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Ukraine Increases Pipeline Security

By The Moscow Times

March 17, 2014



Dmytro Yarosh threatened to blow up gas pipelines to disrupt Russian profits.

Ukraine's National Guard and security services have stepped up measures to protect natural gas pipelines across the country, the country's Interior Ministry said Monday.

On Sunday, Ukrainian media reported that the leader of the radical nationalist party Right Sector along with opposition leader Dmitry Yarosh threatened to sabotage the country's gas transit system in the event of a conflict breaking out with Russia.

"The National Guard and security services of Ukraine have put in place special protective measures concerning the gas transmission and distribution system of Ukraine," officials said Monday. "This decision was made to ensure the safety and smooth operation of critical infrastructure in the country."

About a third of Russian gas exports to Europe transit through Ukraine on their way to heat homes and power industries across the continent.

Helicopter-borne masked men dispatched from Crimea reportedly seized a gas distribution center just outside the region's boundaries over the weekend. Crimean authorities alleged that Ukrainian forces intended to sabotage the plant to cut off gas supplies to parts of the peninsula.

Meanwhile, Ukraine Energy Ministrer Yury Prodan said Sunday that his country has paid in part for imports of Russian gas in February and has sufficient stores to provide for the summer period.

Prodan said Ukraine had paid Russian monopoly supplier Gazprom $90 million for its February supplies, leaving $350 million outstanding.

He put Ukraine's outstanding debts for 2013 supplies at $1.5 billion and said a payment schedule for this would be worked out once the government had reached a loan agreement with the International Monetary Fund, which wants energy sector reforms in exchange.

Gazprom estimates Ukraine's debts at $1.8 billion and said last week the country should use financial help promised by Western countries after three months of political turmoil, to help cover its gas debts.

Prodan also said operations for gas extraction in the Black Sea by Chernomornaftogaz were proceeding normally, with no effect from Russia's moves to take control of the Crimea peninsula.

He also said supplies of nuclear fuel from Russia for Ukraine's 15 nuclear reactors were proceeding normally as were shipments out of the country of spent fuel.

Russia's Gazprom is considering making changes to contracts to keep its European customers on board if the West imposes sanctions on Russia over Ukraine, Vedomosti reported Monday.

A source close to Gazprom said the company could be willing to change its "take-or-pay" requirements, which make buyers pay for gas they have committed to purchase whether they take delivery or not.

Analysts say Gazprom is unlikely to be hit hard by possible sanctions.

"Falling European production, coupled with the Asia-Pacific market swallowing up LNG volumes ... means that Europe does not have much flexibility in terms of cutting gas purchases from Russia, implying that Gazprom is most likely not vulnerable to possible EU economic sanctions," Alfa Bank said in a note.

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