Ukraine: Strategic 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: Ukraine (3 members)

You are part of the Ukrainian delegation: the government and the national gas company Naftogaz, playing as one team with three different jobs. Ukraine is Europe's most important gas transit country (roughly 80 % of Russian gas exports to the EU flow through your pipeline system) and it is also a customer that Russia has just cut off.

As of 7 January 2009 Gazprom has stopped all deliveries to Ukraine after the two sides failed to agree a price for 2009, and transit to Europe has stopped too: Moscow says you closed the pipeline; you say Moscow stopped pumping and that you have no "technical gas" to run the compressors. Europe is freezing and looking for someone to blame. Your delegation's collective goal: **restore transit on terms Ukraine can survive (a price and a contract Naftogaz can pay, the intermediary gone, sovereignty over your own pipelines intact) and a Europe that leaves this room seeing Russia as the aggressor.** But the government's politics and Naftogaz's balance sheet do not point to the same number.

Your delegation is smaller than Russia's (3 against 5). You cannot be everywhere. Coordinate tightly and divide tasks clearly.

Key facts (all members):

- Ukraine paid $179.50 per 1,000 m³ in 2008, through the intermediary RosUkrEnergo. Gazprom demanded $250 for 2009 and, since the cut-off, $418 and then $450. Your counter-offers: $201–235.
- Gazprom claims about $2 billion in arrears and penalties. You paid $1.5 billion on 30 December and dispute the remaining ~$600 million in penalties.
- RosUkrEnergo (RUE) is 50 % Gazprom, 50 % Ukrainian private owners. Your prime minister wants it eliminated.
- Your pipeline system needs about 21 million m³ of "technical gas" a day to run its compressor stations. Without it, transit is physically impossible.
- Ukraine has large underground storage, enough for several months of domestic supply without Russian imports. You will not freeze first; Bulgaria will.
- Naftogaz sells gas domestically far below import cost and runs at a chronic loss covered by state subsidies. Ukraine's economy is in deep trouble: the financial crisis has hit hard, steel exports have collapsed, and an IMF programme was agreed in November 2008.
- Russia is developing Nord Stream (to Germany) and South Stream (to Bulgaria and Italy), bypass pipelines that would end your transit role.

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

Your role

Motivations & constraints: You are the delegation's intelligence officer, back-channel diplomat and internal mediator. With only three people, Ukraine cannot afford everyone at the same table: while the Government Representative handles plenary and the Naftogaz Representative negotiates with Gazprom, you work the room. You have four aims. Build a European support coalition with Poland (natural ally), Bulgaria and Slovakia (most affected, they need transit restored) and the Czech Presidency (it wants a result). Track what Russia is doing; five Russians are talking to everyone, and you need to know what they are telling Germany and offering Italy. Keep your delegation unified; if government and Naftogaz disagree, find the compromise before the disagreement is visible, because internal splits are fatal and Russia is watching. And protect Ukraine's image in every conversation as the reasonable party: transit guaranteed, debts paid, a sovereign neighbour under coercion.

Red lines: You share the delegation's red lines. Your own constraint: you do not make commitments on Ukraine's behalf. You explore, test and report; you do not close. Check with the Government or Naftogaz Representative before confirming anything.

Style: Be everywhere your colleagues are not: with Poland, with Bulgaria, near the German table listening. Feed intelligence back in quick check-ins: "Russia's pipeline person has been with Germany for twenty minutes." Mediate before disagreements surface: if you sense government and Naftogaz drifting apart on price, pull them into a huddle and propose formulations. Work the Presidency: offer to be helpful, ask what they need from Ukraine, position Ukraine as the Presidency's partner rather than an obstacle. You are three against five; compensate with speed, awareness and unity.

Confidential (for you alone, not for your delegation): You understand something neither colleague fully appreciates: Ukraine's biggest risk in this crisis is not the gas price; it is losing European support. The Government Representative is focused on sovereignty and image, the Naftogaz Representative on commercial survival; neither is watching how limited European patience with Ukraine is. If the EU starts to see Ukraine as difficult, obstructionist or unreliable, the consequences are far worse than a bad price: Europe is Ukraine's strategic future, and alienating it over $20 per 1,000 m³ would be a catastrophic miscalculation. You therefore believe the delegation should be more flexible than the government wants: a deal at $260–270 that secures European goodwill, a working monitoring mechanism and a transit commitment might be worth taking even if the government calls it a defeat, and you know that you and Naftogaz can outvote the government if it comes to that. The question is how to get there without a public rupture. You also know something sensitive: certain figures close to the president have financial interests in RosUkrEnergo's survival, which means there are powerful people in Kyiv quietly hoping these talks fail to produce a direct contract, which is one reason Ukraine's politics on this are so dysfunctional. You cannot say it openly. Finally, a tactical insight: the Czech Presidency needs this resolved to prove itself in its first week. Help the Presidency look successful and its gratitude becomes political support for Ukraine.