



Former Yukos majority shareholders focus on The Hague to secure justice after illegal expropriation by Russian Federation

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Yukos Universal Limited, one of the former majority shareholders of Yukos Oil Company, has decided to withdraw from enforcement proceedings in Belgium where it no longer makes economic sense to enforce the 2014 Arbitral Award pertaining to that company. Yukos Universal Limited and the other two former Yukos majority shareholders will now focus their energy on the proceedings before the Court of Appeal in The Hague, where they aim to protect the Arbitral Awards granting them \$50 billion in compensation for the illegal expropriation by the Russian Federation.

“We won the Energy Charter Treaty arbitration in The Hague,” said Tim Osborne, Chief Executive of GML, the holding company of the former majority shareholders, “where the Arbitral Tribunal concluded in 2014 that Russia had illegally expropriated our investment as part of a brutal political offensive. And we are confident that The Hague will now deliver justice once more, where the Court of Appeal is examining our bid to protect the Arbitral Awards. As we focus our efforts on The Hague, we have no continuing economic incentive to pursue enforcement in Belgium.”

In June 2015, the President of the Brussels Francophone Tribunal of First Instance decided to recognise the Arbitral Award to Yukos Universal Limited and allow its enforcement on Belgian territory. This ruling allowed Yukos Universal Limited to attach various Russian state-owned assets across the country. However, in spite of the fact that the same Tribunal dismissed the Russian Federation’s appeal in December 2016, the Brussels Attachments Court released all the attachments of the Russian Federation’s assets in Belgium in June 2017. In the light of these facts, the company has concluded that, at the moment, it is economically inefficient to pursue enforcement in Belgium.

Today’s decision takes into account new Belgian legislation – the so-called ‘Yukos law’ – which came into force in 2015. The new legislation drastically limits the possibility of attaching further assets belonging to sovereign States, and consequently assets of the Russian Federation, in Belgium. The Belgian federal government adopted the new rules in response to Russian pressure: www.gmllimited.com/search-for-justice. Yukos Universal Limited petitioned the Belgian Constitutional Court to annul the new laws but the Court dismissed this request in April 2017.

“The rule of law will prevail,” said Tim Osborne after today’s decision, “and the most brutal expropriation in modern times will not go unpunished. We are confident that the Court of Appeal in The Hague will protect the Arbitral Awards.”



Note to the editor:

GML, via its wholly owned subsidiaries, Yukos Universal Limited and Hulley Enterprises Limited, together with Veteran Petroleum Limited, a pension fund serving former Yukos employees, were the majority shareholders of the former Yukos Oil Company. In 2005, they commenced arbitration proceedings against the Russian Federation pursuant to the Energy Charter Treaty, seeking compensation for the **illegal expropriation** of their investments in Yukos.

In 2009, the **Arbitral Tribunal**, sitting in The Hague under the auspices of the Permanent Court of Arbitration, unanimously issued a first award concerning issues related to jurisdiction and admissibility in favour of each of the former majority shareholders. The Tribunal found that Russia was bound by the arbitration clause in the Energy Charter Treaty, and that the former shareholders benefitted from the substantive protections of the Treaty. In 2014, the Tribunal ruled unanimously that the Russian Federation had illegally expropriated Yukos. The Tribunal awarded \$50 billion in compensation to Yukos Universal, Hulley and Veteran, an amount equivalent to the value of their investments at the date of expropriation.

On 20 April 2016, the District Court in The Hague set aside the Arbitral Awards, ruling that the Russian Federation was not bound by the dispute resolution mechanism in the Energy Charter Treaty. The former majority shareholders have appealed the decision at the Court of Appeal in The Hague. The Russian Federation is due to file its response to the appeal on 14 November 2017, and the substantive court hearing will probably take place in the course of 2018.

In parallel with the arbitration proceedings, the Russian Federation has been condemned seven times by the **European Court of Human Rights** in cases directly related to the expropriation of Yukos. In 2014, the Court awarded €1.9 billion in compensation to all former Yukos shareholders. To this day, Russia refuses to comply with its compensation obligations.

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Contact:

Jonathan Hill
Director of Communications
+32-498-951-691
jonathan.hill@gmllimited.com