

FROM POLITICO PRO

# Making Putin pay: Inside the plan to claw back Ukraine's stolen billions

A court case over seized energy assets could open the door to Russia paying compensation to Kyiv for generations.



POLITICO Live ▾

More Info ▾

POLITICO

SIGN UP TO NEWSLETTERS SIGN IN



To claw back the losses, Naftogaz has filed a motion with the U.S. District Court for the District of Columbia, looking to have the \$5 billion award confirmed and enforced by countries that host Russian state assets | Gian Ehrenzeller/EPA-EFE

BY GABRIEL GAVIN

JULY 5, 2023 | 4:00 AM CET | ⌚ 5 MINUTES READ

Privacy



PRESS PLAY TO LISTEN TO THIS ARTICLE

0:00 / 0:00

Voiced by artificial intelligence.

When Russia's "little green men" seized Crimea in 2014, they took control of some of Ukraine's most valuable oil and gas assets.

Now, Kyiv is using every legal method at its disposal to force Moscow to pay for the energy infrastructure it illegally expropriated, in a case its lawyers hope will set a precedent allowing Ukraine to pursue Russia for the much larger costs inflicted by last year's full-scale invasion.

A court in The Hague earlier this year ordered Russia to pay more than \$5 billion for the oil and gas industry assets it seized from Ukraine's state energy firm, Naftogaz, in 2014.

Moscow will defend itself, Russian presidential spokesperson Dmitry Peskov said last month, but Naftogaz is already pushing ahead with efforts to ensure Russia coughs up the eye-watering sum.

"We don't expect Russia to pay voluntarily," Oleksiy Chernyshov, the state energy giant's CEO, told POLITICO. "It would be a big surprise if they do so. It will take time to enforce it and monetize it, and we will be targeting Russian sovereign assets abroad."

To claw back the losses, Naftogaz has filed a motion with the U.S. District Court for the District of Columbia, looking to have the \$5 billion award confirmed and enforced by countries that host Russian state assets.

It's the first of what the company's legal team say will be a string of lawsuits aimed at seizing Moscow's property to settle the bill.

"Russia obviously can just flat-out decline to voluntarily pay, but the challenge for Russia is that it has commercial activity all over the world," said David Pinsky, a partner in law firm Covington's international arbitration and litigation practice who is helping with the case.

"And the benefit of an arbitration award is that it can be enforced in any country. That commercial activity risks being disrupted, those assets stand at risk of being seized

[Privacy](#)

executed upon," he added. "If I was the Russian Federation, I'd be quite concerned about that."

Naftogaz's lawyers are working to identify jurisdictions where they can file enforcement petitions, and with asset-tracing firms to catalogue the Russian state property that could ultimately be confiscated, according to Pinsky.

"We're getting started and we're going to be moving aggressively forward," he said, adding that the case marks "a precedent. It's the tip of the spear on recovering value on behalf of Ukraine in Crimea."

It's not the first time Moscow has tangled with arbitration tribunals.



▲ Russia has used its influence over Ukraine's energy sector as a tool for political leverage, notably through the supply and transit of gas | iStock

In 2018, \$2.6 billion of energy assets belonging to Russian state oil and gas giant Gazprom were seized in the Netherlands after Ukraine won damages in a dispute over transit fees. Six out of seven subsidiaries of the Russian firm had refused to cooperate with the decision.

Similarly, Moscow has refused to pay \$57 billion in compensation to the shareholders of former fossil fuel empire Yukos, which was forcibly expropriated and nationalized in 2006. Its former owners are taking legal action to have Russian state assets forfeited, and have already been given approval to auction off the Stolichnaya and Moskovskaya vodka trademarks in Belgium, the Netherlands and Luxembourg — although were unable to find a suitable buyer last year.

Privacy

## You break it, you buy it

While the \$5 billion dollar award in the case over assets taken in Crimea is large, it still amounts to only a fraction of the estimated \$750 billion of damage wrought on Ukraine since the start of Russia's full-blown invasion last year.

Pinsky argued that the Naftogaz case sets "a precedent for Ukrainian investors to recover damages as a result of the full-scale war in the four regions Russia purported to annex back in the fall of last year."

Oleg Ustenko, who serves as energy adviser to Ukrainian President Volodymyr Zelenskyy, insisted that Kyiv will aggressively pursue efforts to secure restorative justice.

"We have to be compensated for all the damage Russians have done in Ukraine since the beginning of the invasion. They believe they can destroy and nobody will force them to pay for it," he told POLITICO. "Even now when we are still in a state of war we have to start that process. This case is a first step."

Ukraine's efforts to combine lawfare and warfare set a precedent in their own way, according to Elena Chachko, Rappaport Fellow at Harvard Law School. "The Ukrainians have been pretty active and pretty sophisticated in how they leverage various legal avenues to attack the Russians."

"They've been very creative in how to get the International Court of Justice involved. Even before the recent invasion we've seen them advocate for accountability from the International Criminal Court," she explained, referring to two international courts. "And the route of arbitration is one they've been very sophisticated in utilizing to impose sanctions on Russia in a sort of indirect way."

