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Russia Pushes Ukraine to Find Cash for Gas Payment

By The Moscow Times

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Ukraine should be able to find ways of paying for Russian gas supplies within a week, Russian Energy Minister Alexander Novak said Wednesday, suggesting that a standoff would end once Moscow received financial guarantees from Kiev.

The latest round of gas talks between Moscow and Kiev ended late on Tuesday in Brussels with no agreement in a dispute that prompted Russia to cut off gas supplies to its neighbor in mid-June, potentially hurting flows west to the European Union.

But while Novak said he was optimistic for new talks on Oct. 29, Ukrainian Prime Minister Arseniy Yatsenyuk said he was skeptical about building ties with Russia, underlining how efforts to reach a deal are hampered by a wider political conflict between the two countries.

On Tuesday, Russia increased the pressure on Ukraine, which is dependent on Western aid, demanding assurances on how Kiev, would find the money to pay Moscow. Earlier Ukraine

asked the European Union for a further 2 billion euros in credit.

Novak told reporters at an energy conference in Moscow that the two sides had almost reached a deal but that the talks came unstuck "by another issue — where will Ukraine get the money to pay in advance for gas supplies in November and December."

"If the Ukrainians have the money, then the documents will be signed. If not, then we will wait."

Sergei Kupriyanov, a spokesman for Russian gas exporter Gazprom told Reuters that gas flows to Ukraine would be restarted once Kiev received financial aid.

"If Europe gives them the money, then gas will flow," he said.

In Kiev, Yatsenyuk said Kiev was negotiating with its European partners on re-exporting gas to Ukraine and was not optimistic about the talks, overshadowed by a pro-Russian uprising in eastern Ukraine and Russia's annexation of Crimea.

"I am rather skeptical about building relations with Russia, but will see what happens on the 29th," he told a government meeting.

Kiev and Moscow have agreed on a price for Russian gas supplies during the winter at $385 per thousand cubic meters, but the two sides have stumbled over other issues, including whether Ukraine should be asked to pay up front.

The deputy head of Ukraine's state energy company Naftogaz, Serhiy Pereloma, said Ukraine expected to get 5.7 billion cubic meters of gas in reverse flows from Europe between October and March. The country needed 26.7 bcm between those two months, down 24.5 percent from last year, he added.

Those needs Ukraine wants to cover by its own gas production and gas from storages.

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