

Russia, Ukraine Reach Agreement on Gas Supplies

By The Moscow Times

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The two countries have been haggling since then over the price that would be embodied in a new agreement to secure winter gas supplies.

Ukraine will pay a price for Russian gas of around \$230 per thousand cubic meters in the fourth quarter, including a discount, Russia's Energy Minister Alexander Novak said on Saturday, Russian news agencies reported.

Russia cut off its gas supplies to Ukraine in July when an existing contract expired. Ukraine had refused to keep paying the price of \$247 per thousand cubic meters that it had paid in the second quarter.

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"In the region of \$230 dollars plus or minus," Novak said when asked about the price of gas

for the fourth quarter, according to comments cited by the RIA news agency.

Novak added that the exact price would depend on a formula that takes the caloric value of the gas into account.

He was speaking after the conclusion of gas talks between Russia, Ukraine and the European Commission which led to a tentative agreement that has not yet been signed.

A price of \$230 per thousand cubic meters would be slightly more than the \$220 that Ukraine has described as acceptable, but below the \$235-\$242 that Russia has said is the average for its long-term European customers in 2015.

European energy chief Maros Sefcovic said after the talks that the price would be "at a competitive level comparable to the prices offered to the neighboring EU countries."

The provisional agreement also involves supplying 2 billion cubic meters of gas in October. Ukraine's Naftogaz will pay Russia's Gazprom \$500 million for those supplies, with the money supplied by European and international financial institutions.

Commenting on the agreement on Saturday, Gazprom chief Alexei Miller said that there was no guarantee Ukraine would be able to pay for further supplies in November and December.

"Today we are establishing that Ukraine has received money — this \$500 million, and will begin to take Russian gas from the start of October," Miller said, in remarks to Rossia-24 television channel cited by RIA.

"But 2 billion cubic meters doesn't solve the problem. ... Therefore if this winter is unusually cold, one could still expect problems."

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