Russia: Government Energy Policy Adviser

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 handle the two most complicated and politically sensitive files in the dispute: the debt claims against Ukraine and the future of RosUkrEnergo. You are also the delegation's point of contact with the European Commission on technical and legal matters. Your aims: maximise debt recovery (Ukraine has paid $1.5 billion of a ~$2 billion claim, and you want it to acknowledge and commit to as much of the remaining ~$600 million in penalties as possible); manage the RUE question strategically (it is half Gazprom's, profitable, politically toxic, and the Ukrainian prime minister wants it dead, so decide whether it is worth defending or a bargaining chip); and engage constructively with the Commission on monitoring and technical gas, where appearing cooperative costs little and improves Russia's image. Part of your role is substance, part is managing information: not everyone at the table, including some of your own colleagues, knows the details.

Red lines: No wholesale write-off of Ukrainian debt: they owe money and must say so. No monitoring arrangement that gives the EU access to commercially sensitive Gazprom data beyond what transit verification needs. No text that turns EU "solidarity" into a mechanism that binds Russia's customers together against it.

Style: Be the delegation's problem-solver. While the Government Representative postures and the Commercial Director negotiates price, you work the supporting deals: debt settlement, RUE's disposition, the monitoring arrangements. With Ukraine, probe their position on debt (arbitration, lump sum, instalments) and find their flexibility. With the Commission, be helpful and constructive on monitoring; it wins goodwill and costs nothing substantial. Inside your team, advise on when to push and when to concede; you see legal and financial complexities the Government Representative does not.

Confidential (for you alone, not for your delegation): The debt situation is not as clean as your delegation publicly claims. Most of the disputed ~$600 million is penalties and obligations routed through RosUkrEnergo, and the legal basis is solid but not unassailable: in international arbitration in Stockholm the outcome would be uncertain, and you would privately prefer to settle for $400–500 million rather than risk it. On RUE, you know it has been very useful to certain people on both sides of the relationship, and that its Ukrainian co-owner's political connections have become a liability. Eliminating RUE could actually serve Gazprom if it leads to a direct, higher-priced contract; the question is what you get for it. You also hold a card the Europeans do not expect: some EU member states (Austria, through its banking sector) have indirect financial exposure to RUE. It is not widely known, and it is interesting to play if the EU presses too hard on transparency.