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Russia Ready to Consider Gas Price Discount for Ukraine, Novak Says

By The Moscow Times

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Russia's Energy Minister Alexander Novak arrives at the European Commission headquarters in Brussels ahead of a meeting with EU officials on Mar. 2, 2015.

Russia is ready to consider providing Ukraine with a discount for gas supplies within their existing contract starting from the second quarter, Russian Energy Minister Alexander Novak told Rossiya 24 television channel Tuesday.

Russia and Ukraine have been engaged in talks, mediated by the European Commission, over gas supplies, complicated by a conflict in eastern Ukraine where pro-Moscow rebels are fighting the government forces.

Russia meets around a third of Europe's gas demand, while some 40 percent of Russian gas to the EU goes via Ukraine.

Moscow earlier agreed to provide a discount of $100 per 1,000 cubic meters of gas for Ukraine

in the first quarter. Further supplies are expected to be discussed later this month.

Novak, fresh from another round of talks in Brussels, said Moscow could consider another discount for Ukraine by way of reducing an export duty on gas.

"We, obviously, will look into the possibility of providing such a discount, depending on our budget and market environment," he said.

"In theory, there is such a possibility... it is a matter of separate agreements."

Novak added that Moscow would take into account a change in contract prices for gas for Ukraine which are revised regularly according to a formula pegged to the prices of crude oil and oil products with a lag of six to nine months.

"(Oil) prices have fallen and the period that will serve as a basis (for pricing) saw lower oil and oil product prices," he said in an interview.

Ukraine has been paying $329 per 1,000 cubic meters of Russian gas in the first quarter.

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