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Ukraine Says Ready to Compromise on Gas Price With Russia

By The Moscow Times

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An employee turns a valve at a boosting compressor station (BCS) owned by Ukrgasvydobuvannya Public Joint Stock Company in Chervony Donets, Kharkiv region, Ukraine.

Ukraine's energy minister on Tuesday said the country was prepared to pay an interim compromise price for Russian gas and criticized Russia's Gazprom for being unwilling to negotiate.

Last year, Russia supplied about half of the gas Ukraine used, but Gazprom cut supplies on June 16 in a row over pricing and after Moscow's annexation of Crimea.

Ukraine, which is sourcing more gas from the European Union and cutting consumption from last year's 50 billion cubic meters, is prepared to compromise on the price until a lawsuit it has filed against Gazprom is resolved, minister Yuri Prodan said.

"We are ready to talk about some kind of reasonable compromise price until the situation is

resolved [by the court]...but Gazprom is not taking part in the negotiation process," Prodan told reporters. "There is no compromise yet from Gazprom's side."

In June, Ukrainian state gas company Naftogaz filed a lawsuit at the Stockholm arbitration court to establish a "fair and market price" for natural gas supplies from Gazprom.

The case is still in its preliminary stages and it is not known when a final ruling will be reached.

Prodan said around 16 billion cubic meters of reverse flows from Poland, Hungary and Slovakia would cover over 50 percent of Ukraine's gas import needs this year.

However Ukraine needs to find another 5 bcm in imports for October-March, he said. "We're getting ready for a difficult winter."

Gazprom declined to comment. In April the company voiced doubts over the legality of reversed gas flows from the West to substitute for Russian supplies.

In June, the head of Ukraine's state gas company said Kiev was ready to pay a compromise price of $326 per 1,000 cubic meters of Russian natural gas for an interim 18-month period to allow time to end the pricing dispute with Moscow.

On Tuesday, Prodan did not say what compromise price Ukraine is now willing to consider from Gazprom.

See also:

3rd 'Gas War' Looming Between Russia, Ukraine, EU

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