

Reduced Gas Purchases Could Cost Ukraine \$2.7Bln in 2012

By [The Moscow Times](#)

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If Ukraine turns its plans to slash Russian gas imports into a reality, Gazprom will demand that Naftogaz pay billions of dollars for the 2013 import shortfall as per the "take-or-pay" provision outlined in the contract.

Gazprom's claims against Ukraine's national oil and gas company Naftogaz Ukrainy might reach \$2.7 billion this year if Naftogaz only imports 27 billion cubic meters of gas, instead of 33.28 bcm, according to preliminary expert estimates.

The shortfall might total 6.28 bcm of the allowed minimum amount stipulated in the existing contract, President of the Ukrainian Law Collegium Daniil Kurdelchuk and Partner at Grant Thornton Ukraine Oleksandr Malynovsky wrote in the weekly newspaper Zerkalo Nedeli — Ukraina, Interfax reported.

Potential penalties for Naftogaz for failing to take the contracted amount of gas in 2013 might

cause the firm to shell out some \$3.8 billion if it reduces imports to 34.5 bcm, which Ukrainian Energy and Coal Industry Minister Yuriy Boyko has indicated will happen.

Gazprom could slap Naftogaz with a major lawsuit if the Ukrainian company only imports 20 bcm of gas, which Naftogaz's Deputy CEO Vadim Chuprun has not ruled out. In such a case, Naftogaz would be threatened with a fine of about \$5.7 billion.

The amount of this possible penalty is calculated on a price of \$430 per 1,000 cubic meters of gas.

This is only if Naftogaz and Gazprom do not settle disagreements over reduced gas withdrawal by mutual agreement, Malynovsky and Kurdelchuk wrote.

Ukraine would be forced to cut Russian gas imports to 18 bcm next year due to price pressure. "We have a single lever to influence the situation — to reduce procurements of Russian gas even further. If Russia's pricing policy changes for the better for us, we could gradually restore gas procurements. Otherwise, we will go even further along the path towards reducing procurements and searching for more favorable alternative sources of gas supplies," Ukrainian President Viktor Yanukovich said Friday.

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