

Russian TVEL strengthens its position in Ukrainian nuclear energy

On 22 September, Ukraine's government endorsed the result of a contest of 6 September, according to which a plant producing nuclear fuel will be constructed on the basis of Russian technology. In the wake of previous decisions on fuel delivery and the construction of new reactors, this means the Russian partner's total domination of cooperation with Ukraine in the nuclear energy field.

The plant, which is expected to produce nuclear fuel both for Ukraine's internal use and for export, is intended to start production in 2014, and full production capacity should be achieved by 2017. Ukraine wants to guarantee a controlling portion of the shares for itself, which means that the remaining shares can be taken over by TVEL, a Russian company which produces nuclear fuel. It will not only be the contractor of the project, but also the investor. Its readiness to invest its own funds formally decided that it would win the contest. In recent months, Ukraine has signed agreements with Russia to build two nuclear reactors at the power plant in Khmel'nitsky, and to deliver Russian fuel from TVEL to all Ukrainian reactors until they cease operation. In this way, the Ukrainian government gave up the option of receiving alternative deliveries of American fuel from the Westinghouse Electric Company. The American company was TVEL's only competitor in the contest.

The decision means that Ukraine has withdrawn from the energy strategy provisions which concerned diversifying its deliveries of nuclear fuel, as well as the technologies it uses in nuclear energy. In the long term, its sole and exclusive partner in this sector will remain Russia. This outcome became possible because it did not interfere with any of the important interests of Ukraine's big business. The nuclear energy field remains state-owned, and there are no plans to privatise it. <AnG>