



The Russian-Ukrainian situation continues

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The continuing gas situation between Russia and Ukraine is receiving more attention in <u>Europe</u> perhaps than <u>here</u>. The problem is not just with Ukraine, <u>Poland and Hungary</u> as the Washington Post report shows.

The former Soviet republic of Moldova, which neighbors Ukraine, has not received Russian gas supplies for two days, Russia's RIA-Novosti news agency reported. It said Moldova had not signed a 2006 contract with Gazprom, and that Moldovan President Vladimir Voronin had complained that the Russian price was too high. Like Ukraine, Moldova has sought to orient itself away from Russia and toward the West.

But an agreement to resolve that particular issue appears <u>imminent</u>. At present the Russians claim that Ukraine stole 100 million metric meters of gas <u>yesterday</u>. There is also a question as to whether Ukraine is continuing to get gas from Turkmenistan, a normal supplier of around 120 million cubic meters a day to Ukraine. Russia has <u>bought</u> almost all the export supplies from Turkmenistan for the first quarter of this year. (Thanks <u>William</u>).

UPDATE: Interestingly the <u>Turkmen press</u> reports that there have been no discussions with Ukraine, and

The press release says that, meanwhile, gas supplies through Central-Asia-Centre (CAC), the only gas conduit that facilitates shipment of Turkmen volumes to Russia and Ukraine, would remain closed from 00:01, 1 January 2005 to 7 January 2005 for repair and maintenance of the system.

At the same time the Ukrainian government has said that it is still getting around 120 million cubic meters from there, although interestingly the Guardian report notes

Ukraine's fuel and energy minister, Ivan Plachkov, said Ukraine was relying on its own reserves and deliveries of about 120m cubic metres a day from Turkmenistan via Russian pipelines.

He added that the country had the right under existing contracts to take a share of gas exported via the Ukrainian pipeline and would do so if the temperature fell below -3C. However, Mr Medvedev said Russia was not sending on any Turkmen gas.

"As of today, only Russian gas is entering the Ukrainian gas transport system," he said. He stressed the gas was meant solely for export to Europe. The <u>BBC</u> is reporting that the drop in the gas quantities being passed on to Europe has now got as far west as France, with drops in supply of up to 40%.

Austrian, Romanian and Slovak authorities said supplies from Russia were down by about one third, while Hungarian gas firm MOL said its supplies were down by 40%. France was 25-30% down and Italy 24%, officials said.

Should the situation continue to deteriorate then it is likely that it will have increasingly significant impacts around Europe. The current <u>reassurances from Governments</u> will likely prove somewhat less reliable if they all end up trying to get additional supplies from, say Norway, which itself can only deliver a certain volume. Given that the winter is not going to get much warmer apparently, this may lead to problems in a number of countries, some of whom may not be ready.

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