

Gazprom to Remove Gas Price Discount for Ukraine

By [The Moscow Times](#)

March 04, 2014

The  Moscow Times

Gazprom will remove a discount on the price it charges Ukraine for gas from April, President Vladimir Putin said on Tuesday, stepping up pressure on Moscow's neighbor.

The move comes after Ukraine's Moscow-backed President Viktor Yanukovich fled the country on Feb. 21 after having been ousted as a result of street protests, and reverses agreements clinched between him and Putin in December.

Putin and Yanukovich agreed then that Moscow would offer financial aid and reduced gas prices to help Ukraine, in an attempt to prevent Kiev from signing a trade deal with the European Union.

But Russian and Gazprom officials have since said the deal on lower gas prices could be revoked because of Ukraine's outstanding debts.

"If you are not paying us anyway and we are only noting a growing debt, let's better note it under a regular price, not a lowered price. This is the commercial element of Gazprom operations," Putin told reporters at his residence near Moscow.

He said Ukraine's debt would grow to almost \$2 billion from between \$1.5 billion and \$1.6 billion currently if it fails to pay in full for February gas deliveries.

Under the December deal, Russia cut the price by about a third, to \$268.50 per 1,000 cubic meters from about \$400. Ukraine had been paying the higher price since 2009 and said it was too much for its fragile economy.

The deal envisaged a quarterly revision of the price, between the fifth and tenth day of the first month of every quarter. April is the next month when the price can be revised.

Earlier on Tuesday, Gazprom Chief Executive Alexei Miller said his company could offer Ukraine a loan of \$2 billion to \$3 billion to pay off the debt and that Kiev had already warned that it would not be able to pay in full for the February gas deliveries.

Putin said the decision to return to higher prices was not politically motivated.

"That is not linked to politics or anything. ... We had a deal: we give you money and lower gas price, you pay us regularly. We gave money and lowered the gas price but there are no payments. So Gazprom naturally says this is a no go."

So far, Russian gas transit to Europe via Ukraine, which accounts for more than half of Russia's gas exports to the region, has been unaffected by the political turmoil in Ukraine.

Original url:

<https://www.themoscowtimes.com/2014/03/04/gazprom-to-remove-gas-price-discount-for-ukraine-a32675>