The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia's Gazprom Sees Gas-Transit Risk After Ukraine Misses Pre-Payment

By The Moscow Times

February 24, 2015



An engineer checks the gas distribution system in Beregdaroc, one of several points where Russian gas crosses into the European Union.

Russia's Gazprom said on Tuesday there were serious risks to gas transit to Europe via Ukraine after Kiev failed to pay in advance for supplies as a dispute between the two countries intensified.

A bitter row over Russian gas supplies and pricing for Ukraine has played out throughout the past year while Ukrainian forces have battled pro-Russian separatists in a war that has killed more than 5,600 people.

A "winter package" between Kiev and Moscow brokered by the European Commission appears to be in jeopardy following a dispute that flared up last week over who would pay for gas to rebel areas.

Gazprom said in a statement that Ukraine's prepayment would cover just 219 million cubic meters (mcm) of gas, enough for only two days. With no new payment, Russia would be forced to stop supplies to Ukraine, the Russian company said.

Gazprom cut off flows to Ukraine between June and December last year in a dispute over pricing and Kiev's unpaid bills.

"It creates serious risks for gas transit to Europe," Gazprom said regarding the latest dispute.

Europe gets around a third of its gas needs from Russia, with roughly half of that pumped via Ukraine.

A spokeswoman for the European Commission said Brussels was not concerned that the dispute would hurt supplies to Europe. Last year's six-month stand-off between Kiev and Moscow did not affect gas for Europe piped via Ukraine.

"At the moment, gas flows to the EU are normal and we expect that the gas transit to the EU will not be affected," Commission spokeswoman Anna-Kaisa Itkonen told reporters.

Naftogaz accuses Gazprom of failing to deliver gas that it has already paid for, and said it could not make further pre-payments without guarantees that Moscow would stick to the agreement for winter supplies reached last October in Brussels.

"Naftogaz does not consider it possible to make an additional advance payment for the supply of Russian gas until it receives sufficient assurance of strict compliance with the contract by Gazprom," Naftogaz said in a statement.

It said Gazprom had supplied less than half of two daily shipments of 114 million cubic meters of prepaid gas, due for delivery on Sunday and Monday.

"Gazprom has given no explanation regarding the violation of their contract obligations. Naftogaz is waiting for official explanation from the Russian side," Naftogaz said.

Last week, Kiev cut back shipments of gas to rebel-held areas in eastern Ukraine.

Moscow responded by supplying gas directly to the rebel zone, while suggesting it would charge the cost of those shipments against Kiev's bill. Kiev says it will not pay for gas delivered to rebel areas through pipelines outside its control.

During last year's dispute with Gazprom, Ukraine tapped stored reserves of gas and received flows from EU countries.

Original url:
https://www.themoscowtimes.com/2015/02/24/russias-gazprom-sees-gas-transit-risk-after-ukraine-misses-pre-payment-a44163