

Ukraine is intending to create a gas hub with an American recidivist

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In search of energy independence, Ukraine may be drawn into one more dubious scheme.

Last week, a Memorandum on the supply of American gas in the amount of at least 5.5 billion cubic meters per year was signed.

Details of the document are not yet known, as it was immediately sent for revision. Currently, it is known that it is expected to sign an agreement with the American company Louisiana Natural Gas Exports. Deliveries must be made through the Polish terminal Swinoujscie.

The news is encouraging and promises good prospects. But there are some doubts.

Scope of supply. In 2019, Ukraine imported about 14 billion cubic meters of gas. And the estimated volume of supplies is more than a third of the current. It's good. With such volumes and the stated prospect of supply growth, Ukraine has the potential to develop cross-border infrastructure and the possibility of turning into an EU gas hub.

But. A year ago, the Polish inter connector allowed pumping no more than one billion cubic meters per year. The Poles promised to increase its capacity to 1.9, and then to 3.9 billion cubic meters. And this is not in the short term. There is also a financial issue. Is Poland ready to invest heavily in the modernization of its gas infrastructure? It seems that the United States promised to help with this issue.

Further. On the Ukrainian side, the document was signed by Acting Minister of Energy Olga Buslavets. The American side is represented by the little-known company Louisiana Natural Gas Exports. This company is registered two years ago in the state of Delaware (is an offshore state).

The company has no officially registered profit. The volume of investments is 17 million attracted and \$ 2.5 million of invested funds. But as of March 2020, the company's tax debt amounted to more than 340 thousand dollars with an annual tax liability of 200 thousand. The director of the company is William Miller. Twice tried for fraud.

In addition, the memorandum provides transfer of the control of Louisiana Natural Gas Exports of all newly created gas transportation facilities. The obligation of Ukraine to redeem all its annual gas reserves from Louisiana Natural Gas Exports is also fixed. How much is this, the American partners have not yet reported.

These facts should at least alert. Projects of national importance should be implemented with companies of state level. Therefore, even the fact of concluding a large memorandum with a little-known company with a dubious reputation with doubtful conditions casts a shadow on the country's leadership.

The memorandum is essentially a declaration of intent and does not oblige anyone to anything. Ukraine has extensive experience in non-compliance with signed memorandums. And it would be nice if this document adds to the statistics.

Authorship: Vitaliy Timoschuk

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