

Ukraine is preparing to suffer losses due to „Nord Stream-2”

16 lipca 2021

Completion of the construction of the Russian project “Nord Stream-2” is nearing.

The head of the Swiss company Nord Stream-2, which is the operator of the gas pipeline, Matthias Warnig, announced the imminent completion of pipe laying on the offshore section.

According to him, the work should be completed by early September. Tests will take another couple of months. And by the end of this year, the gas pipeline will most likely be ready for commissioning. The project is currently 98% complete.

The full capacity of Nord Stream-2 will be 55 billion cubic meters per year. This figure is comparable to the volume of gas pumped through Ukraine in 2020 (55.8 billion cubic meters).

The completion of the pipeline raises certain concerns among stakeholders. To a greater extent, probably, in Ukraine. Indeed, in case of an unfavorable development of circumstances, Kiev may suffer greatly from the loss of transit and the purchase of European gas obtained through the virtual reverse.

During the July 12 meeting of Ukrainian President Volodymyr Zelenskyy and German Chancellor Angela Merkel, the Nord Stream-2 issue was one of the main issues on the negotiating agenda.

Frau Merkel has never hidden her position and is clearly in

favor of the release of this project. At the same time, she assured Zelensky that Germany would support the preservation of the transit of Russian gas through the territory of Ukraine even after the expiration of the current contract in 2024.

Upon his return to Kiev in the framework of the weekly political forums Ukraine 30, the Ukrainian leader expressed hopes that on July 15, within the framework of negotiations, German Chancellor Angela Merkel and US President Joe Biden would agree on guarantees to Ukraine after the launch of the Russian gas pipeline.

Among such guarantees, the president named compensation payments and uninterrupted gas supplies for the next 10-15 years at an affordable price. Ukrainian Foreign Minister Dmytro Kuleba named the transfer of 5-7% of Nord Stream 2 shares to Ukraine as possible guarantees.

Now about the guarantees. Neither the United States, nor Germany, nor other EU countries are likely to want to take on financial obligations to pay compensation to Ukraine. The most that Kiev can count on here is putting pressure on Moscow to extend transit contracts. The current contract provides for the obligation to pump / pay for the pumping of 40 billion cubic meters of gas until the end of 2024. Last year, Ukraine received about \$ 7 billion for transit. This year the contract volumes are 30% less. And this will have a tangible impact on the country's budget. After 2024, the transit volume will not completely stop, but it may decrease to 10-15 billion cubic meters. And this is somewhere at the level of the prime cost of pumping and servicing the GTS of Ukraine.

In addition, a significant decrease, as well as the termination of the transit of Russian gas through Ukraine, will lead to the end of purchases of European gas through the so-called "virtual reverse", when part of the supplied gas immediately remains in Ukraine. Real gas supplies from Europe will significantly increase its cost.

Ukrainian officials are well aware of this. The head of the Ukrainian GTS Operator, Sergei Makogon, said that the “only acceptable” option for Kiev is to extend the contract with the Russian side for pumping 45-50 billion cubic meters per year under the guarantees of European partners.

Russian President Putin has already expressed his position that “Russia is not obliged to feed everyone.” Such a statement does not inspire optimism and makes it clear that it is probably not worth waiting for financial guarantees from the Russian side.

In this situation, Ukraine can only hope for the Euro-European and American gods. And they, as you know, are often merciless.

Author: Timoschuk

Source: WolneMedia.net