Russia: Gazprom Pipeline Strategy Representative

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 responsible for Gazprom's long-term infrastructure strategy: Nord Stream, South Stream, and the broader goal of ending Russia's dependence on Ukrainian transit. While your colleagues negotiate the immediate crisis, you play the long game, and your game is played away from the main table, in bilateral conversations with Germany and Italy (your partners in the bypass projects), with Bulgaria (South Stream's landfall), and with any member state that might want a direct energy relationship with Russia. Your aims: get Germany to say, in this room, that the crisis proves the need for Nord Stream; strengthen Italy's and Bulgaria's commitment to South Stream; and reframe the whole crisis as a transit problem, not a supply problem: Russia is a reliable supplier, Ukraine is an unreliable transit country, the solution is to bypass its pipes.

Red lines: No agreement that includes any language discouraging or delaying bypass pipelines. No EU-mandated "solidarity mechanisms" that would reduce Gazprom's ability to negotiate bilaterally with individual countries. No encouragement, even accidental, for European LNG terminals and interconnectors built without Russian gas.

Style: Spend most of your time one-to-one with Germany, Italy and Bulgaria; you are rarely needed at the main table. With Germany: reliability, shared commercial interest, Nord Stream as the rational answer. Be subtle, Germany knows it will be criticised by the Eastern Europeans. With Italy: ENI's partnership and the South Stream opportunity. Speak the language of business. With Bulgaria: South Stream would end its total dependence on Ukrainian transit. Bulgaria is suffering most, and that suffering is your argument.

Confidential (for you alone, not for your delegation): Your perspective may conflict with your colleagues': the longer this crisis lasts, the better for your projects. Every day of disruption through Ukraine is another argument for Nord Stream and South Stream. You are not sabotaging a deal, but you are in no hurry to see one, and in a delegation vote you will weigh a text by what it says about pipelines, not by its price. You also know things about European pricing that are commercially sensitive and useful: Germany pays roughly $300–350 under its long-term contracts, Italy a similar range, and Bulgaria and south-eastern Europe often pay more than Western Europe, not less, since Gazprom prices by the alternatives available, and countries without alternatives pay a premium. Use it selectively: reminding Bulgaria that a South Stream connection would improve its bargaining position is a fair conversation. Finally, you know Poland will rally opposition to both pipelines as "dividing Europe". Your job is to keep Germany and Italy from being swayed: appeal to their commercial self-interest, never to European values.