

Yukos shareholders aim to reinstate Arbitral Awards against Russian Federation in The Hague

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Today at The Hague Court of Appeal, the former majority shareholders of Yukos will argue that the Arbitral Awards ordering the Russian Federation to compensate them for the unlawful expropriation of their investment should be reinstated. The hearing takes place on 23, 24 and 30 September, and is open to the public.

In July 2014, an independent international Arbitral Tribunal in The Hague [ruled unanimously](#) that the Russian state unlawfully expropriated Yukos. It awarded the former majority shareholders over \$50 billion in compensation. The Tribunal found that “Russian courts bent to the will of Russian executive authorities to bankrupt Yukos, assign its assets to a state-controlled company [Rosneft] and incarcerate a man [Mikhail Khodorkovsky] who gave signs of becoming a political competitor.”

In 2016, the District Court of The Hague [set aside](#) the Arbitral Awards. It decided that the Tribunal did not have jurisdiction to hear the claims since the Russian Federation had signed but not ratified the [Energy Charter Treaty](#), the legal basis for the arbitral proceedings. The former Yukos majority shareholders believe that the District Court’s decision is fundamentally flawed and must be overturned. The parties have submitted to the Court of Appeal hundreds of pages of written [submissions](#), as well as dozens of expert reports and witness statements.

[Tim Osborne](#), Chief Executive of GML, said: “The Russian Federation cannot be above the law. We are confident that the Court of Appeal will reverse the District Court decision, and justice will prevail. In the course of the hearing we will further explain why the Russian Federation’s arguments against the Arbitral Awards and the Arbitral Tribunal are misplaced, and why those Awards must be reinstated.”

Note to the editor:

GML, through 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 its [Final Awards](#) of 2014, the Arbitral Tribunal sitting in The Hague concluded that:

- “Russian courts bent to the will of Russian executive authorities to bankrupt Yukos, assign its assets to a State-controlled company, and incarcerate a man who gave signs of becoming a political competitor;
- the State’s campaign of intimidation and harassment not only disrupted the operations of Yukos but also contributed to its demise;
- the primary objective of the Russian Federation was not to collect taxes but rather to bankrupt Yukos and appropriate its valuable assets.”

The Russian Federation applied to the Dutch courts to have the Arbitral Awards set aside. National courts in The Netherlands have jurisdiction over the set-aside process since the international arbitral proceedings took place on Dutch territory.

In 2016, the District Court of The Hague decided to set aside the Arbitral Awards: it ruled that the Arbitral Tribunal did not have jurisdiction to hear the claims since the Russian Federation had signed but not ratified the Energy Charter Treaty, the legal basis for the arbitral proceedings. The merits of the Arbitral Awards – the findings that the destruction of Yukos by the Russian State was unlawful and politically motivated – remain unchallenged.

GML believes that the District Court’s decision is fundamentally flawed and must be overturned. In 2017, GML submitted its Statement of Appeal to The Hague Court of Appeal.

More information is available on our website: www.gmllimited.com

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