

16.09.2014

Board of Directors addresses relationships with Ukraine in gas sector

The Board of Directors addressed the information about the state and prospects for the relationships between Gazprom and Ukrainian business entities in the gas sector.

It was noted that Naftogaz of Ukraine's gas debt to Gazprom amounted to some USD 5.3 billion. Owing to persistent non-payments, Naftogaz of Ukraine was switched to a prepayment system in full compliance with the effective purchase and sale contract. The future relationships between the companies are fully dependent on settling the debt payout issue.

A focus was placed on Russian gas supplies to European consumers via Ukraine during the forthcoming autumn/winter period. It was emphasized that the reliability of those supplies was provided only if Naftogaz of Ukraine adhered to the transit contract.

The Board of Directors tasked the Management Committee to carry on with the activities under the contracts concluded by Gazprom and Naftogaz of Ukraine on volumes and conditions for natural gas transit via Ukraine and for natural gas purchase and sale, including the gas debt settlement by the Ukrainian company.

The Management Committee was also tasked to take measures mitigating the risk of disrupted gas transit to European consumers during the 2014-2015 autumn/winter period.

Background

On January 19, 2009 Gazprom and Naftogaz of Ukraine signed two contracts:

- *for purchase and sale between 2009 and 2019;*
- *on volumes and conditions for natural gas transit through Ukraine from 2009 to 2019.*

Since June 16, 2014, Gazprom has been supplying Naftogaz of Ukraine with natural gas only in prepaid volumes, according to contractual terms. Until now, the advance payments were not received from Naftogaz of Ukraine.

On June 16, 2014 due to the company's non-compliance with obligations under the contract for natural gas purchase and sale as well as its considerable outstanding debt for supplied natural gas, Gazprom filed a lawsuit in Stockholm International Arbitration Court seeking to recover USD 4.5 billion (amount of debt at the date of the lawsuit filing) in debt from Naftogaz of Ukraine.