

# No Gas Accord With Ukraine Yet

By [The Moscow Times](#)

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Ukraine and Russia locked horns Wednesday over Kiev's plans to cut its demand for gas, in a scenario reminiscent of previous spats that temporarily halted Russian gas flows to Europe.

Ukraine is trying to ease pressure on state finances by reducing gas import volumes as it becomes increasingly pessimistic about getting Russia to cut the price of its gas supplies.

The former Soviet republic, which relies on Russian gas imports to power its chemical plants and heat homes, has been attempting for more than a year to renegotiate a 2009 gas deal with Moscow, which it says sets an exorbitant price for fuel.

The two sides are due to start a new round of talks in Moscow on Jan. 15.

Ukrainian Energy Minister Yury Boiko told reporters that Ukraine would insist on cutting Russian gas imports to 27 billion cubic meters this year from an estimated 40 bcm last year.

"We will buy [only] as much gas as our economy needs," he said.

Gazprom says the 2009 contract obliges Ukraine to pay for at least 33 bcm a year.

"If our partners have issues [with that], they can resolve them in a civilized way," Boiko said. He said the new talks with Moscow would last "as long as it is necessary to find an acceptable solution."

His and other comments marked a shift in tone by the Kiev government, which for most of last year projected the impression that a deal with Moscow was just around the corner.

Russia's gas export monopoly Gazprom was quick to respond, saying Ukraine must stick to current arrangements.

"Gazprom is concerned about today's statements that Ukraine is going to take a significantly lower amount of gas than stipulated by the contracts," Gazprom chief executive Alexei Miller told President Dmitry Medvedev.

Under the present 10-year agreement, Ukraine will have to pay \$416 per 1,000 cubic meters of gas in the first quarter of 2012, according to a Ukrainian government source. It sees a fairer price at \$250.

The talks have failed to produce any results so far, prompting fears of disruptions in Russian gas supplies to Europe through Ukraine like those that took place during previous disputes in 2009 and 2006.

"Our Russian partners do not want to change the terms of the gas deal. They are happy with them," Ukrainian Prime Minister Mykola Azarov said in a somber New Year's message to a government meeting in Kiev.

"But we are telling the Russian leadership: If we plan to be strategic partners, we should cooperate like strategic partners," he said.

Officials say Ukraine will compensate for lower gas imports by boosting energy production from other sources such as coal.

Russia says it will give Ukraine a discount only if Gazprom gets a stake in its transit pipeline network, something Kiev is reluctant to allow for fears of losing leverage over its partner.

The Arbitration Institute of the Stockholm Chamber of Commerce will examine in June the dispute between the Lithuanian government and Gazprom, which together with Germany's E.ON Ruhrgas is a shareholder in Lithuanian gas utility Lietuvos Dujos, Interfax reported Wednesday.

In the summer of 2011, Gazprom filed a request with the Arbitration Institute against the Lithuanian Energy Ministry. Gazprom is asking the tribunal to recognize the Lithuanian ministry's actions to initiate litigation in a Vilnius court against Lietuvos Dujos and its management as breach of the company's shareholders' agreement and is demanding that damages inflicted by that breach be compensated.

On March 25, 2011, the Energy Ministry asked the Vilnius court to investigate Lietuvos Dujos

and halt misconduct, and to remove general director Viktoras Valentukevicius and management board members Kirill Seleznyov and Valery Golubev from the company's governing bodies.

As the Lietuvos Dujos shareholders' agreement states that all shareholder disputes must be heard in the Stockholm court, Gazprom does not recognize the Vilnius court's jurisdiction and asked the Stockholm court on June 13 to ban further litigation in view of the lack of jurisdiction. The Emergency Arbitrator at the Arbitration Institute of the Stockholm Chamber of Commerce on June 24 ruled that there was no urgency for injunctions in the form of a ban on the Energy Ministry with regards to continuing litigation between the Lithuanian Energy Ministry and Lietuvos Dujos in a Vilnius court.

But Gazprom said the arbitrator noted "Gazprom's position has sufficient grounds to win the case on the merits of the dispute."

On Jan. 11, 2012, the Vilnius court is to begin examining the Energy Ministry's lawsuit related to Lietuvos Dujos.

E.ON Ruhrgas International owns 38.9 percent of Lietuvos Dujos, Gazprom owns 37.1 percent and the Lithuanian Energy Ministry owns 17.7 percent.

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