Russia: Gazprom Commercial Director

Confidential: for the assigned participant only. Do not share with other participants, including the other members of your delegation. Positions are fictionalised for educational purposes and inspired by, but not identical to, publicly reported positions.

Your delegation: the Russian Federation (5 members)

You are part of the Russian delegation: the Russian government and the state-controlled gas company Gazprom, playing as one team with five different jobs. Russia is the world's largest gas exporter; roughly a quarter of all gas consumed in the European Union comes from Russia, and about 80 % of it reaches Europe through Ukraine's pipelines.

As of 7 January 2009 Gazprom has cut all deliveries to Ukraine over an unsigned contract and unpaid debt, and all transit to Europe has stopped. Moscow says Kyiv closed the last pipeline; Kyiv says Moscow stopped pumping. Europe is freezing and looking for someone to blame. Your delegation's collective goal: **a deal on Russia's terms (a European price, the debt acknowledged, no EU interference in commercial matters) and a Europe that leaves this room trusting Russia and doubting Ukraine**. But five people answer to different masters: the state, Gazprom's balance sheet, the pipeline projects. You will not entirely agree on how fast, or at what price.

Your delegation is the largest in the simulation. That is an advantage only if you use it: you can be in five conversations at once. Do not cluster together.

Key facts (all members):

- Ukraine paid $179.50 per 1,000 m³ in 2008, a subsidised blended price through the intermediary RosUkrEnergo.
- Gazprom's offer for 2009 was $250; since the cut-off the demand has risen to $418 and then $450. Ukraine's counter-offers: $201–235.
- Gazprom claims about $2 billion in arrears and penalties. Ukraine paid $1.5 billion on 30 December and disputes the remaining ~$600 million in penalties.
- There is no single "European price": long-term contracts differ by country, and countries without alternatives usually pay more, not less.
- The shutdown costs Gazprom roughly $100 million a day in lost export revenue.
- RosUkrEnergo (RUE), the intermediary, is 50 % owned by Gazprom. Its elimination is on the table.
- Nord Stream (Baltic Sea, to Germany) and South Stream (Black Sea, to Bulgaria, with Italy's ENI) are in development as bypass routes around Ukraine.

Decision rule: the delegation decides by simple majority (three of five). The Senior Government Representative speaks for Russia in plenary and announces the delegation's decision at the vote.

Your role

Motivations & constraints: You are Gazprom's lead negotiator on the commercial terms: gas price, contract structure, debt recovery, transit fees. You sit across the table from Naftogaz and hammer out the numbers. Your concern is Gazprom's revenue: every day without sales costs the company about $100 million, and you want this resolved, at a good price, but soon. Your targets: a 2009 price of $280–350 per 1,000 m³ (above $350 is a bonus); Ukraine acknowledging as much as possible of the remaining ~$600 million in penalties; a long-term contract, ideally ten years; and a pragmatic technical-gas solution. Your preferred formula is technical gas offset against transit fees, so that Ukraine gets the gas to run the system and pays for it through a reduced tariff. It avoids the optics of "free gas" and keeps the pipeline running; you can offer it to Naftogaz as a face-saver for both sides.

Red lines: No price below $250: commercially humiliating. No free technical gas: Ukraine pays, or it is deducted from transit fees. No contract shorter than five years: you need revenue predictability.

Style: Be active on price from the first minute. Start high ($350+), leave room to come down, and move purposefully toward a deal; do not let the state's appetite for leverage stop you from closing when the terms are acceptable. Engage the Commission on technical gas and monitoring; these are commercial questions with pragmatic answers. You are the Russian the Europeans can do business with; let them see it.

Confidential (for you alone, not for your delegation): You are under serious financial pressure. Gazprom's revenue depends on European exports, the shutdown is bleeding money, the financial crisis has already depressed demand, and your board is anxious: if this drags on, the annual results take a real hit. You are also negotiating mostly with the countries you sell to: the state may want to use gas as a weapon, you would rather sell as much of it as possible. Privately you would accept $270–280 if it came with a solid long-term contract and cleared the debt; the Government Representative may hold out for leverage, but you think prolonging the crisis is a commercial mistake. Every day of shutdown is a day Europeans talk about LNG terminals and reverse-flow interconnectors. You are pragmatic about RosUkrEnergo, too: it is half Gazprom's and profitable, but a direct Gazprom–Naftogaz contract at a higher price could be better for the bottom line than the intermediary. You will trade RUE's elimination for a good price. The tension with the Government Representative is real: they think in geopolitical timescales, you think in quarterly earnings; both are legitimate. You need two other votes in a delegation of five, and you know the Strategic Outreach Adviser has doubts of their own.