

Putin Hints at 'Problems' in Trade with Ukraine Over EU

By [The Moscow Times](#)

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President Vladimir Putin said Tuesday that Russia had given Ukraine a huge discount on natural gas supplies, but that it might lose that privilege if it turned toward the European Union.

Ukraine, whose economy is dangling on the edge of bankruptcy, had long pleaded with Russia for cheaper natural gas. Now, Russia has given it just that. By the end of September, Russia's natural-gas giant Gazprom had pumped billions of cubic meters of gas into Ukraine's underground storages at just more than half the going rate, or at about \$260 per thousand cubic meters, Putin told reporters in Bali, Indonesia.

"When the price of natural gas for Ukraine was about \$400, and now it has dropped to \$380 to \$390, we made a discount on supplies to underground storages," Putin said, Prime news agency reported.

But he made it clear that there was no such thing as free gas. Should Ukraine go ahead with signing a key trade agreement with the EU, "it could create certain problems in our trade volume and cooperation, it could cause some sort of damage to our relations in the economic sphere," Putin said.

"But we would have no problems in the political sphere, I am sure," he added.

Ukraine's planned trade deal with the EU, expected to be signed at a summit next month in Lithuania, would remove customs duties on imports of European goods. Russia "would be forced to take protective measures," Putin said — until Ukraine, having paid the price, comes back.

"No matter what route we take, we will still meet somewhere. The question is only about the cost of that route and its effectiveness," Putin said.

Moscow has put tremendous pressure on its former Soviet neighbors in recent years to deter them from developing closer ties with the EU and pull them into Russia's customs union instead. On Monday, Russia suspended all dairy imports from Lithuania, in a move widely seen as a bid to discourage former Soviet countries from seeking closer trade ties with Europe.

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