

## **Naftogaz nearly halves natural gas imports from Russia in 2013**

### **Ukraine**

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**Analyst: "The significant decrease in gas purchases from Gazprom implies a risk of new penalties for breaching Naftogaz's take-or-pay clause, as stipulated by the 2009 deal."**

KYIV, Jan 30, 2014 (UBO) - Ukraine's natural gas imports from the Russian Federation dropped 15.1% yoy to 27.97 bcm in 2013, the Interfax-Ukrayina news agency reported on Jan. 28 citing anonymous sources in the Energy Ministry, Concorde Capital told clients in an online advisory yesterday. The government's target was 27.0 bcm. Out of its total 2013 gas imports, state monopoly Naftogaz of Ukraine (NAFTO) imported 12.92 bcm from Russia (a 48% yoy decline, or 28% below plan), while imports from the EU amounted to 2.13 bcm (41x more yoy, or 64% above plan). Private Ostchem imported from Russia 12.92 bcm (62% more yoy, or 62% above plan). Concorde analyst Alexander Paraschiy added: "The significant decrease in gas purchases from Gazprom implies a risk of new penalties for breaching Naftogaz's take-or-pay clause, as stipulated by the 2009 deal. Based on the logic of the penalty that Gazprom imposed back in January 2013, Gazprom is likely to try charging Naftogaz USD 11.7 bln for the last year's import deficit. "Still, given that Gazprom did not make any effort to enforce compensation for Naftogaz's 2012 import deficit (which it claimed to be about USD 7.0 bln), we believe that Gazprom will not insist on any compensation this time as well. "Nevertheless, even a theoretical debt to Gazprom (about USD 19 bln now, by our estimates) should not be completely ignored. In particular, if the Ukrainian government considers selling its gas transit system to Gazprom, this debt could be used as an argument to significantly decrease the deal's value."

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