

# Stolen Prosperity of the Nation of 40 Million People

## Major negatives of 2009 Gas Contracts

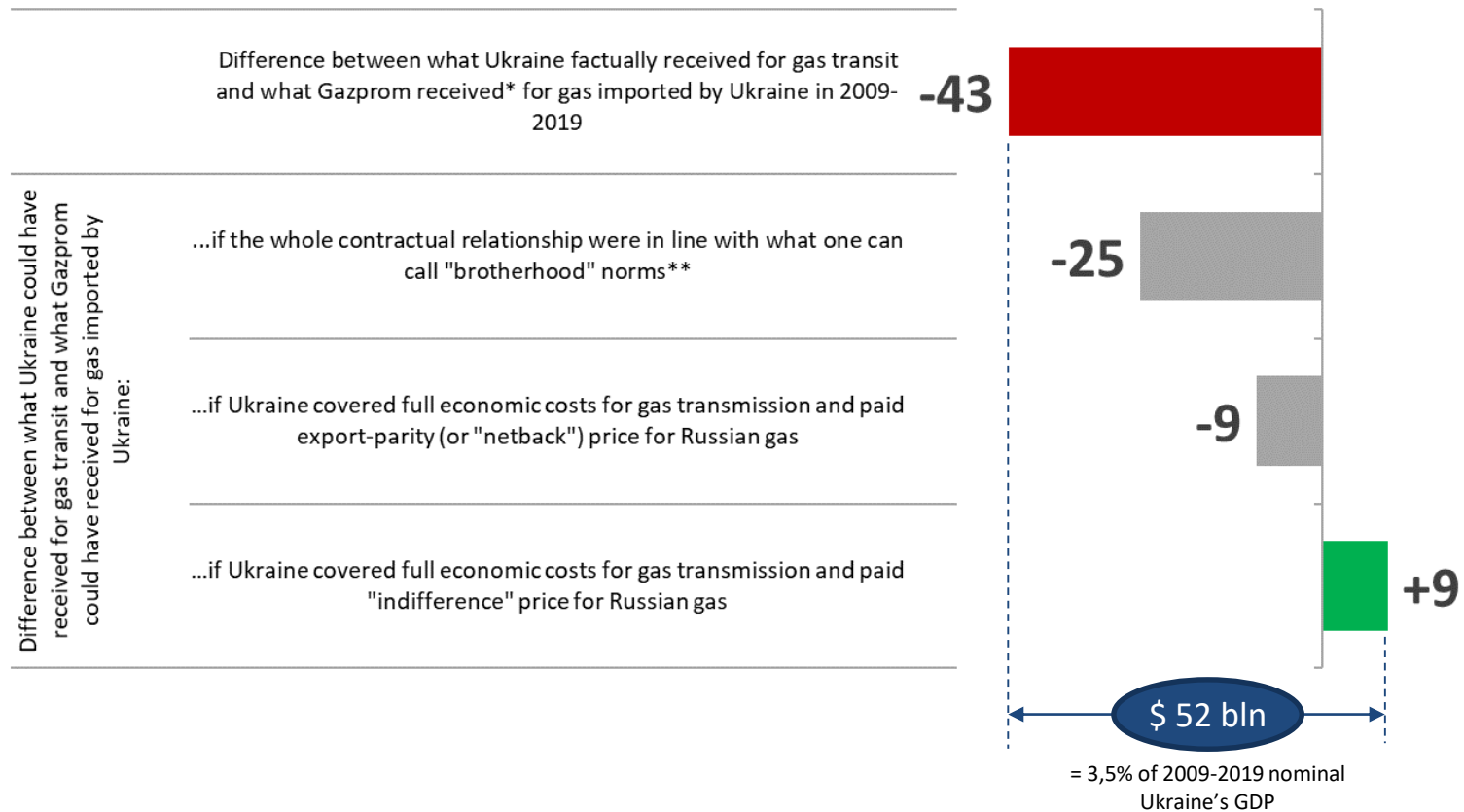
- Price for Russian gas was not based on truly European market terms for long-term contracts prevailing at that time. Agreed gas pricing formula was not based on the 'indifference price', not even on the 'netback price'.
- Unconscionable Take-or-Pay provision.
- The formula for gas transit tariff was agreed at the level of Putin-Tymoshenko. Gazprom referred to a so-called "Slovak Formula" when this formula was negotiated – but maybe Ukrainian delegation was also allowed to be fooled. Bypassing pipeline projects had to be taken into account, but it was not done.

## Positive side of 2009 Gas Contracts

- Use of Swedish law and the reference to Stockholm arbitration.
- Such references were proposed by Igor Didenko, not Yulya Tymoshenko.

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The contracts were not fully in line with European principles even after the 2014 Stockholm Arbitration. It costed Ukrainian people \$ 52 bln:



\* - including estimated revenues from gas sold by Gazprom to European off-takers, who resold this gas to Ukraine

\*\* - if Ukraine paid the price equal to long-run marginal costs of imported gas, Russia paid the tariff equal to long-run marginal costs of gas transit

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