



EUROPEAN COMMISSION

PRESS RELEASE

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Breakthrough: 4,6 billion dollar deal secures gas for Ukraine and EU

After seven rounds of gas negotiations, last night's talks moderated by Günther H. Oettinger, Vice-President of the European Commission, yielded finally a breakthrough: A 4,6 billion dollar winter package, agreed by Russia and Ukraine, secures gas for Ukraine - and ultimately also for Europe.

José Manuel Barroso, President of the European Commission who witnessed today's signing of the winter package, said: *"I am delighted that I can announce a major success at the end of my mandate as President of the European Commission. With our strong support, Ukraine and Russia have today found agreement on their outstanding energy debt issues, and on an interim solution that enables supplies to continue this winter. I am glad that political responsibility, the logic of cooperation and simple economic sense have prevailed."*

Günther H. Oettinger, Vice-President of the European Commission, said: *"This breakthrough will not only make sure that Ukraine will have sufficient heating in the dead of the winter. It is also a contribution to the de-escalation between Russia and Ukraine."*

The winter package consists of two documents:

- A binding protocol, signed by the European Commission (Vice-President Oettinger), the Russian Federation (Energy Minister Alexander Novak) and Ukraine (Energy Minister Yuri Prodan);
- An addendum to the existing gas supply contract, signed by Gazprom of Russia (CEO Alexey Miller) and Naftogaz of Ukraine (CEO Andriy Kobolyev);

The package covers the period from now until the end of March 2015 and includes the following main points:

- **Debts:** Ukraine would settle its debts based on a preliminary price of \$268,5/ 1000m³ by making payments in two tranches: 1,45 billion dollar without delay, and 1,65 billion dollar by the end of the year 2014. This adds in total up to 3,1 billion dollar of debt payment. The final price and thus the final sum of debt will be determined through the pending arbitration by the Arbitration Institute of the Stockholm Chamber of Commerce between Gazprom and Naftogaz.
- **New gas:** Russia will deliver gas following advanced, monthly payments by Ukraine. The price is below \$385/ 1000m³ and calculated according to a formula in the present contract and a price reduction through a discount in export duties by the Russian Federation. Ukraine is free to order as much gas as it needs and is not subject to take-or-pay obligations foreseen in the current contract. Ukraine foresees to purchase 4 bcm until the end of the year 2014, meaning 1,5 billion dollar.

In the last weeks, the European Commission has been working intensively with the International Financial Institutions (IFI) and Ukraine to help Ukraine prepay for deliveries of gas in the coming winter. Unprecedented levels of EU aid will be disbursed in a timely manner, and the International Monetary Fund (IMF) has reassured Ukraine that it can use all financial means at its disposal to pay for gas. Further work with the IFIs on financial assistance to Ukraine, also in relation to gas supplies, will still continue, but all three sides are reassured that Ukraine will have the necessary financial means.

[Watch the signing ceremony and press conference as recorded on Europe by Satellite \(EbS\)](#)

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