

Ukraine and the European “Gas Deadlock” with Gazprom, to Meet Interests of US Westinghouse Electric Company

By [Pyotr Iskanderov](#)

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Gazprom has introduced a prepayment system for gas supplies to Ukraine. It has become a result of a self-destructive and provocative policy implemented by the West. Instead of making Ukraine find a compromise the United States and the European Union pushed the situation into a deadlock. It serves the interests of US politicians and businessmen while posing a grave threat to Ukraine and Europe.

The decision of Russia means that starting from June 16 it supplies through the Ukrainian pipe-line only the amount of gas destined for European countries. Ukrainian Naftogas regularly failed to pay showing no signs of readiness to find a compromise solution. The company's debt for gas is \$4, 458 billion: \$1, 451 in November-December 2013 and \$3, 007 in April-May 2014. According to Gazprom, there were no payments in June. (1) Russia assured European customers it would continue to supply their gas. Any shortfall would be the fault of Ukraine, Gazprom chief executive Alexei Miller said. Ukraine was responsible for theft and following disruption to ex-ports in a previous dispute.

«Gazprom will simply supply Ukraine as much as gas as it will have bought, and to the Russian border with Ukraine we will send as much gas as Europe should get and Ukraine should transit», Miller said in an interview on Rossiya-24 television. «It would be our Ukrainian partners' responsibility for a so-called unauthorized off-take. But Gazprom from its part will do everything to ensure that European customers have no problems», Miller told the news show Vesti.

If Ukraine disrupts Russian gas transit via its territory, the European Commission is ready to negotiate increased deliveries through the Opal pipeline, Gazprom CEO Alexei Miller said on June 16. (2) *«We have discussed this issue with the European Commission. It is now as follows: if we record problems with transit via the territory of Ukraine, then the issue of the Opal pipeline will be raised and it will be solved»,* he explained. The Opal pipeline connects the Nord Stream pipeline with Europe's gas transportation network. Gazprom was unable to run Nord Stream at full capacity because Europe restricted the volumes of gas permitted for delivery via Opal under the terms of the so-called EU's Third Energy Package, which stipulates that the companies involved in gas production cannot be the owners of the long distance pipelines located in the region.

Is it true that Europeans never learned from previous «gas rows»? The United States and the European Union do it on purpose for a number of reasons. And they did their best to undermine any compromise at the Russia-Ukraine gas talks.

The US goals are clear. It sees the current conflict as a continuation of a bigger geopolitical game related to the energy transportation routes going through Ukraine and affecting the interests of the whole Eastern and Central Europe. The US wants Europe to depend on the supplies under its control. It was not a call to stop military actions in the country and launching peace talks that defined the US-Ukraine agenda after Petro Poroshenko won the presidential race. The issue of priority set by President Obama was the diversification of energy sources to reduce the dependence on Russian gas.

And it's not gas only. The US has tried to take under its control the Ukraine's nuclear energy sector under the pretext of the need to fight back the Russia's expansion. Westinghouse Electric Company is the main driving force of this policy. The company is responsible for 20% of world supplies. Nearly 50 percent of the nuclear power plants in operation worldwide are based on Westinghouse technology. Since the 1990s Westinghouse cooperates with US government and special services to establish control over Central and Eastern Europe and the whole post-Soviet space.

The accidents at Temelin, the Czech Republic and at the South Ukrainian nuclear power plant have slowed the pace. The present deadlock provoked by the US creates a chance to make up for the losses.

By the end of June, 2013 the company issued a statement expressing gratitude to US State Secretary John Kerry for his support of the company's activities abroad. *«Secretary Kerry's efforts to move discussions forward with an announced goal of reaching commercial agreement in the September time frame to support licensing and site development of AP1000 reactors in India are proving to be invaluable»*, Westinghouse President and CEO Danny L Roderick told Energy Daily, a venerated e-newsletter. *«Efforts of a range of United States Government officials and agencies in helping Westinghouse and other US-based companies pursue business in the global commercial nuclear energy market are paying off. John Kerry's visit to India is the most recent example of this support»*, the e-newsletter said. (3) Today the White House and State Department want Kiev to stop energy cooperation with Russia.

The European Union acts in unison with the United States. Actually Brussels threatens the very same European energy security it so ardently defends at the talks with Moscow. The European Union is trying to take advantage of the situation and double down making Moscow make maximum concessions on the issue of gas prices while using the Third Energy Package for the purpose. Having refused the Moscow's compromise proposal, the European Union puts itself in danger of facing again the situation that took place in 2008-2009. Back then the Russian gas supplies going through Ukraine were greatly reduced. The statistics are eloquent: the supplies to Austria, Bosnia and Herzegovina, Bulgaria, Hungary, Germany, Greece, Macedonia, Moldavia, Romania, Serbia, Slovakia, Slovenia, Turkey and Croatia were stopped. The amount was reduced by 90% for Italy and Poland; it went down by 75% in case of the Czech Republic and 70% in case of France. (4)

EU Energy Commissioner Guenther Oettinger immediately stepped back saying he was «not pessimistic» about a deal. In a surprise move, he also signaled that issues around Gazprom's proposed South Stream gas pipeline were not insurmountable.

According to the official, he believes Russia will comply with its commitments and continue gas supplies to the EU member-states. (5) The European Commission has said the pipeline – which would take gas directly to Europe bypassing Ukraine – may break EU competition

rules, but on June 16 Mr. Oettinger said: «South Stream is a project that we indeed accept».
(6) The question is how responsible is Mr. Oettinger and the European Union as a whole, can they be trusted?

Notes

- [1] <http://www.gazprom.ru/press/news/2014/june/article193447/>
- [2] <http://www.vestifinance.ru/articles/43938>
- [3] <http://www.atominfo.ru/newse/l0830.htm>
- [4] reuters.com
- [5] Interfax 06.16.2014 13:21
- [6] Itar-Tass 06.16.2014 13:31

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