

# [End of communism cheered but now with more reservations](https://assignbuster.com/end-of-communism-cheered-but-now-with-more-reservations/)

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The main cause for cutting the gas supplies to Ukraine is to raise the demand for gas and, consequently, push the prices up. Russia’s gas supplier, Gazprom, is aiming to reach a price of $450 for 1, 000 cubic meters of gas. This would be a $270. 5 increase from the year before. Some analysts are also of the view that Ukraine’s application to North Atlantic Treaty Organization and its bond with Europe and United States is unsettling for Russia as it wanted Ukraine to remain under its circle of influence. (Lazzaro)   
  
  
Even though Russia is rich in natural resources and has a competitive advantage in fuels and mineral, its cost of production is tremendously high mainly due to the high labor costs. Compared to average gross earnings, the cost of Russian labor continues to grow at a very high rate, it has been the strongest at 20% and over, due to which industrial production and exports had declined significantly towards the end of 2008. (Rapid increase of labor costs in Central and Eastern Europe in 2008)