

# Ukraine's Naftogaz Says Gazprom Seeks to End Compensation Contract

By [The Moscow Times](#)

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KIEV/MOSCOW — Ukraine's state-owned gas company Naftogaz said on Thursday Russia's Gazprom wants to end a contract which compensates Ukraine if it needs to use its gas to meet additional demand from Europe.

At the moment, Gazprom compensates Ukraine if Kiev is forced to provide the rest of Europe with increased supplies from its underground storage sites.

Russia's natural gas exporter, Gazprom Export, in turn said it rarely made use of the provision and termination of the agreement would not affect gas supplies flowing through Ukraine to Europe.

It said it plans to use storage facilities in Europe, rather than in Ukraine, to cover peaks in demand from European consumers during the winter months.

"Termination of this agreement by Gazprom Export does not affect the reliability of supplies through Ukraine," the company said in a statement.

Russia has cut off gas supplies to Ukraine over a gas pricing dispute clouded by the worst political crisis between the two neighbors since the Soviet Union collapsed.

Moscow, which says Ukraine will now only get gas it pays for in advance, has put the onus on its neighbor to guarantee the European Union receives supplies that transit through Ukraine.

Ukraine's Naftogaz said in a statement on Thursday that Gazprom had informed it that the agreement would be terminated on June 23.

"Gazprom Export, which deals with Russian gas exports, informed the operator of the Ukrainian gas transport system, Ukrtransgaz, about its wish to terminate a contract which provides compensation to the Ukrainian side for fluctuations in daily consumption volumes of gas to Europe," Naftogaz said.

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