

Russia suspends natural gas shipments to Ukraine

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Russia's state-controlled energy firm Gazprom announced Wednesday that it was suspending the delivery of natural gas to Ukraine, having not received payment for gas deliveries in the coming months. "Gazprom will not deliver gas to Ukraine at any price without prepayment," company CEO Alexey Miller said.

The Ukrainian state-owned Naftogaz announced the suspension of gas purchases from Russia a day earlier, after the breakdown of price negotiations brokered by the European Union in Vienna.

Ukraine's negotiators refused a Russian offer of approximately \$247 per thousand cubic meters, unchanged from the second quarter, a \$40 discount from the current benchmark price. Kiev is seeking a longer term deal with Russia that would last through March 2016, much longer than two previous contracts, which only covered three months. Ukraine is also opposed to a clause in the contract which requires them to purchase a fixed amount of gas regardless of demand.

Despite these differences, EC Vice President Maros Sefcovic told reporters on Wednesday that he believed an agreement over the delivery of gas was within reach. "In the end, we are not that far apart. What we need is the clear political will that we want this to happen," he stated. "We will play the role of honest broker until the end." Another round of EC mediated talks between the energy ministers from Russia and Ukraine are scheduled to take place in September.

As news of the gas cutoff to Ukraine broke, Russian media outlets reported that the Ukrainian energy concern, Ukrenergo, announced late Tuesday night that it would stop supplying electricity to Crimea as of midnight Wednesday. The Ukrainian Ministry of Energy and the Coal Industry has since denied any

plans to suspend supplies to Crimea, which was annexed by Russia in March 2014 after a popular referendum in the wake of the US-backed far-right coup that ousted the pro-Russian government of Victor Yanukovich. Electricity continues to flow to the region, which is host to one of Russia's largest warm water naval ports in the city of Sevastopol. According to *RIA Novosti*, however, Ukrenergo has declared that it is not obligated to inform Russia about its plans regarding Crimea's power supply.

In the absence of gas supplies from Russia, the Ukrainian government will reportedly rely on sources from Slovakia, Poland and Hungary for the 7 billion cubic meters of gas it would have purchased from Russia between July and the next round of negotiations. "Today we have a strong mechanism of reverse flows, much better prepared in terms of energy supplies," Sefcovic stated. "We have the capacity, the time and the gas, to make sure there is adequate supply." Any drop in gas delivery will have little short term impact, as the demand for natural gas in the summer months is significantly lower than in the winter.

Naftogaz made assurances Wednesday that flows of gas from Russia to the rest of Europe through Ukraine would continue as normal. The European Union relies on Russia for around 30 percent of its gas supplies. Last year approximately half of the natural gas from Russia to the EU flowed through Ukrainian pipelines.

The supply of gas from Russia to Europe through Ukrainian pipelines was cut off completely in January 2009 after a dispute with the Ukrainian government over the payment of fines to Gazprom by Ukraine.

The delivery of Russian gas to Ukraine was last cut off in June of 2014 and resumed in December, when a short term deal was reached in which Kiev received gas from Russia after making an advance payment and

agreeing to pay down \$3.1 billion in debt Naftogaz owed to Gazprom.

The decision by Ukraine to suspend the purchase of Russian gas and the reported threat against Crimea are the latest in a string of provocative actions by the regime in Kiev and its western imperialist backers aimed at escalating pressure on Moscow.

Last year the pro-Western regime led by President Petro Poroshenko launched a civil war against pro-Russian separatists in the eastern Donbass region who opposed the coup. The UN estimates that more than 6,500 have been killed in the conflict with another 16,385 wounded and more than 2 million people displaced from their homes.

Last week Poroshenko approved amendments to a law on the stationing of foreign armies on Ukrainian territory, easing the way for the deployment of US and NATO forces to the country. Poroshenko has already put forward proposals for the deployment of a UN and EU peacekeeping force to the Donbass region.

US military advisers are already in the country training members of the Ukrainian National Guard, which has incorporated far-right elements, including fighters from the neo-fascist Azov battalion. Canada and Great Britain are preparing to send advisers to Ukraine in the coming weeks to assist in the training of the National Guard forces.

Last week the United States announced that it will deploy tanks and heavy artillery and other military equipment to countries throughout Eastern Europe, including the Baltic states of Lithuania, Latvia and Estonia. At the same time, NATO announced that it would triple the size of its rapid response force, aimed at Russia, to 40,000.



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