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Ukraine's Naftogaz Repays $1.45 Billion of Gazprom Debt

By The Moscow Times

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Ukraine's Energy Minister Yuri Prodan addresses a news conference after gas talks between the European Union, Russia and Ukraine at the European Commission headquarters in Brussels, Oct. 30, 2014.

Russia's top natural gas producer Gazprom said Wednesday that it had received $1.45 billion from Ukrainian energy firm Naftogaz in repayment for unpaid debt, the first step toward Russia resuming gas supplies to Ukraine.

The payment by Naftogaz is the first to Gazprom since May, when a dispute over gas pricing and unpaid debts escalated between Moscow and Kiev.

Naftogaz said it had paid the first tranche of its debt on Tuesday. Ukraine has to pay $3.1 billion in two tranches by the end of the year to cover part of the debts for previous supplies from Gazprom.

Russia has said the debt stands at either about $4.5 billion or more than $5 billion, depending on the pricing for gas Kiev received between April and June.

Russia halted gas flows to Ukraine in June amid a wider dispute that flared after pro-Moscow President Viktor Yanukovych fled Kiev in February after fierce street protests.

Last week, talks between Russia and Ukraine brokered by the European Commission led to a temporary agreement on a gas price, a debt repayment schedule and a resumption of gas supplies until the end of March.

On Friday, Gazprom's head, Alexei Miller, said Russia would restart gas supplies to Ukraine as soon as Ukraine repaid the first debt tranche, as well as $760 million up front for November supplies.

It was expected that the flows would resume by the end of this week. Russia used to cover half of the gas consumption in Ukraine, through which about 50 percent of Russian gas flows to the European Union.

But the prepayment idea has irked cash-strapped Kiev, which is fighting pro-Moscow rebels in the industrial east of the country.

A Naftogaz spokeswoman declined to comment on Tuesday on when and how much the company would pay for Gazprom for Russian gas.

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