

Naftogaz declares billion-dollar win against Gazprom

Susannah Moody

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(Credit: Shutterstock/Ksenia Lada)

Ukrainian state entity Naftogaz says it has been awarded US\$1.37 billion in an ICC arbitration against Gazprom as full compensation for unpaid fees under a contract for the transit of Russian gas through Ukraine.

Naftogaz CEO Serhii Koretskyi first announced the award yesterday on [Facebook](#). The company later [confirmed](#) in a press release that it received the award on 20 June and will formally request payment from Gazprom.

The Ukrainian company says it will launch asset recovery measures targeting Gazprom's foreign assets if it fails to pay.

A Zurich-seated ICC tribunal chaired by Switzerland's **Urs Weber-Stecher** issued the award. The co-arbitrators were **Olle Flygt** of Sweden, appointed by Naftogaz, and Israel's **Zvi Bar-Nathan**, who was appointed on Gazprom's behalf by the ICC Court.

Naftogaz used a co-counsel team consisting of Wikborg Rein in Oslo and London, Aequo in Kyiv, Nybron Advokater in Stockholm and Gabriel Arbitration in Zurich. Gazprom did not use external counsel.

The dispute concerned a Swedish-law agreement for the transit of Russian gas through Ukraine. The contract was signed in late 2019 as part of a [settlement](#) of an

earlier set of SCC arbitrations involving claims worth tens of billions of dollars.

Naftogaz [launched](#) its ICC claim in September 2022, following Russia's full-scale invasion of Ukraine. It sought compensation for fees owed by Gazprom under the transit contract. Naftogaz argued that Gazprom had failed to comply with a "ship or pay" provision requiring payment for a minimum amount of gas to be transported.

The Ukrainian company invoked a force majeure clause in respect of the Sokhranovka gas measuring station, an entry point to Ukraine for Russian gas from a major pipeline, which it said had been occupied by Russian troops.

In its statement today, Naftogaz says the tribunal awarded it the principal debt for the gas transit services under the agreement, as well as late payment interest and full legal costs.

Gazprom responded to the ICC case by seeking injunctive relief from the Russian courts, relying on legislation that allows Russian courts to assert exclusive jurisdiction over commercial disputes involving sanctioned Russian parties.

At the beginning of last year, the Commercial Court of St Petersburg and the Leningrad Region [granted](#) Gazprom an injunction to restrain the ICC case. This April, it [increased](#) a fine imposed on Naftogaz for breaching the injunction from US\$150 million to more than US\$1.3 billion.

Eleven days before the ICC tribunal issued its final award, the Russian court [granted](#) Gazprom interim measures to restrain Naftogaz from taking any steps to enforce the anticipated award against the Russian company's assets. The court is still considering Gazprom's request for a final injunction.

Gazprom has argued that it would face obstacles to justice in the ICC proceedings because two of the arbitrators were from Switzerland and Sweden, which had imposed sanctions on Russian entities.

A spokesperson for Naftogaz tells GAR the tribunal found Gazprom in breach of its contractual obligations under the ship-or-pay provisions of the transit agreement and "sided with Naftogaz on the interpretation of the applicable provisions of Swedish, Swiss and Russian law".

They add that the tribunal "concluded that the Russian anti-arbitration injunction Gazprom obtained from the St Petersburg court is not recognisable and enforceable in Switzerland and that the arbitration should have proceeded".

"Despite being given every opportunity to defend itself, including by means of remote participation in the hearing, Gazprom did not participate and appointed no counsel."

Naftogaz also continues to pursue enforcement of a US\$5 billion investment treaty award that it won against Russia in 2023 in compensation for assets seized during

the occupation of Crimea.

In April, the Ukrainian company [announced](#) that a Paris court had granted it leave to enforce the treaty award, and that it had already registered mortgages on some Russian state-owned assets worth more than €120 million.

Covington & Burling is advising Naftogaz on its global enforcement efforts, having acted on the arbitration alongside Aequo.

Naftogaz says it is pursuing enforcement in ten jurisdictions including Finland, where the Helsinki District Court has [frozen](#) Russian assets. It has also won an ex parte order [recognising](#) the award in London.

Its bid for enforcement in the US has been stayed until April 2026, pending a decision by the Hague Court of Appeal on Russia's application to set aside the final award.

The International Chamber of Commerce's secretary general **John Denton** visited Kyiv last week. He confirmed in an [interview](#) with *Interfax Ukraine* that the ICC International Court of Arbitration had introduced reduced fees for Ukrainian companies to access arbitration services.

Denton said the policy, announced last year, was to remove barriers to dispute resolution for Ukrainian businesses.

He also said the ICC had advocated for the creation of a compensation fund for damage resulting from the war in Ukraine and that the ICC clearly condemned the Russian invasion.

Naftogaz v Gazprom – ICC proceedings

Tribunal

- **Urs Weber-Stecher** (Switzerland) (chair)
- **Olle Flygt** (Sweden)
- **Zvi Bar-Nathan** (Israel)

Counsel to Naftogaz

- **Viktor Kurtsev, Oleksandr Kushch** and **Zoryana Mud** at Naftogaz
- Wikborg Rein

Partners **Aadne Haga** and **Marie Nesvik**, specialist counsel **Anne-Karin Nesdam** and **Haakon Orgland Bingen**, legal director **Olga Ivaniv**, senior associate **Espen Endre** and associates **Aksel Kolstad** and **Hugo Pignol** in Oslo

- Aequo Law Firm

Partners **Oleksiy Filatov** and **Pavlo Byelousov*** senior associate **Ksenia Koriukalova** in Kyiv

* *Until his [departure](#) to found Bono Legal in April 2025*

- Nybron Advokater

Partners **Marcus Johansson** and **Charlotta Falkman** in Stockholm

- Gabriel Arbitration

Partners **Simon Gabriel** and **Axel Buhr** and senior associate **Andreas Schregenberger*** in Zurich

* *no longer with the firm*

Counsel to Gazprom

Unconfirmed

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