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## **Gazprom and Naftogaz discuss problem of gas payments**

*Saturday, 14 Nov, 2009*

Itar-Tass reported that Mr Alexei Miller Chairman of Gazprom Management Committee and Mr Oleg Dubina Chairman of the Board of Directors of Naftogaz Ukrainy discussed at a working meeting on Thursday issues related to the current financial condition of Naftogaz Ukrainy and the settlement of the problem of payment for November supplies of Russian natural gas.

Mr Miller and Mr Dubina also considered issues of the work of the Ukrainian gas transportation system in the autumn-winter period of 2009-2010. At the meeting the sides stressed the need of strict observance by the Ukrainian side of contract obligations on the transit of Russian gas to Europe.

Mr Bogdan Sokolovsky Ukrainian president's commissioner for international energy security said the state company Naftogaz Ukrainy has enough gas resources to provide all domestic consumers with gas and ensure the transit of Russian natural gas to Europe.

He said that "Ukraine is fully ready to meet its commitments on the transit of gas through its territory within at least the next half a year. He added that there are about 27 billion cubic meters of gas in Ukrainian underground facilities which is quite enough for fulfilling the functions of supply and transit.

He specified that this year Naftogaz has bought from Russia's Gazprom 19 billion cubic meters of gas while the contract signed on January 19 envisaged the purchase of 31.667 billion cubic meters.

Mr Bogdan Sokolovsky said this is over 12 billion cubic meters of gas less. However, already at the moment of the signing it was clear that Ukraine can neither get, nor consume nor pay for such amounts of gas. He said that because Ukraine has not bought the full amount of gas, Gazprom can impose penalty sanctions worth almost eight billion dollars, while this year Naftogaz has paid Gazprom 4.59 billion dollars. He also said half of that sum had to be attracted through borrowings or other schemes as Naftogaz has no money of its own.

The presidential envoy said that the lack of reforms on the gas market and understated prices could lead to the situation in which Ukraine would lose Naftogaz and its gas transit system. Under the contract signed on January 19th 2009, Naftogaz must buy 40 billion cubic meters of gas this year.

(Sourced from Itar-Tass)

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