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Kazakhstan Court Overturns $1.4Bln Naftogaz Arbitration Award Against Gazprom

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Naftogaz

A special court in Kazakhstan has overturned its earlier ruling allowing Ukraine's state oil and gas company Naftogaz to collect a $1.4 billion international arbitration award from Russia's Gazprom.

In May, a court at the Astana International Financial Centre (AIFC) recognized and upheld a Swiss International Commercial Court (ICC) arbitration award in favor of Naftogaz.

Shortly after, Kazakhstan's justice ministry said it would not enforce that decision, arguing that it has "no legal connection to the country."

On Tuesday, an AIFC judge threw out the special court's original ruling on the basis that it had no jurisdiction to enforce the award. Naftogaz and Gazprom were told to submit written arguments on costs within 14 days.

Related article: Kazakhstan Will Not Enforce $1.4Bln Naftogaz Arbitration Award Against Gazprom, Justice Minister Says

The underlying commercial dispute stems from a 2019 contract covering Russian natural gas transit through Ukraine. Following Russia's invasion in 2022, transit through the Sokhranivka distribution station in the eastern Luhansk region was suspended, though deliveries continued through the Sudzha entry point.

In 2022, Naftogaz declared force majeure, preventing gas supplies to Europe. Gazprom deemed the Ukrainian company's justifications insufficient to terminate the agreement and subsequently stopped fully paying for the services required under the transit pact.

Naftogaz initiated arbitration proceedings in Switzerland in September 2022. Arbitrators ordered Gazprom to pay Naftogaz $1.4 billion in unpaid gas transportation fees and cover legal costs in June 2025.

While Gazprom sought to overturn the ruling, Switzerland's Federal Supreme Court upheld the award in March, making the decision final.

The AIFC court in Kazakhstan, which operates independently from the Central Asian country's legal system, is modeled after English common law and is staffed largely by international judges, most of whom are from the United Kingdom.

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