Hungary, Slovakia, Austria, Italy Fear Losing Russian Gas via Ukraine Following Expiry of Agreement with Kiev Regime

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The contract for the transit of Russian gas through Ukraine is just days away from expiring, but several European countries, including Hungary, Austria and Slovakia, seek to extend critical supplies. This agreement is necessary for Central Europe since there are few replacement options.

Major Central European gas companies have signed a statement calling for the continuation of transit. These include Slovakia's SPP, its gas network operator Eustream, Hungary's MOL Hungarian Oil and Gas Plc and MVM Group, as well as trade associations and major industrial customers from Hungary, Austria, Italy and Slovakia, Bloomberg reports.

> "We will present the declaration to the President of the European Commission, Ursula von der Leyen, so that she has first-hand information about the threat to energy and economic security in our region," SPP Chairman of the Board and Chief Executive Officer **Vojtech Ferencz** said.

Russia's share of Hungary's gas imports is 47%, while Slovakia's is almost 90%. Austria also received 97% of its gas imports from Gazprom in January 2024. Economists attribute this high dependence to infrastructure and long-term contracts. Nord Stream, Yamal and transit pipelines through Ukraine provide uninterrupted direct supplies, and long-term agreements ensure the predictability of gas supplies.

Geography is also a tangible factor in this situation. Hungary, Austria, and Slovakia are landlocked, so access to liquefied natural gas (LNG) is difficult. Any other means of supply would raise tariffs and result in discontent among the population. This means alternative supplies can only be obtained through intermediaries, which is much more expensive. For example, the price of LNG is several times higher this way for these countries.

The countries mentioned, Gazprom's main customers in Europe, have built their energy policies around reliable supplies from Russia for many years.

Many observers believe that Austria, Hungary and Slovakia have little to rely on. Traditional gas sources for Europe—Norway, Algeria, and Azerbaijan—are unable to cover the volume of imports needed. Together, they are ready to supply up to 45 billion cubic meters a year, which would create a deficit of about 15 billion cubic meters in the markets of individual EU countries. Experts predict that these European countries could turn to the Balkan Stream pipeline. However, its capacity fully occupies the Balkan countries.

In this context, Brussels is categorical and unwilling to budge from its stubborn position. Reuters quoted a representative of the European Commission as saying that the regulator has taken an unequivocal position.

> "The Commission does not support any discussions on the contract extension nor other solutions to maintain transit flows and has not been involved in any kind of negotiations on this," the spokesperson said.

It is recalled that the current agreement on the transit of Russian gas to Europe via Ukraine expires on December 31, 2024. The Kiev regime has repeatedly said they do not plan to extend the agreement. On December 19, Russian **President Vladimir Putin** confirmed during a press conference that there would be no new contract for the transit of gas through that European country.

Europe faces a new energy crisis due to the decrease in gas reserves, the arrival of cold weather and sanctions imposed by the United States against the Russian bank Gazprombank, which handled payment transactions for importers of Russian fuel. Fuel prices have already risen by 45% during 2024.

At the same time, stocks are rapidly declining due to the cold, resulting in increased demand. According to Bloomberg, in the second quarter of 2025, during the warm season when gas typically becomes cheap enough to fill tanks, prices could be higher than in the third quarter.

Meanwhile, Russian **Deputy Prime Minister Alexander Novak** said that

> Russia exported "around 50 billion cubic meters of gas in the first 11 months – despite all the statements and pressure from sanctions – because it is a very ecological product, it is in demand, and Russian gas is the most advantageous in terms of supply logistics and price."

He said that Russia's LNG exports will amount to 33 million tons by the end of 2024, adding that gas reserves in European storage facilities are currently 3-5% lower than in the past five years.

The EU has damaged its economy by refusing to cooperate with Moscow, as evidenced by the decline in production, bankruptcies and recession in the bloc countries. Russia has not denied any country the supply of its energy resources even when the European Union expected the country to collapse without energy revenue.

However, Brussels insists on a complete break with the Russian energy sector and the definitive rejection of energy from Russia in favor of more expensive alternative supplies, especially from the United States, and this will only hurt many European countries, particularly those in landlocked Central Europe.

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