



The problem with international pipelines

Posted by [Heading Out](#) on December 30, 2005 - 12:23pm

Topic: [Supply/Production](#)

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I am bringing a reference from [Christie](#) forward, since it is likely to be an indicator of a growing problem. To summarize the [issue](#) Russia wants Ukraine to pay about four times the current price it is paying for gas, to bring it in line with world prices (shades of Iraq). The Ukrainians are balking. However that is not the ultimate concern which relates to this:

Gazprom supplies about half the gas consumed by the European Union and most of that goes through pipelines that cross Ukraine, raising concerns that the dispute could affect supplies to the West. Gazprom has pledged that European customers won't be affected.

Earlier this year the United Kingdom had a supply problem with getting gas from Russia because of an issue with pipelines in Germany. This time however the risk is spread over [Europe](#) The Germans are building a [pipeline](#) to bypass Ukraine but it is not yet in place.

The international interconnectivity of pipelines across national boundaries does put them at some risk of becoming trading cards in disputes, as we see potentially developing here. It gives the situation with the oil from the Caspian Sea an additional level of concern.

Let us hope, however that all this gets resolved, and that you all have a Very Prosperous and Happy New Year as we head out for home.



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