

Markets

Ukraine to Fulfill Its Oil Transit Contracts, Naftogaz CEO Says

- Naftogaz clarifies comments by Ukraine presidential adviser
- Hungary's Mol plunged on report of oil supply halt from Jan.

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Ukraine will continue to be a reliable transit country for oil to European countries and will fulfill current contracts until their expiry, the head of the nation's state energy company told Bloomberg.

The comments made by Ukrainian state-run Naftogaz Chief Executive Officer Oleksiy Chernyshov sought to reassure buyers after speculation roiled the region about the potential end of crude supplies via the war-torn nation.

"I categorically deny the rumours about halting the transportation of oil to Europe before the end of the contract," Chernyshov said Friday in a statement to Bloomberg. "Ukraine remains a reliable partner for European countries."

Earlier Friday, Mykhailo Podolyak, an adviser to President Volodymyr Zelenskiy, told the Novyny.LIVE news website that Ukraine may halt oil transit to Europe as early as January via the Druzhba line that connects Russia and Europe, as well natural gas supplies. He later clarified that current contracts would be fulfilled, the We-Ukraine network reported.

The initial comments jolted officials in parts of eastern Europe reliant on Russia for energy, including Hungary and Slovakia. Shares of Mol Nyrt. the Budapest-based energy company that has refineries in Hungary and Slovakia, plunged 5.6% to the lowest level since March 2023, before paring losses.

Kyiv has sought to push Europe to wean itself off of Russian energy, which is a key revenue source for Moscow as it finances the invasion of Ukraine, now



well into its third year. While many countries have accelerated the diversification of their energy supplies away from Russia, Hungary has doubled down.

Hungarian Foreign Minister Peter Szijjarto on Friday traveled to St. Petersburg to meet with Gazprom PJSC Chief Executive Officer Alexey Miller, where he said he received assurances that Russia will continue to supply Hungary with natural gas.

Last month, Kyiv barred Russia's Lukoil PJSC from supplying Hungary and Slovakia via the Druzhba pipeline, though that only caused a temporary hiccup in transit since another Russian supplier was allowed to step in to continue to supply the contracted volumes.

“We, like no one else, understand the importance of stable energy supply for the population, therefore we will continue to fulfill our obligations under the current gas and oil transportation contracts,” Chernyshov in his statement. “At the same time, we support and in every possible way contribute to the fastest possible diversification of energy supply sources by Europe.”

– *With assistance from Deana Kjuka*

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