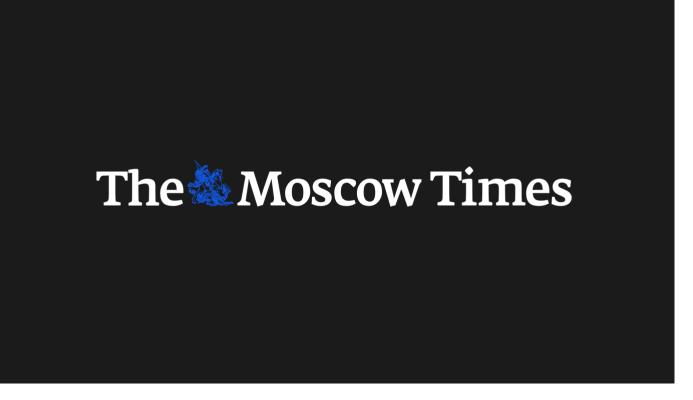


Ukraine Unlikely to Buy More Russian Gas This Year

By The Moscow Times

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KIEV — Ukraine is unlikely to resume Russian gas imports suspended in a pricing row before the end of the year, but has enough in storage and can sustain deliveries to Europe, Kommersant reported Tuesday.

The Russian-Ukrainian dispute has raised fears of a new 'gas war' reminiscent of the winters of 2006 and 2009 which disrupted onward supplies across Europe. Tensions have been compounded by a Ukrainian-European Union free trade agreement that Kiev is due to sign this month despite Russian opposition.

Kommersant said it expected the Ukrainian gas transport monopoly Ukrtransgaz to cope with winter demand without further purchases from Russia's Gazprom, which accuses Ukraine of failing to pay for August deliveries in full.

"The source from Ukrtransgaz assures that Naftogaz does not plan to buy more Russian gas

this year," it said.

Moscow-based Alfa Bank echoed the sentiments in a note.

"Gas storage facilities [both European and Ukrainian] are almost full. And, thanks to unusually warm weather in Europe, we do not expect any significant increase in gas consumption that could lead to a supply disruption," it said.

The decision by the Ukrainian state oil and gas company Naftogaz last Friday to suspend imports would be reviewed only if there were exceptionally cold weather in the former Soviet republic, the newspaper said, quoting a Ukrtransgaz source.

Local distributing companies have already been supplied with gas from storage and Naftogaz does not foresee the need for any significant imports from Russia's Gazprom.

Ukraine, which plans to import 27.3 billion cubic meters of gas this year for its own needs, including 26 bcm from Russia, had about 19 bcm of gas in underground storage vaults as of the end of October.

The stoppage emerges just weeks before Kiev is due to sign a free-trade agreement with the EU. Russia, which says its trade could be undermined by the Ukrainian-EU agreement, wants Ukraine to join a Moscow-backed Customs Union.

Ukraine, which pays about \$400 per 1,000 cubic meters of Russian gas, one of the highest prices in Europe, has asked Moscow to ease terms it considers excessive and unaffordable for its debt-strapped economy. It has been steadily reducing its Russian gas intake.

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