

Pre-election gambit: Gazprom's offer to Ukraine

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On 22 March a meeting took place in Moscow between the Russian prime minister Dmitri Medvedev and the chairman of Gazprom Aleksei Miller and the pro-Russian Ukrainian politicians Viktor Medvedchuk and Yuri Boyko (the latter is a candidate in the presidential elections in Ukraine). The Russian side declared its readiness to sign a new contract for gas deliveries to Ukraine and extend the Russian-Ukrainian transit contract. It was also suggested that Gazprom could participate in an international consortium managing the Ukrainian gas pipeline network.

Commentary

- This meeting is the most serious sign yet of Russia's open involvement in the campaign for the presidential elections in Ukraine. Moscow is trying to show Ukrainian society what the high costs of Kyiv's assertive policy towards Russia are, and that nevertheless it is ready to normalise relations with Kyiv – albeit on its conditions. Although the pro-Russian Boyko has no chance of making it to the second round of elections, by discussing economic agreements which would be beneficial to Kyiv with him, the Kremlin wants to strengthen his position in the context of the autumn's upcoming parliamentary elections in Ukraine, as the Kremlin counts that strengthening Boyko will allow a significant political force to build up around him and Medvedchuk, which will gain representation in parliament and be able to influence Ukrainian policy. The short-term political result of the meeting, which provoked a wave of criticism in Ukraine, might be a boost to Petro Poroshenko's chance of reaching the second round of the presidential elections; he has adopted a critical stance towards Russia, and clearly distances himself from pro-Russian forces.
- With the current political layout in Ukraine, the Russian proposition has no chance of being realised. Moscow is rather treating it as a tactical move, connected with both the electoral campaign in Ukraine and the ongoing trilateral gas negotiations between Russia, Ukraine and the EU. Moscow is testing Kyiv's reactions by once again signalling its readiness to negotiate 'compromise' solutions concerning the gas market, in case there is a change in the Ukrainian ruling elite after the elections. The form of these propositions shows that Russia has not rule out the so-called 'package solution' option: extending the current transit contract (which expires on 1 January 2020), on condition that a contract for gas deliveries from Russia to Ukraine is signed, and Gazprom is allowed ownership in the Ukrainian gas pipeline network. If Kyiv refuses this proposition,

Moscow will use that move in the gas talks between Russia, Ukraine and the EU as an argument to sign a merely temporary transit agreement with Ukraine (2020-21), by which time Gazprom expects to gain the possibility of transferring gas to Europe via the Nord Stream 2 and TurkStream pipelines.

- These offers which Moscow has announced do not mean it will give up trying to implement its strategic goal, which is to free itself from its dependence on transit via Ukraine. To this end, Gazprom is implementing the Nord Stream 2 project (as of March this year 34% of the pipelines of both branches have already been laid); it has notified the Bulgarian government that as of 1 January 2020 it will cease transferring gas via Ukraine to Turkey along the trans-Balkan pipeline (the gas will be redirected to the first branch of TurkStream); and it will continue talks with Bulgaria, Serbia and Hungary on building the infrastructure for the land extension of the second branch of TurkStream.