

Ukrainians Propose Gas Pipeline Consortium

By [The Moscow Times](#)

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KIEV — Ukraine's ruling Party of the Regions on Friday called for the creation of a pipeline gas shipment consortium with Russian and European companies, a move that could help the Kiev government negotiate cheaper Russian gas supplies.

Moscow has been reluctant to review its current agreement, signed in 2009, and has said it could only do so if it gets a stake in the Ukrainian gas pipeline network that transships Russian gas to Europe.

Ukraine has so far refused to allow Russian gas export monopoly Gazprom to buy into its pipelines and disputes between the two countries have in the past disrupted flows to Europe, causing problems in the depths of winter.

A coalition led by the Party of the Regions, the power base of President Viktor Yanukovich, has a majority in the parliament and can pass any laws needed for such a deal.

"Today our gas pipelines can ship 120 billion cubic meters [a year], but if Russia launches both the North Stream and South Stream pipelines it will only transship 40 billion cubic meters," Party of the Regions quoted its parliamentary faction head Olexander Yefremov as saying in a statement. "This will make it much harder to maintain our gas pipeline network. It is clear that we can no longer delay the resolution of this issue."

Ukrainian government sources say Kiev has proposed setting up a consortium including its state energy firm Naftogaz, Gazprom and a group of European energy firms that will run the pipelines.

Such a deal could effectively put Russia in control, analysts say, if European shareholders are represented by firms affiliated with Gazprom such as E.On, which owns a stake in the Russian company.

The key issue is whether the consortium would own the pipelines, as Russia wants, or just have limited management rights, as Ukraine has been suggesting so far.

Ukraine pays about \$400 per 1,000 cubic meters of Russian gas at present. Naftogaz borrowed \$550 million from a Gazprom-controlled bank last month to help finance its monthly bill, indicating that its finances were stretched.

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