
Russia, EU sign gas transit control protocol

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Russia and the European Union have signed a protocol to set up an international commission to control the transit of Russian natural gas through Ukraine.

The document was signed by Russian Deputy Prime Minister Igor Sechin, energy giant Gazprom's CEO Alexei Miller as well as Martin Riman, the industry and trade minister of the Czech Republic, which is holding the rotating presidency in the EU.

Russia was forced to halt transit deliveries via Ukraine on Wednesday after a check established that Ukraine was not carrying any gas to Europe. Moscow said supplies would resume when a multilateral commission was formed to monitor transit via Ukraine.

"We will do this [resume transit supplies] immediately after international monitors take charge of entry and exit points on the border between Ukraine and Russia as well as on Ukraine's border with other European countries," Russian Prime Minister Vladimir Putin said following talks with his Czech counterpart Mirek Topolánek. "Monitors should also be sent to European countries bordering on Ukraine."

Under an agreement reached between Russia and the EU on Saturday, Gazprom, Ukraine's Naftogaz, the Russian and Ukrainian energy ministries, the European Commission, European consumer companies and international monitoring organizations will be represented in the international commission being set up to monitor trans-Ukrainian gas deliveries, Putin said.

He said he could see no obstacles to Ukraine's signing the protocol now that it has been signed by Russia and the EU.

"I assume the document should now be signed in Kiev and I see no grounds for not doing so," Putin said during a news conference.

According to Ukrainian media, Czech Prime Minister Mirek Topolánek could meet with Ukraine's leadership on Saturday evening.

Putin warned that Russia would not put up with gas theft in future.

"If we notice gas be stolen again on Ukrainian territory and part of deliveries vanish, we will reduce supplies by this volume," the premier said.

Kiev closed on Wednesday the fourth, final gas pipeline pumping Russian gas to Europe. The latest closure added Austria, the Czech Republic, Romania and Slovakia to the growing list of countries receiving no Russian gas. The three other pipelines were closed on Tuesday, ending deliveries via Ukraine to Hungary, Serbia, Macedonia, Croatia, Bulgaria, Turkey, Greece, and Bosnia. Supplies to Italy, Poland, France and Slovenia were seriously disrupted.

Gazprom accused Ukraine, which accounts for some 80% of Russia's gas exports, of stealing more than 86 million cubic meters of gas since the start of the year, but Kiev denied the accusations saying that Russia was trying to discredit Ukraine as a reliable gas transit partner.

Putin said a "clan war" over financial sources inside Ukraine, particularly ahead of elections at different levels, was what had brought about the transit crisis.

"Although this has been an economic dispute, we have been hostage to political problems inside Ukraine," Putin said when asked whether the transit crisis was due to political differences between Russia and Ukraine.

Gas supplies from Russia to European consumers through Ukraine started falling in the first days of 2009 after Russia and Ukraine failed to agree on how to settle Kiev's gas debts or on a contract for 2009 deliveries in their last-ditch talks on New Year's Eve, which made Moscow cut off gas to Ukraine.

Moscow insists that Kiev pay a market price for natural gas. "If the price for gas Gazprom supplies to Eastern European states neighboring Ukraine is around \$470 per 1,000 cu m in the first quarter of 2009, then Ukraine should also pay the market price for gas," Gazprom spokesman Sergei Kupriyanov told journalists on Friday.

Gazprom earlier offered Ukraine a price of \$250 per 1,000 cu m for gas in 2009, about half the current average price in Europe. Putin said the price was tantamount to "humanitarian aid." Ukraine, which paid \$179.5 last year, said it was prepared to pay \$200-235 per 1,000 cu m. After the refusal, Gazprom said the price could be \$418.
