

Russia-Ukraine Gas Talks to Resume Despite Overrunning Russia's Deadline

By [The Moscow Times](#)

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Russia's Energy Minister Alexander Novak arrives for the EU-Russia-Ukraine trilateral energy meeting in Brussels June 9, 2014.

Russia and Ukraine planned to resume efforts to resolve a gas pricing dispute late on Tuesday after a Russian deadline for Kiev to pay some of its debts passed without Moscow cutting off supplies.

The gas dispute is at the heart of a crisis between Russia and Ukraine, and failing to resolve it would set back peace moves that are gaining momentum after weeks of violence in east Ukraine.

Russia gave Ukraine until 10 a.m. Moscow time on Tuesday to pay some of the billions of dollars it owes, but pulled back from the deadline after officials said talks brokered by the European Commission would continue in Brussels.

Russian Energy Ministry spokeswoman Olga Golant confirmed the Russian delegation was flying back to Brussels for evening talks after consultations with President Vladimir Putin in Moscow. The Russian leader will have the final say on any deal.

The European Commission confirmed negotiations would resume Tuesday evening after eight hours of talks, which ended early Tuesday morning, failed to get a deal.

After annexing Crimea in March following the overthrow of Ukraine's Moscow-leaning president, and facing unpredictable events in east Ukraine, Putin appears to have reason to reduce tension.

Ukraine looks poised to pay more of its debt, but talks have stalled on the price, threatening possible supply disruptions to the European Union, which gets about a third of its gas imports from Russia — almost half of it via Ukraine.

A source at Gazprom said Russia was supplying Ukraine with the usual volumes of gas and levels may have increased recently.

"Ukraine has been taking 112-115 million cubic meters a day, at a peak, as it pumps gas into storage facilities. Transit to Europe remains stable, at 200 million cubic meters per day," the source said.

Talks between Russia, Ukraine and the European Commission have been going on while Kiev, Moscow and the Organization for Security and Cooperation in Europe discuss peace proposals put forward by Ukraine's new president, Petro Poroshenko.

Those talks have produced what Kiev says is a mutual understanding on key aspects of the peace plan, intended to end an insurrection by separatist rebels who want to join parts of Russian-speaking east Ukraine with Russia.

Disagreement on Price Mechanism

The talks, which ended early Tuesday, faltered over the price Moscow would charge Kiev in future.

Ukraine wants to change the 2009 contract that locked Kiev into buying a set volume of gas, whether it needs it or not, at \$485 per 1,000 cubic meters — the highest price paid by any customer in Europe.

Moscow dropped the price to \$268.50 after Ukraine's then-President Viktor Yanukovich turned his back on a trade and association agreement with the EU last year, but reinstated the original price after he was ousted in February.

Ukrainian Energy Minister Yuri Prodan, who stayed in Brussels all day Tuesday, said the negotiations had stumbled over a Russian price mechanism proposal, which would link lower prices to an export duty.

Russia has floated the idea of scrapping its export duty for gas exports to Ukraine — \$100 per 1,000 cubic meters, introduced after Moscow annexed Crimea — to reduce the price for the neighboring country.

Russian Energy Minister Alexander Novak said Tuesday that he had proposed "a very constructive plan, which we believe all stakeholders could and should accept".

Moscow has said Ukraine must pay some of its debt before it can talk about price. Kiev paid off \$786 million of its debts in late May and Russian officials have suggested it could pay off a \$1.45 billion for November and December and a further \$500 million as a part of a bill for April and May deliveries.

"The Russia-Ukraine gas tensions are not over yet, and will likely continue for a while, further threatening the stability and reliability of Russian gas transit to the EU via Ukraine," analysts from Moscow-based Alfa bank said in a note.

See also:

[Russia, Ukraine Set For Next Round of Gas Talks on Monday](#)

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