

Dividing up Moldovagaz and Moldova's gas debts

On 24 March, the deputy prime minister of Moldova Valeriu Lazar revealed that Moldova and Russia had reached an agreement to formally separate that part of the Moldovagaz company which is situated on the territory of the breakaway region of Transnistria. At the same time, the Transnistrian government would take over Moldovagaz's debt to Gazprom, which stands at US\$2.5 billion. This operation would legalise the existing de facto division of the gas infrastructure between Chisinau and Tiraspol, while at the same time releasing Chisinau from its legal liability for its debts for the gas consumed by Transnistria. Moldova's accession to this agreement is a sign of Chisinau's increasingly pragmatic policy towards the Transnistria issue.

Moldovagaz is Moldova's national gas operator, and since 1999 50% of it has belonged to Gazprom. 35.33% of its shares belong to the Moldovan state, and 13.44% to Transnistria. Chisinau had hitherto refused to allow the company to be divided, seeing its existence as an element which unified the country. Moldovagaz therefore signed one contract with Gazprom to supply gas both to Moldova and Transnistria. However, the latter did not pay for the gas consumed on its territory, and this year the sum of the accumulated debt reached around US\$2.5 billion – a debt which formally belongs to the whole of Moldovagaz.

Dividing up Moldovagaz's assets and debts between Moldova and Transnistria, on one hand, will strengthen the formal position of the breakaway regime in Tiraspol; however, on the other, it will reduce Russia's ability to put pressure on Chisinau. Because the allocation of assets will be a long and complex process, one may expect the Russian and Transnistrian sides to seek ways to shift part of Transnistria's debt burden onto Moldova (for example, by arguing that the debt must be divided up in proportion to the value of the assets).