
Russia needs new risk management methods in Europe - Zubkov

RIA Novosti - 24/1/2009

Russia and Hungary should find new ways to manage the risks connected with gas transits via Ukraine following the recent "gas crisis" between Kiev and Moscow, a Russian first deputy premier said on Saturday.

Viktor Zubkov made the remarks at an extended meeting of the Russian-Hungarian Intergovernmental Commission on Economic Cooperation in Budapest where participants discussed the gas row and developing relations against the backdrop of the global financial crisis.

Talking about the gas row Zubkov, who also chairs energy giant Gazprom's board of directors, said "We did everything to resume transits through Ukraine," adding that Russia planned to discuss with Budapest proposals for Gazprom's participation in infrastructure projects in Hungary.

Hungary, who was one of the countries affected by Gazprom's decision to cut gas supplies to Europe following a protracted spat with transit-country Ukraine, has been devastated by the economic crisis and with its economy expected to contract by 1.6% has sought help from the International Monetary Fund.

At the opening of the commission, Hungary's Finance Minister Janos Veres said that the financial crisis had affected relations and "demanded additional assessments and ways of finding answers to the coming challenges."

Veres said that the South Stream pipeline project, which will pump gas from the Black Sea to the Balkans and onto Central Europe, is in Hungary's interests and would reduce its concerns over energy security.

"The monopolist position of Ukraine for Russian gas transit (80% of Russian gas for Europe is transported via Ukraine) enables us to say that the gas flow to Europe should be diverse. The possible risks are varied, including terrorism and production induced. We need to build gas pipelines: South Stream, Nord Stream, Nabucco," Zubkov said.

Turning to trade Veres said that Hungary believed that bilateral ties with Russia were extremely positive with trade turnover increasing 3.5 times between 2002 and October 2008 to \$12 billion.

Zubkov said in turn, "We have quite intensive contacts with the Hungarian side that testify to the positive dynamics in the development of Russian-Hungarian relations."

Gazprom and Ukrainian energy company Naftogaz signed on Monday a long-awaited contract on Russian gas supplies to Ukraine for 2009-2019. The first gas started to reach many Eastern European countries on Tuesday.
