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Russia's Gazprom Suing Ukraine's Naftogaz for $24 Billion in Gas Price Feud

By The Moscow Times

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An employee turns a valve at a gas compressor station in the village of Boyarka, outside Kiev.

Russian energy giant Gazprom is suing Ukraine's state gas company Naftogaz for nearly $24 billion amid a long-running gas pricing dispute between the two countries, according to a report published on the Naftogaz website.

Ukraine is suing for a similarly massive sum: Prime Minister Arseniy Yatsenyuk said late last week that his country was seeking $16 billion from Gazprom in compensation for losses from a contract that Ukraine believes was "not fair."

The two countries are locked into a 10-year gas agreement signed in 2009, which Kiev claims has stuck Ukraine with gas prices far above the market level.

Their pricing dispute jumped to center stage last year amid tensions between Moscow

and Kiev over Russia's support for separatists in eastern Ukraine.

Ukraine is now challenging the gas price, as well as billions that Russia claims Kiev owes for past deliveries.

The spat has become an issue of key importance for the European Union, as about half of the gas Russia exports to the EU transits Ukraine. Russia has halted gas flows during previous squabbles with Kiev.

According to Naftogaz's 2014 report, Gazprom has filed two suits against the company in a Stockholm arbitration court, one for $4.5 billion and the other for $19.3 billion.

The $4.5 billion claim, filed in summer 2014, concerns Ukraine's failure to pay for gas deliveries. Naftogaz has denied this debt, claiming that the gas was overpriced.

The second claim of $19.3 billion, filed on Nov. 19, concerns another gas payment and $18.5 billion for Ukraine's failure to import the full volume of natural gas that had been agreed on for 2012-2013.

However, Russian President Vladimir Putin in April supported a proposal not to fine Ukraine for failing to import the agreed upon volumes.

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