

Ukraine prepares to end transit of Russian natural gas

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Ukraine is preparing to completely end the transit of Russian natural gas to Europe as of January 1, 2025. A previous agreement that had allowed for the movement of the energy resource, albeit at a drastically reduced volume, through Ukraine's pipelines is coming to an end.

According to *Energynews*, Russian gas flows to Europe via its western neighbor had already dropped “from 117 billion cubic meters in 2008 to just 14.65 billion in 2023, underscoring the decline of this historical corridor.”

Currently, the only active metering station of Russian gas to Ukrainian pipelines, which is located in Sudzha on Moscow's side of the border, was taken by Kiev's forces during Zelensky's incursion into Russia's Kursk region in August. On November 10, Spain's *El Pais* reported that Ukraine's military is prioritizing holding onto the territory, where it stationed two of its “best regiments,” the 95th and 80th airborne assault brigades. They are outfitted with the high-tech equipment, including German Leopard and American Abrams tanks.

Meanwhile, Russian forces are continuing to advance in the Donbass region, where the Ukrainian military is facing manpower and ammunition shortages, and also working to dislodge Zelensky's military from Kursk.

Whatever the outcome at the Sudzha metering station, the official end of the transit of Russian gas through Ukraine to Europe underlines the fact that the war is part of a metastasizing global conflict. One of the goals of the US—to weaken Russia as a major energy supplier to European markets through the complete decoupling of its infrastructure from Ukraine—poses dangers to Europe and threatens the eruption of open conflict within the trans-Atlantic alliance.

As a result of the ending of the gas deal, Russia stands to lose \$6.5 billion unless it can redirect its exports to other markets. Ukraine could see .5 percent of its GDP shaved off by totally ending its role as a transit route.

The European think-tank Bruegel also noted recently that the end of the contract would open Ukrainian pipelines to targeting by Moscow's forces. They have thus far been left undamaged due to the flow of Russian gas through them. Much of Ukraine's electrical and power infrastructure has been crippled by the war. Last week, Zelensky's government announced that it was imposing rolling blackouts throughout the country as winter approaches, in order to preserve what remains of the country's power grid.

Russia has offered to continue sending natural gas to Europe through Ukraine, provided a separate agreement is negotiated between Kiev and the destination countries. Deputy Prime Minister Alexander Novak told reporters on November 6 in Sochi, “Of course, in my opinion, the European countries that currently receive gas through this corridor are interested in continuing such cooperation.

“We are ready to supply (gas), but not much depends on us, so probably this should be negotiated directly between the users and the country through which the transit is provided,” Novak explained.

Earlier in October, Ukrainian Prime Minister Denys Shmyhal ruled out an extension of the current gas transit agreement during a meeting with Slovak Prime Minister Robert Fico in Western Ukraine. “Ukraine once again says it will not continue the transit agreement with Russia after it expires,” Shmyhal told reporters, adding, “Ukraine's strategic goal is to deprive the Kremlin of profits from the sale of hydrocarbons which the aggressor uses to finance the war.”

Despite the overall reduction in Russian gas to Europe since the start of the war, in 2023 shipments via the Ukrainian transit route met 65 percent of demand in Austria, Hungary and Slovakia, according to the European think tank, Bruegel. All of these countries' supplies are now at risk, as events last week made clear.

This past Friday, Russia informed Austria that it was

suspending its gas deliveries the following day, a move for which Austrian Chancellor Karl Nehammer claimed it was fully prepared for. “No home will go cold ... gas storage facilities are sufficiently full,” he told reporters.

Hungary no longer gets significant natural gas from Ukraine, having switched to receiving deliveries from Russia via the TurkStream pipeline that runs along the bed of the Black Sea. Slovakia continues to be dependent on Russian gas sent via Ukraine.

The EU, which has been publicly dismissive of any possible continuation of the Ukraine-Russia gas transit deal, is continuing to maintain this stance following the news of the shutoff to Austria.

Speaking with *Reuters* at a UN climate conference in Azerbaijan, EU Energy Commissioner Kadri Simson told reporters that “all EU countries receiving gas via the Ukraine route have access to other supply sources that could fill the gap. ... We have been very clear that an alternative supply is available, and there is no need for the continuation of Russian gas transiting via Ukraine to Europe.”

Regardless of the European powers’ efforts to project an image of confidence, underlying the situation are growing tensions with the United States, which has worked to ensure that Europe is ever-more dependent of American energy supplies. In September 2022, Kiev, with the aid of Washington, blew up the Nordstream 1 and 2 pipelines, which carried gas from Russia to Germany under the Baltic Sea.

In 2018, President Donald Trump, who will return to office next January, publicly attacked Germany at a NATO meeting in Brussels. “Germany is totally controlled by Russia,” he said. “They will be getting between 60 and 70 percent of their energy from Russia and a new pipeline.”

The decoupling of Russian gas from Europe became a fundamental goal of the Trump administration, which sought to increase the export of liquefied natural gas (LNG). When Trump was first in office, the US was a relatively minor player in the global LNG industry but now occupies a leading role in the European market.

As the *Financial Times* reported last Monday, “As the EU faced dwindling pipeline gas supplies from Russia following its full-scale invasion of Ukraine in 2022, the bloc stepped up imports of LNG from around the world to make up for the shortfall. The US was the primary supplier of LNG, and now accounts for about 40 percent of the EU’s import of the super-chilled fuel, according to Kpler, a commodity data group.”

While Russian LNG is a major part of EU energy imports, second only to the US, on November 8 European Commission President Ursula von der Leyen proposed replacing Russian LNG with US LNG during a phone conversation with Trump. “We are still receiving a lot of LNG from Russia. And why not replace it with American LNG, which is cheaper and lowers our energy prices,” Von der Leyen said, according to *Bloomberg*.

Meanwhile, Ukraine is reportedly in talks with Azerbaijan and the EU over substituting the Russian gas currently flowing through its pipelines with Azeri gas, which in reality would simply be Russian gas rebranded as Azeri. According to the *Kyiv Independent*, Azerbaijan supplied Europe with around 12 billion cubic meters (bcm) of gas last year. Brussels’ and Baku’s goal is to ramp this up to 20 bcm annually by 2030.

However, questions remain on the ability of Azerbaijan to deliver the necessary quantities. As a result, conflicts are emerging within Europe about the viability of accepting the complete cut-off of Russian supplies. Some appear to be leaving the door open on another deal to keep Russian gas flowing, despite EU officials’ statements to the contrary.

Montel News reported on Monday about the potential of a new gas deal with Moscow. “A source close to a large central European energy firm remains convinced stakeholders will bash out a deal at the last minute,” a source told the press outlet.

“The draft of that deal is already in the cupboards with the Russians,” the person stated. “The delivery point for that deal will not be the Ukrainian-Slovak or Ukrainian-Hungarian border, but will move 2,000km to the east.”

The plan would be for an EU company to accept delivery of the gas at the Russia-Ukraine border and pay Ukraine directly for use of its pipeline. “The challenge is how to dress it up in such a way that the deal would be sold to the Ukrainian public, the EU and to Russia, so everybody at the end of the day will claim victory,” the individual told *Montel News*.



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