

Winter is approaching, but the gas issue has not yet been resolved

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Denmark held out as long as it could, but everyone understood that a small Scandinavian country would not be able to confront European political giants for a long time. As a result, on October 30, Copenhagen issued permission for the laying of Nord Stream 2.

Now Gazprom has to finish building the last 147 km and the gas pipeline along the bottom of the Baltic Sea, bypassing Ukraine, will be completed.

Denmark did everything possible, giving Ukraine additional chances to strengthen its positions in the negotiations in September and October. But it no longer had arguments to postpone the issuance of the decision of the Russian company. Indeed, the last route proposed by the Russian side involves laying pipes outside the territorial waters of Denmark, along its continental shelf (and it is a territory of joint use).

„We expected this decision during the fall. The principled position of Denmark delayed the project for a while, but geopolitical weapons cannot be stopped with instruments that regulate exclusively trade relations”, wrote Andrey Kobolev, head of Naftogaz Ukraine, on Facebook.

The remaining 147 km of the Russian pipe could cost Ukraine about three billion dollars a year (about 3% of it's GDP). This is the amount that Kiev received for transit. Now its main part is leaking along the bottom of the Baltic Sea, bypassing the Ukrainian budget.

Gazprom CEO Alexey Miller said five weeks are needed to

complete the construction of Nord Stream 2. This means that the project will be completed before January 1, 2020. And therefore... But no, not yet. First, commissioning will take place. Then test runs. And the Russian side will be able to count on the full capacity of the pipe not sooner than in half a year.

So the struggle for „transit” dollars continues. But with new reservations. Now it is even more important for Kiev to have time to complete the Naftogaz an balding and fully implement the norms of European energy legislation. This will increase the chances of attracting European investors to the management of the Ukrainian gas transportation system and give the „pipe” some protection.

Meanwhile, European states are showing their concern. After all, winter is near, and there is no confidence in a stable gas supply. The frequency of tripartite Ukraine-Russia-EU negotiations can also testify to this. September, October, the next round is scheduled for November.

Meanwhile, on January 1, the deadline will come. The contract must be extended or a new one concluded. Or Ukraine should put up its transit capacities for auction. For this, completion of bureaucratic procedures by Kiev is necessary. But not the fact that it is beneficial to the Ukrainian authorities.

Winter is approaching, the next round of negotiations is even closer, and the positions of the Ukrainian and Russian sides are still opposite. The only common feature is that the parties insist on the inclusion of fixed gas volumes in the transit contract. True, each side has in mind different volumes. Ukraine wants to fix the obligation of transit through its territory of large volumes of gas (90 billion cubic meters per year), Russia – the obligation to direct purchases of certain volumes of gas by Ukraine (with a 20% discount on the price for European consumers).

The firmness of the positions of the two sides suggests that a temporary extension of the existing counter-counter is not worth talking about. In this case, Europe needs to prepare for a repetition of the situation in the winter of 2009. One of the sides can simply block the pipe. 10 years ago, Russia did this, accusing Ukraine of stealing gas. As will be this year, we will see soon.

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