

Russian Gas Giant Ordered to Pay Ukraine \$2.56 Bln Over Price Hikes

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Vincent Mundy / Bloomberg

Nearly four years after failing to agree on a price for Russian gas shipments, Ukraine's state-owned energy company has declared victory in international arbitration that orders Russia's Gazprom to pay \$2.56 billion for failing to fulfil export volume obligations.

The long-running dispute accompanied deteriorating diplomatic relations between the countries after Russia's 2014 annexation of the Crimean peninsula from Ukraine. Kiev [accused](#) Moscow of failing to return \$1 billion worth of gas during the annexation, a claim that Gazprom had denied. The sides also butted heads over a Russian price hike for gas against cheaper prices for Gazprom's European consumers.

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The price dispute over Gazprom's deliveries to Ukraine [ended](#) up at the international arbitration court in Stockholm, Sweden in [June](#) 2014, and the arbitrator has now decided to

award Naftogaz \$4.63 billion in damages.

“The award means that Gazprom will have to make payments to Naftogaz in the order of \$2.56 billion after residual payments for gas delivered in 2014 and 2015 have been settled,” the Ukrainian firm [confirmed](#) in a statement late Wednesday.

Gazprom confirmed the ruling and registered its disagreement with the Arbitration Institute of the Stockholm Chamber of Commerce, the state-run RIA Novosti news agency [reported](#).

The head of Naftogaz, Andrei Kobolev, [said](#) on Twitter that the decision marked “an important day for the Ukrainian people and the future of European gas markets,” while Ukrainian President Petro Poroshenko congratulated Ukrainians and [called](#) the ruling “a convincing and historic victory!”

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