



Bargaining Practice and Negotiation Failure in Russia-Ukraine Gas Relations

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'Gas wars' between Russia and Ukraine occur when negotiators are unable to locate an agreement before the end of a contract; the result is often a crisis and sometimes a complete and costly stoppage. These 'gas wars' are surprising when we consider that both Russia and Ukraine have incentives reach an agreement prior to complete shut down: a gas war is an inefficient outcome. This paper argues that one important source of failure in this bilateral relationship is the presence of specific bargaining practices: techniques or strategies employed by both actors during the course of a negotiation. While these bargaining practices are in many ways and at many points useful and effective tools of negotiation, their embedded nature means that neither party updates them frequently on the basis of changing conditions, new information, or revised preferences. Established bargaining practices contribute to inefficient negotiation outcomes when they prevent negotiators from credibly revealing information or committing to positions. This paper applies a bargaining framework to a detailed case study of Russia-Ukraine negotiations in 2008: it shows that bargaining practices, distinct from the conditions of the negotiation, the issues at stake, or the preferences of the negotiators, contributed to the gas war of early 2009.

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