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Ukraine Gas Deal Expected This Month

By The Moscow Times

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KIEV — Ukraine and Russia will finalize a new gas deal before the end of this month, Ukraine's Energy Ministry said in a statement late on Monday, a message indicating that Kiev was likely to secure a long-coveted gas price discount.

The deadline was set at a meeting in Moscow between Ukrainian Energy Minister Yury Boiko and the head of Russian gas giant Gazprom, Alexei Miller, it said.

Ukraine, which relies heavily on Russian gas imports and pays about $400 per thousand cubic meters, says the price is too high and has been trying to renegotiate the supply contract for over a year.

Price disputes between the two nations have in the past disrupted Gazprom's supplies to Europe through Ukraine.

Kiev and Moscow announced significant progress after a meeting of Presidents Viktor Yanukovych and Dmitry Medvedev in September and have since said they were working

on implementing agreements they had reached, without providing any details.

"The sides have agreed to complete the drafting of agreements reached by the two countries' leadership on expanding cooperation in the gas sector before the end of December 2011," the Ukrainian ministry said.

Analysts say that in order to secure a discount, Ukraine is most likely to offer Russia a stake in its pipeline system that Gazprom sees as a key to safeguarding its European supplies.

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