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Ukraine Seeks Gas Deal as Turkmenistan Expands Sales

By The Moscow Times

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Yanukovych, left, could convince Berdymukhammedov to supply gas, but delivery via Russia could be a problem. **Mykhailo Markiv**

ASHGABAT, Turkmenistan — Ukrainian President Viktor Yanukovych traveled on Monday to energy-rich Turkmenistan in search of a new source of natural gas supplies as his country's relations with traditional provider Russia continue to sour.

Turkmenistan and Ukraine do not share a border, however, which means that any gas deliveries would have to pass through Russia.

Turkmenistan says it has spare gas to sell, and the pipeline that it uses to deliver to Russia has copious unused capacity since Gazprom sharply reduced its purchases of the Central Asian nation's energy exports in 2009.

Ukraine's eagerness to cut down on Russian gas imports stems from what it deems to be

unreasonably high prices. Ukraine believes that even when transit costs are factored in, Turkmen gas will still prove cheaper than what Russia has to offer. It now pays about $355 per 1,000 cubic meters of Russian gas.

In his remarks to reporters, Turkmen President Gurbanguly Berdymukhammedov avoided mentioning whether he had discussed a possible gas deal with Yanukovych, apparently seeking to minimize tensions between his own government and the Kremlin.

Ties between Turkmenistan and Russia cooled significantly in 2009 after a gas pipeline explosion in Turkmenistan that the two governments blamed on each other. Prior to that, Moscow had bought 40 billion cubic meters of Turkmen gas annually. Deliveries resumed several months after the blast, but in much smaller quantities.

Ashgabat, cherishing ambitious hopes to triple natural gas output to 230 bcm by 2030 and export 180 bcm, has sought to build alternative gas export routes.

The European Union said Monday that it had agreed to negotiate a treaty with Azerbaijan and Turkmenistan to bring their natural gas to Europe across the Caspian Sea.

The proposed pipeline, part of a planned corridor of links known as the Southern Corridor, is designed to reduce EU dependence on Russian gas imports.

Trying to boost gas exports and bypass Russia, Turkmenistan has boosted supplies to next-door Iran, launched a pipeline to China and made progress on the planned TAPI pipeline designed to run to Pakistan and further to India via Afghanistan.

(AP, Reuters)

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