

Ukraine Refuses to Pay \$7Bln Fine to Gazprom

By [The Moscow Times](#)

February 24, 2013



Ukrainian President Viktor Yanukovich

Ukrainian President Viktor Yanukovich said his country would not pay Russia a \$7 billion fine for violations of a gas delivery agreement.

"We have refused to pay these fines, and now we are in negotiations," Yanukovich told a national television show Friday.

In January, Gazprom billed Ukraine's Naftogaz Ukrainy with a \$7 billion bill for gas it says Ukraine did not buy in 2012, although it was obliged to do so under a so-called pay-or-take contract.

"I think we will genuinely restore normal relations with Russia in the gas sphere. We're not losing hope," said Yanukovich. "We need to think about how to make use of our gas-pipeline network, and no one except Russia can guarantee us a given volume of gas," Yanukovich said.

Although Ukraine is seeking to diversify its gas supplies and took deliveries from European firms including Germany's RWE in 2012, it remains heavily dependent on Russia for the bulk of its supplies.

Ukraine pays Russia \$430 per thousand cubic meters under a deal negotiated by now-jailed former Ukrainian Prime Minister Yulia Tymoshenko and then-Russian Prime Minister Vladimir Putin in 2009.

Yanukovich's comments came during a television interview where he also promised not to raise heavily subsidized domestic gas prices a pledge that is likely to cause tensions with the International Monetary Fund.

The IMF wants Ukraine to raise domestic gas tariffs in order to reduce its budget deficit as a condition of a \$15 billion loan the country is negotiating.

Ruling out such action makes it likely that Yanukovich will have to renew efforts to persuade Gazprom to slash the price it charges for gas imports which is fixed for years under the 2009 agreement, instead of taking the IMF money.

Russia has in the past sought control of Ukraine's gas-pipeline network as a condition for reducing prices. Yanukovich has ruled out selling off the network, but appeared to raise the option of renting it to Russia "under conditions that we set," in an interview Friday, Reuters reported.

Related articles:

- [Kiev and Ashgabat Reach Gas Agreement](#)
- [Gazprom Stock Hits 3-Year Low](#)
- [Gazprom Plans \\$4.7Bln Refund to European Customers in 2013](#)

Original url:

<https://www.themoscowtimes.com/2013/02/24/ukraine-refuses-to-pay-7bln-fine-to-gazprom-a21818>