

Gazprom Dismisses Ukraine Threat to Buy More European Gas

By [The Moscow Times](#)

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Ukraine's plan to buy more gas from Europe and reduce imports from Russia will not work because European prices are rising, Gazprom said, signaling it would not budge in a price dispute with Kiev.

Ukraine, a transit route for more than half of Russian gas shipped to the European Union, wants to pay less for gas from Russia because it says a 2009 deal with Moscow set an exorbitant price, and aims to buy more from Europe.

But Alexei Miller, head of Russian state gas monopoly Gazprom, said late Monday that spot gas prices, which have spiked recently in Europe, would be unaffordable for Ukraine.

"The price for Russian gas, which is being supplied to Ukraine, is significantly lower than the spot price, which has settled in continental Europe," Miller told reporters.

"Ukraine will not be able to bear the spot prices," he said.

Gazprom sells gas to Ukraine at a fixed price of \$430 per 1,000 cubic meters, higher than the recent average European spot price, but European prices are rising.

"[They are] almost twice as much as Gazprom sells to Ukraine under the long-term agreement," Miller said.

The European market is volatile though. On Friday, the spot price of gas in the London market jumped to above 150 pence (\$2.40) per therm, or about \$630 per 1,000 cubic meters, due to unseasonably cold weather. By Monday, however, it had fallen to 100 pence per therm, only around 5 pence per therm above the Russian oil-linked gas price.

The March average U.K. spot gas price is about 85.6 pence a therm, so still some 10 pence below the Russian price.

Ukraine began importing a small volume of gas from Europe last year and wants to import up to 8 billion cubic meters of gas a year from central Europe to replace expensive Russian supplies.

President Vladimir Putin and his Ukrainian counterpart, Viktor Yanukovich, discussed the price dispute earlier this month, but there was no breakthrough to end the standoff.

Moscow has demanded concessions as a condition for reviewing the price agreement, such as Ukraine joining a Russia-led trade bloc or giving up control of its pipeline network.

Ukraine concluded its gas contract with Russia under former Prime Minister Yulia Tymoshenko. She was sentenced to seven years in prison in October 2011 on abuse-of-office charges, including for her part in signing the gas deal with Russia.

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