

Russian Federation: PM Putin proposes the merger of Gazprom and Naftogaz

On 30 April, during a press conference after a session of the Russian-Ukrainian intergovernmental committee in Sochi, PM Vladimir Putin put forward a surprising proposal to merge the Russian company Gazprom with the Ukrainian Naftogaz. Its implementation would mean the *de facto* full takeover by Russia of Ukraine's gas sector and its gas transit pipelines. Despite the current Ukrainian government's pro-Russian attitude, the proposal has little chance of being implemented, as it would mean a loss of sovereignty in the strategically important energy sphere.

The Kremlin's press spokesman Dmitri Pieskov stated that the proposal amounted to an exchange of stocks between companies, upon which Naftogaz would take over around 5% of shares in Gazprom. The head of the Russian monopoly, Alexei Miller, stated that negotiations could begin in May. In Ukraine, however, the proposal met with a sceptical response. Prime Minister Mykola Azarov declared that 'it merits consideration', but at the same time he added that it would only be considered if it established equal status for both parties. President Viktor Yanukovich, on the other hand, stated that there could be no talk of merging the companies, but that they should work together closely. The Ukrainian opposition and experts treated the Russian offer especially critically.

It seems that Putin's proposal should be seen in the context of other projects, revealed at the end of April, for far-reaching bilateral co-operation, including in the fields of electrical energy, nuclear power and aviation. The Russian tactics most probably assume that giving up the controversial merger of Naftogaz and Gazprom will foster the implementation of Moscow's other ideas in the field of energy co-operation. <WojK>