

Russia Sets Gas Price for Ukraine Ahead of Brussels Talks

By The Moscow Times

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Russian Prime Minister Dmitry Medvedev signed a decree on Thursday, setting the gas price for neighboring Ukraine, hours before talks on a so-called winter package between the two countries are due to begin in Brussels.

The decree says that the gas price for Ukraine is set at a level equal to those for the European Union's countries that border Ukraine. But Russia has not revealed the price for the package, which lasts from Oct. 1 until Dec. 31.

Ukraine has said that \$220 per 1,000 cubic meters was an acceptable price for supplies from Russia, while Russia has said \$250 is more appropriate.

Moscow and Kiev agreed last year on a winter package for supplies with a price discount of \$100 per thousand cubic meters and advance payments. That agreement expired on July 1, and has yet to be replaced.

Also, Moscow halted gas flows to Ukraine in July, after Russian gas group Gazprom said Kiev had failed to make prepayment for future supplies. Around half of Russia's gas exports to Europe pass through Ukraine.

Russia and Ukraine agreed a 10-year gas deal in 2009 after a price war lead to Russian supply cuts to Ukraine and lower volumes for Europe. This deal still exists, but because of the crisis in Ukraine, the two countries now negotiate gas supply agreements on a short-term basis.

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