

INTERNATIONAL BUSINESS

## Russia and Ukraine Keep Talks Alive in Gas Feud

By ALISON SMALE MAY 30, 2014

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BERLIN — Russia and Ukraine on Friday agreed on a murky compromise in their gas price feud that would allow negotiations to resume in earnest on Monday, according to ministers from the two countries and the European commissioner brokering the talks.

“We did not reach a final package today,” said Günther Oettinger of Germany, the European Union’s energy commissioner. But he said Ukraine had paid Russia \$786 million to cover some of the billions of dollars that the Russian gas monopoly, Gazprom, says it is owed by Ukraine and the Ukrainian gas utility, Naftogaz.

Mr. Oettinger said that amount was for “undisputed” gas deliveries in February and March. The payment was calculated at a price of \$268 per thousand cubic meters, a special rate that was negotiated in December when Ukraine’s former president, Viktor F. Yanukovych, refused to sign an association agreement with the European Union and turned instead to Russia for economic help.

When Mr. Yanukovych fled his post and his country in late February in face of popular protests, Russia said that the favorable price Mr. Yanukovych had been given no longer applied.



Alexei Miller, the chief executive of Gazprom, on Friday in Berlin as gas negotiations mediated by the European Union’s energy commissioner continued between Russia and Ukraine. Thomas Peter/Reuters

The sides will resume negotiations on Monday in Brussels after the \$786 million is in Gazprom’s hands, Mr. Oettinger said.

His comments were echoed by the energy ministers of Ukraine and Russia in separate news conferences. All three officials appeared anxious to avoid making hard-and-fast statements that could cause political problems at home or affect the chances of eventually reaching a deal.

A Gazprom representative, speaking on condition of anonymity, pointed to previous instances when money promised by Ukraine did not arrive as the reason to wait until the

payment arrives.

Mr. Oettinger said that to ensure that Russian gas can be delivered to customers in Europe in the winter, it was urgent that storage facilities in western Ukraine be filled during the summer.

European leaders have said that they have built up gas reserves and sought alternative sources to ease their dependence on Russia and have expanded the network of pipelines connecting Russia to Western Europe without passing through Ukraine. A recent study by the Oxford Institute for Energy Studies, a research organization, suggested that Europe could now weather a cutoff of gas through Ukraine better than it could when supplies were interrupted in 2006 or 2009. Only half the Russian gas bound for the west crosses Ukraine now, compared with four-fifths before 2012.

Demand for gas is at a seasonal low now because there is relatively little need for fuel either for heating or for cooling, and the recent mild winter in Europe allowed stockpiles to build up and prices to fall.

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Stanley Reed contributed reporting from London.