The longer the war goes on, the larger the bill Russia will have to pay, Ustenko argued.

"In the case of Nazi Germany, compensation was paid for decades. All Russian citizens will be responsible for this, even if they don't feel they're part of this war," he said. "It won't even just be their children paying — it will be their grandchildren as well."

---

MORE FROM ... **GABRIEL GAVIN**

Privacy

---

## Related Content

---

### OPINION

If Canada is to be believed, India has gone rogue



---

After Brexit, Britain and Europe embrace ever-closer union



---

Canada's speaker resigns after inviting man who fought in Nazi unit to Zelenskyy visit



---

US envoy says Kosovo attack 'coordinated and sophisticated'



---

Germany imposes checks on borders with Poland and Czech Republic



## Careers at POLITICO

### Business Development Manager Finance Sector (London or Brussels)

Location: Brussels | Department: Sales & Biz Dev

---

### Campaign Manager, Maternity Cover (London, Brussels, Paris or Berlin)

Location: London | Department: Sales & Biz Dev

---

### Account Executive (Brussels)

Location: Brussels | Department: Sales & Biz Dev

[ALL JOB POSTINGS](#) > [CAREERS AT POLITICO](#) >

[Privacy](#)

## Next up



## ‘Where are France, America and Charles Michel?’ Armenians rage as 50,000 flee Nagorno-Karabakh

SEPTEMBER 27, 2023 | 4:08 PM CET

By Gabriel Gavin and Victor Jack



## France's Niger debacle marks end of an era in Africa

SEPTEMBER 27, 2023 | 4:04 PM CET

By Laura Kayali and Clea Caulcutt



## North Korea says it will expel US soldier Travis King

SEPTEMBER 27, 2023 | 3:07 PM CET

By Matt Berg



🕒 27 September 2023 14:44 (UTC +04:00)

A- A+

## Former Nagorno-Karabakh Armenian leader arrested amid mass exodus

SEPTEMBER 27, 2023 | 1:33 PM CET

By Gabriel Gavin

### Related Tags

- BORDERS
- COURTS
- ENERGY
- ENERGY INFRASTRUCTURE
- ENFORCEMENT
- GAS
- INDUSTRY
- LOSS AND DAMAGE
- MILITARY
- NATURAL GAS
- OIL
- RISK AND COMPLIANCE
- WAR

### Related Countries

- RUSSIA
- SOVIET UNION
- UKRAINE
- UNITED STATES

### Related People

- VOLODYMYR ZELENSKY

Privacy

**EXPLORE POLITICO EU**

---

**BRUSSELS**

Latest news, analysis and comment from POLITICO's editors and guest writers in Europe.

---

**GERMANY**

Latest news, analysis and comment on German politics and beyond.

---

**FRANCE**

Latest news, analysis and comment on French politics and beyond.

---

**ELECTIONS IN EUROPE**

Latest news, analysis and comment on elections in Europe and beyond.

---

**CORONAVIRUS IN EUROPE**

The latest news, data and analysis on the world's pandemic response.

---

**MIGRATION**

Latest news, analysis and comment on migration in Europe and beyond.

---

**DEFENSE**

Latest news, analysis and comment on defense in Europe and beyond.

---

**CONTINENT**

Latest news, analysis and comment from POLITICO's editors and guest writers on the continent.

---

**POLICY AREAS**

Agriculture and Food

Competition and Industrial Policy

Cybersecurity and Data Protection

Health Care

Energy and Climate

Energy and Climate UK

EU-UK

Financial Services

Central Banker

Mobility

Sustainability

Technology

Technology UK

Trade

Trade UK

Paris Influence

## NEWSLETTERS

Brussels Playbook

London Influence

Playbook Paris

EU Influence

Dimanchissime

Global Policy Lab: Living Cities

London Playbook

Berlin Bulletin

Davos Playbook

Digital Bridge

Sunday Crunch

China Watcher

Politico Confidential

---

## EXPLORE PRODUCTS

---

### SERIES

POLITICO 28 Series

Global Policy Lab

Climate, Changed

Work Reloaded

Silent Killers

After Corona

The Road to COP26

Telescope: AIDS

EU in Africa

Changemakers

The wonk's survival guide to the EU Green Deal

### COMMENTARY

Unpacked

Beyond the Bubble

From Across the Pond

Club Med

Declassified

### PODCASTS

EU Confidential

Westminster Insider

Power Play

Davos Confidential

Campaign Confidential

### OUR APPS



Print Edition

### POLITICO LIVE

Explore the live extension of our journalism

---

**DISCOVER POLITICO PRO**

In-depth reporting, data and actionable intelligence for policy professionals – all in one place.

---

**POLITICO RESEARCH AND ANALYSIS DIVISION**

---

**POLITICO**

[About us](#) [Contact us](#) [Privacy Policy](#) [Cookie Policy](#) [Media Solutions](#) [Research and Analysis Division](#)  
[Press](#) [Print Edition](#) [Jobs](#) [Careers at POLITICO](#) [Ts&Cs](#) [FAQs](#)