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Ukraine and Russia Reach Agreement on Winter Gas Price

By The Moscow Times

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Ukraine's President Petro Poroshenko arrives for a meeting, on the sidelines of the Europe-Asia summit in Milan Oct. 17.

Ukraine's and Russia's leaders have reached a preliminary agreement on a price for gas supplies this winter, but Kiev may need international help to pay, Ukrainian President Petro Poroshenko said Saturday.

Poroshenko met with Russian President Vladimir Putin in Milan on Friday to discuss the conflict in Ukraine's eastern regions, where pro-Russian separatists are fighting Kiev government forces.

Russia cut off gas supply to Ukraine in mid-June following more than two years of dispute about the price. Russia said Ukraine had to pay off large debts for previously supplied gas before it would resume supply.

"[We] reached an agreement," Poroshenko said in an interview with Ukrainian TV channels. "Until March 31 we will fix the price at $385."

An agreement signed in 2009 by former Prime Minister Yulia Tymoshenko called for Ukraine to pay $485 per 1,000 cubic meters for Russian gas. Kiev is contesting the contract in a Stockholm arbitration court.

Poroshenko said that state-run energy company Naftogaz was short of funds to pay for Russian gas partly because of debts created by consumers in eastern Donetsk and Luhansk regions, controlled by pro-Russian separatists.

"We must solve the question of how we cover the deficit of funds for Naftogaz for gas purchases," Poroshenko said. "We have several different options [including] the International Monetary Fund."

He said a mission of the IMF is due to arrive in Kiev in mid-November to discuss amendments to the current loan program for Ukraine. Poroshenko said the next round of gas talks was likely to take place on Oct. 21 in Brussels.

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