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Russia Ponders Discount as Ukraine Winter Gas Deal Set to Expire

By The Moscow Times

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Russia may consider giving Ukraine a maximum discount on gas supplies of $100 per 1,000 cubic meters (cm), Russian Prime Minister Dmitry Medvedev said Wednesday, staking out Moscow's position before talks in Brussels.

Last year, Russia and Ukraine clinched a 'winter gas' deal negotiated by the European Union. It included a $100 discount, temporary lifting of Moscow's demand for Kiev to 'take-or-pay' for gas and a request for Kiev to pay off some of its debts.

The deal expires on March 31 and Ukraine, a transit country for around 40 percent of Russian gas to Europe, will return to the original 2009 gas contract. Russia, the European Union and Ukraine plan to meet on March 20 to discuss a new deal.

"Regarding a discount — it is provided by the government, this is our good will. It [the discount] could be provided in the amount of our export duty but no more than the export

duty," Medvedev said.

Russian Energy Minister Alexander Novak said last week that if the gas price was $330 or more per 1,000 cubic meters in the second quarter, then the maximum discount for Kiev would be $100.

If the price was lower, the discount would be no more than 30 percent of the price. The price for the second quarter could be in the range of $350-$360 with no discount, he said.

On Monday, Ukraine's Naftogaz paid another $15 million for Russian gas, enough for seven days of supplies. Gas supplies to east Ukraine, where an uneasy truce has reduced fighting between pro-Russian separatists and Ukrainian troops, are excluded from current bills but should be paid, Novak has said.

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