

Hungary Ready to Ship Gas to Ukraine, Slovakia Still Hesitant

By [The Moscow Times](#)

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Hungary is ready to ship natural gas to neighboring Ukraine at once while Slovak Prime Minister Robert Fico called for talks with Ukraine, Russia and the European Commission to discuss the possibility of reversing gas flows to Kiev to offset a Russian gas price hike.

Financially-strapped Ukraine has been anxious to obtain affordable natural gas since Russia tore up a discount negotiated under Kiev's former president Viktor Yanukovich and this month raised the price for gas from supplier Gazprom by 80 percent.

Relations between Ukraine and Russia have been in crisis since Russia's annexation of the Black Sea peninsula Crimea.

Fico told reporters on Thursday he supported plans to send gas to Ukraine but needed to ensure Slovakia gets paid and avoids violating contracts with Gazprom.

"The optimal solution would be a meeting of representatives of Ukraine, Slovakia, Russia and the European Commission, to discuss conditions under which Slovakia would be involved in reverse flow of gas," Fico told reporters, a statement on the government's website said.

Slovakia is the EU's best-placed member nation to pump gas to neighbor Ukraine should Russia reduce or shut off supplies from the four pipelines that feed Slovakia via Ukraine.

But reversing flows along any of these pipelines would breach terms of contracts with Gazprom, a spokesman for Slovak pipeline operator Eustream said this week.

However, in Budapest, Foreign Minister Janos Martonyi said on Thursday Hungary was ready to start shipping natural gas to neighboring Ukraine "at any time" and the technical conditions for starting the reverse pipeline flows are in place.

Hungarian national news agency MTI also quoted Martonyi, who met Ukrainian Deputy Minister for Foreign Affairs Danilo Lubkivsky in Budapest, as saying that Budapest firmly backed Ukraine's territorial unity and believed the annexation of Crimea by Russia was illegitimate.

Hungary is a smaller potential gas source than Slovakia but its pipeline network operator FGSZ Zrt said earlier on Thursday in reply to emailed questions that Hungary could ship 16.8 million cubic meters (mcm) of gas per day to Ukraine.

"The technical and legal conditions for shipping ...gas into Ukraine have been in place in Hungary since March 2013," FGSZ said.

Russia is Europe's biggest gas supplier, providing around a third of continental demand, which at current daily flows of 270 (mcm) is worth almost \$100 million a day. Around 40 percent of Russian gas is currently exported through Ukraine and some of it further through Slovakia.

Fico said the Slovak government was investigating whether there were technical solutions to reverse flows without infringing contracts or incurring sanctions.

One possibility could be to allow flow reversal along a pipeline from Vojany to Uzhorod in Ukraine which could supply 9 billion cubic meters of gas per year, he said.

"We want to help but we do not want the idea take root that nobody will pay for such services," Fico said.

Ukraine missed a deadline this week to pay Gazprom \$2.2 billion for gas it has received.

Fico said he saw a risk in low levels of gas reserves in storage in Ukraine which could affect its ability to ship gas to Europe. He said an extra \$5 billion worth of gas was needed to be added to Ukrainian storage sites.

STOCKS CUSHION BLOW

Reversing flows from West to East requires excess gas to be pumped out of storage from within the EU. Healthy stocks following a mild winter would cushion the effects of a shortfall in Russian supplies.

Gas inventories in Germany, Europe's top gas consumer and Russia's largest consumer, are currently 58 percent full and hold the equivalent of 53 days of average daily gas consumption.

Polish inventories are almost 70 percent full, enough to meet 28 days of demand, while the Czech Republic's gas storage facilities are 40 percent full and can meet 20 days of demand.

Because these are annual figures averaged between high demand winter days and days of low gas usage in summer, stocks going into the warmer spring and summer seasons would likely last longer than indicated.

"In the short run, Europe could easily survive a complete loss of Ukrainian transit flow until the end of October," said Mikhail Korchemkin, director of U.S.-based consultancy East European Gas Analysis.

"Flows would likely go on through Yamal-Europe, Nord Stream," he said, referring to Russian pipelines carrying gas into Germany through Belarus and via the Baltic Sea.

Korchemkin acknowledged, however, that a total cut-off of Russian gas next winter would be very difficult for Central Europe to handle.

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