



## Ukraine and Russia Agree Gas Talks on Saturday

Late last night, Prime Minister Yulia Tymoshenko called her Russian counterpart Vladimir Putin to discuss principles for solving the natural gas dispute. The leaders agreed that they will hold talks in Moscow on Saturday.

Ms Tymoshenko also sent a telegram to Mr Putin saying that Ukraine would guarantee full delivery of natural gas through its pipelines to Europe, less 8 percent which would be used for technical purposes. Ms Tymoshenko pledged that Ukraine would pay for the gas used for technical purposes immediately after a price for Russian natural gas for Ukraine had been agreed.



▲ Seeing eye to eye. In October Prime Minister Yulia Tymoshenko and Russian Prime Minister Vladimir Putin reached consensus on a gas price formula and on removing intermediaries. They will meet on Saturday to seek an end to this latest gas dispute.

According to a statement from the Ukrainian government, the dialogue between the two premiers was described as "constructive" and "a positive sign for solving all the problems in the gas sphere." Prime Minister Tymoshenko said that she thought it would be possible to find a compromise.

The breakthrough comes after mounting pressure from the EU for the two countries to resolve the dispute and resume the full flow of gas to European states.

Although Russia began pumping gas via Ukraine's transit system on Tuesday, very little gas has reached Europe. Naftohaz Ukrainy, quickly complained that insufficient gas was

being supplied by Russia causing low pipeline pressures, and that Gazprom deliberately sought to transport gas via an unworkable route that would have meant cutting off domestic consumers.

Oleh Dubyna, Naftohaz CEO, said, "Had we fulfilled this demand we would have left Luhansk, Odessa, Donetsk and Dnipropetrovsk without gas."

Speaking on the behalf of disgruntled EU states and consumers, European Commission President, José Manuel Barroso, was clearly frustrated. "I would like to convey a very clear message to Moscow and Kyiv: if the agreement sponsored by the EU is not honoured as a matter of urgency, I will advise European companies to take this matter to the courts and call on member states to engage in a concerted action to find alternative ways of energy supply and transit."

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After her meeting yesterday with the Slovak Prime Minister Robert Fico and Bulgarian Prime Minister Sergei Stanishev, Prime Minister Yulia Tymoshenko expressed a strong willingness to cooperate with Russia. "If the gas is supplied today, it will be immediately pumped to European countries," she said.



▲ Deputy Prime Minister Hryhorii Nemyria (right) and Minister for Energy Yuriy Prodan. Mr Nemyria led a diplomatic mission to Brussels, which helped result in the signing of the multi-lateral accord.

Unfortunately the dispute has become increasingly politicised. Earlier in the week, Gazprom's Deputy CEO, Alexander Medvedev, even accused Ukraine of dancing to Washington's tune. "It looks like they are dancing under the music that is orchestrated not in Ukraine," he said.

First Deputy Prime Minister Oleksandr Turchynov expressed his concern and emphasised the constructive role taken by Ukraine to resolve the dispute. "Ukraine has never stepped out of the negotiation process in the gas sphere," said Mr Turchynov.

This constructive role was underlined last week when a delegation to Brussels led by Ukraine's Deputy Prime Minister Hryhorii Nemyria and Mr Dubyna, submitted a proposal to Mr Barosso. It contained provisions for ending the dispute and providing greater transparency; the removal of the intermediary RosUkrEnergo and granted access to EU observers to monitor Ukraine's gas transit system. The proposal became the basis of an accord which was signed at the weekend and which also grants reciprocity for Ukrainian and Russian observers on each other's territory.

The accord was designed to pave the way for the full resumption of gas supplies to Europe. However, Ukraine and Russia have been at loggerheads over irregular volumes being pumped and technical issues.

"Saturday's talks provide both parties with the opportunity to win back trust and find mutually agreeable terms to ensure gas supplies resume to Europe in full," said Mr Nemyria, "from there we can move forward to agree an acceptable gas price for 2009."

EU Energy Commissioner Andris Piebalgs and Czech Energy Minister Martin Riman – whose country currently holds the rotating EU presidency – plan to join the talks.



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