

Ukraine Hints at Compromise in Gas Talks

By [The Moscow Times](#)

March 02, 2013

The  Moscow Times

Ukraine's president, set for tough talks with Russia's Vladimir Putin the price of gas imports, hinted Friday that Kiev was ready to offer some compromise over its gas pipeline network in a bid to secure lower energy prices from its giant neighbor.

Ukraine, a transit route for more than a half of Russian gas shipped to the European Union, and itself heavily reliant on Russian supplies, has repeatedly clashed with Moscow over the price of its imports.

But Moscow is seeking concessions from the former Soviet republic, such as joining a Russia-led trade bloc or giving up control over its pipeline network, in exchange for reviewing terms of a 2009 10-year gas deal which the present Kiev government says fixed an exorbitant price for gas.

Ukraine has balked at Moscow's demands, which might endanger a lucrative trade deal with

the European Union, and has so far failed to persuade Moscow to reduce the price.

Speaking at a news conference Friday, Yanukovych said the price Ukraine paid for its gas from Russia, about \$430 per 1,000 cubic meters, is “the noose around our neck.”

“It is the biggest issue, the worst problem we have to face today,” he said, adding that the 2009 contract brokered by his jailed opponent, former Prime Minister Yulia Tymoshenko, was costing the country \$6 billion per year.

But Yanukovych, who is to meet Putin on March 4 outside Moscow, reinstating a trip hastily canceled in December, hinted Kiev might be ready to cede some ground over control of its gas pipeline system that funnels Russian gas to Europe.

“We do not want to trade our sovereignty over this issue, and we will not do that. But it is clear that we have to make some concessions somewhere, find the price that Russia will accept in order to review the contract,” he said.

He suggested this could take the shape of a joint venture between Ukraine and Russia in which Russia’s gas monopoly Gazprom rented part or all of Ukraine’s pipeline system.

“Our proposal is very simple. The pipeline network would remain state property. Maybe, a future company could rent this pipeline and provide guarantees of transit volume and work on upgrading the pipeline,” he said.

Yanukovych had been due to discuss gas prices with Putin last December, but the Ukrainian leader pulled out at the last minute, saying more time was needed to draft official documents.

The timing of Yanukovych’s visit now to Russia — on the heels of a trip last Monday to Brussels to see EU officials — highlighted the thin line the Kiev leadership is treading in trying to maintain close links with both the 27-member EU bloc and Moscow.

Though Russia remains Ukraine’s “strategic partner,” the Kiev government has set as priority goals integration into the European mainstream and close ties with the EU.

EU officials last Monday in effect warned Yanukovych not to be tempted by membership of a Russia-led Customs Union, which they told him was not compatible with joining an EU free-trade agreement and would jeopardize the signing of a landmark political association possibly later this year.

The EU has set a November target for signing the proposed agreement on free trade and political association to anchor Ukraine into the Western camp.

But it says a deal is conditional on Ukraine improving its human rights record and addressing “politically motivated convictions,” a reference to Tymoshenko’s jailing, which Western governments have condemned.

Answering reporters’ questions Friday, Yanukovych said Tymoshenko had “virtually falsified” documents and abused her power by signing a government directive that cleared the way for the 2009 deal between Gazprom and Ukraine’s state gas company, Naftogaz.

“Tymoshenko is suffering for what she has done, but why should the country suffer too, paying for this contract until 2019 ?” he said.

Yanukovych also said he will consider pardoning former Interior Minister Yuri Lutsenko, an imprisoned ally of Tymoshenko, in an apparent move to ease tensions with the West.

Apart from the seven-year jail sentence she is serving for abuse of office, Tymoshenko also faces a second trial for alleged embezzlement and tax evasion. Tymoshenko is also being investigated on suspicion of organizing the murder of a business rival in 1996.

Russia and Ukraine are not expected to sign any agreements following Yanukovych's meeting with Putin, scheduled for Monday, Putin's spokesman Dmitry Peskov said Friday, Interfax reported. He said the disputes between the countries had not yet been resolved.

Material from The Associated Press and The Moscow Times is included in this report.

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