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Putin Warns Russia May Cut Off Gas to Ukraine and EU

By The Moscow Times

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

NOVO-OGARYOVO, Russia — President Vladimir Putin warned on Wednesday that Russia would halt gas supplies to Ukraine if it did not receive advance payment, raising the possibility of onward deliveries to Europe being disrupted for the fourth time in a decade.

Criticizing Ukraine for cutting off gas to eastern regions where separatists have risen up against Kiev's rule, he said: "Imagine these people will be left without gas in winter. Not only that there is famine ... It smells of genocide."

Putin said he hoped there would be no Russian supply cuts but warned that Europe was dependent on Ukraine's "financial discipline."

Europe received around 147 billion cubic meters of Russian gas last year — or around a third

of its total needs — with roughly 40 percent shipped via Ukraine.

Kiev and Moscow have argued over gas supplies and pricing for the past year, deepening a rift in ties between the neighbors as Ukrainian forces battle pro-Russian rebels in east Ukraine.

Russia has halted gas flows to Ukraine three times in the past decade: in 2006, 2009 and last year after it accused Kiev of not paying up. The West accuses Moscow of using energy as a geopolitical weapon to keep Ukraine under its influence.

This time, the dispute has centered on gas deliveries to Ukraine's Donetsk and Luhansk regions, which Russia is now directly supplying with gas contracted to Ukraine.

"If the prepayment does not come, Gazprom, according to the contract ... will suspend deliveries. Of course, this may create a threat to transit to Europe, to our European partners," Putin said.

"We hope ... that gas supplies will not be interrupted. But this does not depend only on us, it depends on the financial discipline of our Ukrainian partners."

Putin said Ukraine had enough gas to cover its needs for three or four days but accused Kiev of punishing its people living in eastern Ukraine by refusing to deliver gas supplies.

Three Days Left

Alexei Miller, the head of Russian gas company Gazprom, told the head of Ukrainian state energy company, Naftogaz, in a letter that Kiev had only three days left of prepaid gas deliveries from Russia. After that, Interfax news agency cited Miller as saying, Ukraine would be cut off.

A Gazprom spokesman said there had been no decision on whether to shut off supplies yet and Energy Minister Alexander Novak said he hoped a payment dispute with Kiev would not lead to a break in gas supplies to Europe.

"We are counting on a new prepayment for Russian gas being made on time ... There should be no break in gas supplies to European customers," Novak said in a statement.

Ukrainian state gas company Naftogaz said on Tuesday that Gazprom had supplied less than half of two prepaid daily shipments, due for delivery on Sunday and Monday.

Moscow cut off supplies to Kiev last June and restored them only in December, after a European-brokered deal secured supplies through the winter.

Under the deal, Ukraine is required to pay in advance for gas. It has said it will not make any further payments without new guarantees because Moscow failed on Sunday and Monday to deliver gas that had already been purchased.

The so-called winter gas deal is due to expire at the end of next month. Novak said European Commission Vice President Maros Sefcovic had proposed holding talks on the dispute on Monday.

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