

# About some of the advantages of the agreement on the transit of Russian gas to Europe

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„Today, all parties are winners. I welcome this balanced agreement, which is extremely important for ensuring uninterrupted transit of Russian gas destined for Europe through Ukraine”, European Commission Vice President Maroš Šefčovič said in an interview with the press after reaching an agreement between Kiev and Moscow on the transit of Russian gas through Ukraine. The politician also added that the protocol signed in Minsk is balanced and useful to all parties.

Following the results of negotiations held in Minsk, representatives of Russia and Ukraine signed a protocol of agreements on the extension of gas transit through Ukraine and the settlement of mutual requirements.

As a result of the negotiations, the parties came to a compromise decision envisaging the conclusion of a new transit contract for five years with the possibility of its subsequent extension for another 10 years. Moreover, in the first year, the pumping volume will be at least 65 billion cubic meters of gas, and in the following years – 40 billion cubic meters. It also provides for the waiver of mutual lawsuits between Naftogaz and Gazprom and the payment by the Russian company to Ukraine before the end of this year of \$ 2.9 billion by decision of the Stockholm arbitration.

Representatives of Ukraine and Russia expressed satisfaction with the agreements reached, and Naftogaz's executive director

Yury Vitrenko called the new gas contract with Russian Gazprom a „difficult compromise for all parties”.

Only a few days have passed since the agreements were reached, and some results are already evident.

In particular, Peter Bayer, coordinator of the German government for transatlantic cooperation, said in an interview with German radio that his country is ready to take part in financing the modernization of the Ukrainian gas transportation system. He said that the agreements reached by Ukraine and Russia on the terms of the transit contract are shorter than expected in Europe. However, they give confidence in the future of the Ukrainian pipe, and European countries have committed themselves to modernizing the outdated pipeline network of Ukraine.

In addition, five Ukrainian companies have already signed contracts with Gazprom on direct gas supplies. This of course does not mean the beginning of direct procurement at the state level. But the representatives of the Ukrainian government said they were considering such an opportunity.

Some optimistic politicians see the compromise on the gas issue as the first step in normalizing relations between Kiev and Moscow. And in the same context, the statement by Russian Prime Minister Medvedev about the possibility of Russia lifting sanctions against Ukraine in the face of a mirror reaction of Kiev is perceived. This is probably not worth talking about yet. The two countries have too many bilateral problems over the past six years.

But the mutual benefits of closed gas deals can be stated with confidence. Russia as a supplier will ensure uninterrupted supply of blue fuel to European consumers. Against the background of the suspension of the construction of Nord Stream-2, this decision looks all the more important.

Ukraine will continue to receive revenue for transit and fill

its budget. The concluded agreement increases the attractiveness of investments in modernizing the country's gas transportation system. And if a decision is made to resume direct purchases, the country will receive cheap gas. In addition, Russia will pay \$ 2.9 billion by decision of the Stockholm arbitration and will not link this to Ukraine's three billion Eurobonds debt from 2013.

Europe is also clearly not the loser. It receives guarantees of stable supplies and motivation to finance the modernization of the Ukrainian pipe.

The United States will remain the only ones who are clearly not satisfied with the concluded gas agreement, and the arrival of American LNG on the European market is again delayed.

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