kiev had refused to join the customs union of Russia, Belarus and Kazakhstan.

Belarusian Prime Minister Mikhail Myasnikovich, in Moscow to meet Putin, contrasted his gratitude to his gas-rich neighbor with criticism of the United States for the sanctions that Washington imposed last week on four subsidiaries of a key Belarusian chemical company. He likened the move to an "act of aggression" and said the measure, which hits a sector dependent on Russian supplies, undermined his country's ties to Russia.

The United States introduced the sanctions on the state-controlled companies in response to Belarusian President Alexander Lukashenko's recent crackdown on his political

opponents.

Russia has at times criticized Lukashenko, at least ostensibly, for his heavy-handed rule — but that hasn't stopped a never-ending give-and-take in their economic ties.

Gazprom's price formula for Belarus, which now stipulates the same profit margin as supplies to the European Union, will next year include an "integration-related" coefficient, Putin said at a meeting of government officials of the two countries. The exact discount is a matter of further talks, he said.

Gazprom chief Alexei Miller said during a separate meeting with President Medvedev that the talks would start in September.

In addition to joining the customs union, Belarus agreed to sell the rest of its transit pipeline to Gazprom. The contract to buy the remaining half of Beltransgaz, the company that owns the pipeline, is nearly ready, Miller said.

In discussing gas prices, Medvedev urged Gazprom to "take into account" that it will soon own the pipelines in Belarus, a country whose economy became "significantly closer" to Russia's with the creation of the customs union.

"I hope you will be able to prepare a good contract for our cooperation," Medvedev said.

Medvedev ordered — and Miller promised — that the gas trade contract should be signed by year-end, and not at the eleventh hour. The current contract was approved five years ago at 11:58 p.m. on New Year's Eve.

Miller made sure to stress that Ukraine could enjoy price benefits were it to follow in Belarus' footsteps.

"Our cooperation could be built around the same model that we use to work with our Belarussian friends," Miller said after the meeting, RIA-Novosti reported.

Ukraine's Energy and Coal-Mining Industry Minister Yuri Boiko attended the meeting with Medvedev. There were no reports of his comments Monday afternoon.

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