

Kazakh Steel Mill AMT Terminates Contract With Gazprom Distributor Over Sanctions

This is the first time a sanctioned Russian company has had problems in Kazakhstan.

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Nik-Oil is Gazprom's official distributor in Kazakhstan. **Gazpromneft**

Kazakh steel mill ArcelorMittal Temirtau (AMT) has terminated its contract with Nik-Oil, Gazprom's official distributor in Kazakhstan, over fears that dealing with a sanctioned company would damage the reputation of its CEO Paramjit Khlon, the Kommersant business daily reported.

AMT is the Kazakh unit of ArcelorMittal, the world's biggest steelmaker. Khlon also manages the group's Ukrainian arm.

"About a month ago, in the middle of June, we were given verbal warning that the contract

would be terminated due to sanctions. We were really surprised, asked for clarification and finally received a letter”, Nik-Oil director Nikolai Garder told Kommersant. “What connection is there between our company and the Ukraine and EU sanctions against Russia? We asked them that very question but they didn’t even reply,” he added.

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Garder told Kommersant he plans to make a formal complaint to the National Chamber of Entrepreneurs of Kazakhstan. He also brushed aside suggestions that sanctions may have been used as an excuse for AMT to change its supplier. AMT told Kommersant the decision to terminate the contract was taken by the firm’s holding company, ArcelorMittal CIS.

Russia has been hit by several rounds of EU and U.S. sanctions since it annexed Crimea in 2014. Gazprom was first sanctioned in September 2014. This is the first time a sanctioned Russian company has run into problems operating in Kazakhstan.

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