The dispute is not completed, but the loser is already known

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In world politics, it often happens so that two people can argue, and 40 million turn out to be losers. Yes, we are again talking about the gas dispute between Ukraine and Russia.

It remains a little more than a month before the end of this year and the Russian-Ukrainian contract for the transit of gas to Europe through the territory of Ukraine. And the sides still can not reach any agreements. On the Russian side, the final proposal at the moment was to extend the current or conclude a new transit contract for a period of one year. The proposal was drawn up in the form of an official letter signed by Gazprom management. Also, the head of Gazprom Alexey Miller, and the head of the Ministry of Energy, Alexander Novak, offered a 25% discount on blue fuel in case of resuming direct supplies. Russian President Vladimir Putin has confirmed this proposal.

The proposal seems very profitable, but burdened with a condition on the refusal of both parties from all mutual claims and litigation.

However, the Ukrainian side is likely to reject it again. The Ukrainian leadership announced that the total amount of claims to the Russian campaign is about $ 22 billion. And the Russian side offers to give up from this money, offering in return much smaller benefits. This version is also supported by the calculations of new tariffs for gas transportation services made by the Ukrainian side based on the situation of transit termination. It is also worth mentioning about public opinion. At present, Ukraine has conducted a powerful information campaign and any agreements with Russia are perceived by the population as „betrayal” and assistance to the aggressor. Even though people understand that they will have to pay for everything from their own money.

The process of unbalancing Naftogaz is currently not completed. And apparently, the future Trunk Systems of Ukraine company, the gas transmission system operator, will not be completed until January 1, 2020. So even with the consent of both parties, Gazprom will have no one to conclude a long-term contract with.

In addition, both sides created record gas reserves in underground gas storage facilities (Ukraine on its territory, Russia in Europe).

Thus, everything suggests that on January 1, the Ukrainian pipe will be empty. And official confirmation of this will most likely be at the Normand meeting, scheduled for mid-December.

Now about the cost of such a situation for Ukraine. For now, let’s lower the nuances of providing gas to the southeast of the country. The gas transportation system of the country is such that without the transit of blue fuel, gas supply to these territories is impossible.

Let’s talk about new tariffs for gas transportation from January 2020. There are two of them. The first, taking into account the continuation of transit, the second without it.

The first one involves increasing tariffs by more than double the tariff for gas transportation in Ukraine and almost double – for entry points to the Ukrainian gas transportation system when transporting imported gas.

With the introduction of the second price for gas transportation in Ukraine, they will grow by 3.5 – 4.7 times. The tariff for entry points to the gas transportation system of Ukraine during the transportation of imported gas will increase 2.7-2.8 times. Gas distribution networks also announced their intention to increase tariffs by an average of 1.84 times.

And to consider at these tariffs is exclusively European gas produced on the western border. Now this gas will be exactly European, and not conditionally reverse. And how much it will cost now is unlikely to be predicted even by very experienced analysts.

And that’s not all the bad news. There are additional costs of about 36 billion hryvnias, almost half of which will have to be paid to the population.

It is hardly worth hoping for a contract extension or a new one. The Americans have already begun delivering LNG to Poland, and from there to Ukraine. And they are definitely not ready to give up these incomes. Also, the management of Naftogaz will not want to return the premiums received for the judicial victories over the Russian gas operator. And the population will pay for everything as usual. Although this is unlikely to concern officials with multi-million foreign accounts.

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