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Putin Frets About U.S. Meddling In Gas Trade

By Anatoly Medetsky

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President Vladimir Putin meeting with Security Council members at his state residence outside of Moscow.

President Vladimir Putin has upbraided the U.S. for speaking out about Russia's gas trade with Ukraine and the rest of Europe.

Putin fumed on Friday after U.S. State Department spokeswoman Jen Psaki said Thursday that Russia was gouging Ukraine for money with an unfairly high price.

Psaki was reacting to a letter from the Kremlin to the leaders of 18 European countries — including Germany, France and Italy — containing a warning that sent gas-trade tensions to a new high. The countries could suffer disruptions in their gas supply from exporter Gazprom if Ukraine, whose pipelines carry half of Russia's gas exports to Europe, continues to run up unpaid bills, Putin said in the letter, which was posted on the Kremlin website.

Putin mocked comments made by U.S. State Department spokeswoman Jen Psaki on Russia's gas trade with Ukraine.

At a Russian Security Council meeting, Foreign Minister Sergei Lavrov told Putin about the remarks in Washington, drawing a trademark caustic joke from his boss.

"It is somewhat weird. Firstly, because it is not good to read someone else's letters, and I did not write to them," Putin said, according to a transcript posted on the Kremlin website. "I wrote to the consumers of our gas in Europe. We all got used to our American friends eavesdropping on everybody, but their prying eyes are making them even less nice."

Putin appeared to refer to the U.S. practice of monitoring phone conversations, even those of the leaders of friendly countries, which came to light last year.

He then adopted a more serious tone and said the current gas price was based on a contract Ukraine signed in 2009. Yulia Tymoshenko, now a strongly anti-Moscow candidate in Ukraine's upcoming presidential elections, signed the agreement while serving as the country's prime minister. The deal came a few months after a pricing dispute that repeatedly halted the flow of gas through Ukraine to Europe.

Ukraine has recently amassed gas payment arrears of $2.2 billion and lost, as of this month, a $100 discount after Russia abrogated a pact that provided the markdown in exchange for a lease of a naval base in Ukraine's separatist peninsula of Crimea. Russia annexed Crimea last month.

As a result, Russia now charges Ukraine $485 per 1,000 cubic meters of gas, a price Psaki said exceeded the average price paid by EU members.

"We condemn Russia's efforts to use energy as a tool of coercion against Ukraine," she said during a daily briefing Thursday. "Obviously, it is relevant to point out that they are selling the gas at far above the market rate."

Russia began playing hardball with Ukraine — setting off the worst discord with the West since the Cold War — after popular protests in Kiev toppled pro-Moscow President Viktor Yanukovych in February.

Putin's letter on Thursday was addressed to leaders of European countries that get gas from Russia via Ukraine. His letter raised the stakes by threatening to demand prepayment from Ukraine for future gas supplies, a condition that might prompt the country to siphon off transit deliveries because it was unable to afford its own.

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