

A Victory for Naftogaz in Stockholm

A long-awaited decision by the Arbitration Institute of the Stockholm Chamber of Commerce on Gazprom's lawsuit against Ukraine's Naftogaz was handed down on May 31st. Many details are still unknown, but critical elements are positive for Ukraine. The panel rejected the take-or-pay provisions Gazprom was pushing, removed the company's ban on gas re-exports and approved a revision of the gas price to the market level. The decision not only removed the threat of \$42.8 billion in liabilities that Gazprom was demanding under its take-or-pay rules, but also had a substantial impact on Ukrainian domestic politics. Yulia Tymoshenko, the main critic of Naftogaz's policies, lost her basis for attacking Naftogaz Director Andriy Kobolev. The victory also added to President Petro Poroshenko's list of successes, increasing his chances of winning a second term.

The IMF is unhappy with reform progress, according to the May 26th concluding statement of its latest mission. Further technical work is needed in pension and land reform, and in privatization and anti-corruption measures. The IMF also emphasized that drawing up bills is not enough: the legislation needs to be passed, "to pave the way for the completion of the fourth review." >>>

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