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Austria OMV and Russia's Gazprom Agree to Long-Term Gas Deal

By The Moscow Times

January 28, 2015



Austrian energy group OMV and Russian natural gas exporter Gazprom have agreed to amend a long-term contract for gas supplies.

VIENNA — Austrian energy group OMV and Russian natural gas exporter Gazprom have agreed to amend a long-term contract for gas supplies, OMV said on Wednesday without disclosing details.

It said the changes put the contract "on a new footing that reflects changing market conditions."

Crude oil prices have fallen more than 50 percent since last June while day-ahead gas prices in Britain, one of Europe's most traded markets, are off 25 percent since November.

A source familiar with the matter said the new deal was based on spot market prices. The partners had already agreed in late 2013 on an interim deal to amend terms of a contract that

originally indexed gas prices to oil prices.

Alexander Medvedev, deputy head of Gazprom's management committee, and OMV Chief Executive Gerhard Roiss signed the amendment at a meeting in Vienna, OMV said in a statement.

"Today, Gazprom and OMV have taken an important step to secure long-term gas supplies to Austria. When signing the document, both partners also underlined the role of Baumgarten as an essential hub for Russian gas exports," Roiss said, referring to the Baumgarten terminal outside Vienna.

OMV has been buying natural gas from Russia since 1968. The current deal runs until 2027. OMV unit EconGas, in which OMV holds a 64.3 percent stake, is the counterparty in the contract.

Commercial ties with Russia are a sensitive topic given sanctions that the European Union and the United States have imposed on Moscow over its alleged support of pro-Russian separatists in eastern Ukraine.

Neutral Austria has supported EU sanctions but Social Democrat Chancellor Werner Faymann reiterated on Tuesday he opposed tightening measures unless they target individuals linked to the fighting in Ukraine.

Russian leader Vladimir Putin visited Austria in June, when OMV and Gazprom clinched a deal to extend the now-defunct South Stream gas pipeline to Austria.

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