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Former Yukos majority shareholders defend French court's decision to execute $50 billion award

Today, Friday May 12, at the Paris Court of Appeal, the majority shareholders of the former Yukos Oil Company argued to sustain a Paris court's decision of 2014 to recognise and enforce their $50 billion arbitral award against the Russian Federation.

In July 2014 an independent arbitral tribunal, supervised by the Permanent Court of Arbitration in The Hague, ruled that the Russian Federation illegally expropriated Yukos Oil Company. Politically motivated, Russia's actions violated the Energy Charter Treaty, which protects cross-border investment. The tribunal awarded the majority shareholders more than $50 billion in compensation.

In December 2014, the President of the Paris 'Tribunal de grande instance' recognised the award and allowed its enforcement in France. Today's hearing in Paris examined the Russian Federation's appeal against that decision.

"Today the Paris Court of Appeal heard how the Russian Federation has repeatedly lied to judges across Europe," said Tim Osborne, GML's Chief Executive. "In a campaign of deceit and disinformation that has lasted 14 years, Russia has hidden crucial evidence from the courts, forced witnesses to give false testimony, and submitted expert reports that are worthless. Its goal is clear: to distract people's attention from the most brutal expropriation in modern history. That strategy is now falling apart. We have full confidence in the French judiciary, and believe the rule of law will prevail."

GML reaffirmed the jurisdiction of the arbitral tribunal in The Hague: the Russian Federation was bound by the Energy Charter Treaty and its provisions on arbitration, as it had signed but not ratified the Treaty. Today, GML explained that Russia not only called loudest for the Treaty but also argued for its provisional application so that states would immediately assume their obligations, including the right to arbitration. Russia publicly maintained this position up to and during its expropriation of Yukos.

GML also exposed Russia's countless efforts to undermine the rule of law in French courts and other parts of Europe: by hiding crucial evidence in its possession; by forcing witnesses to submit false testimony; by commissioning expert reports on the basis of limited materials that Russia itself has selected in advance; and by continuously claiming to have discovered "new evidence" which, in most cases, is more than a decade old.

The Court of Appeal's ruling is not expected until after the summer.

Note to the editor:

GML, via two of its wholly owned subsidiaries – Yukos Universal Limited ("Yukos Universal") and Hulley Enterprises Limited ("Hulley") – was the majority shareholder of the former Yukos Oil Company ("Yukos").

Yukos Universal and Hulley, together with Veteran Petroleum Limited ("Veteran"), a pension fund for the benefit of former employees of Yukos, commenced arbitration proceedings in 2005 against the Russian Federation. Under the terms of the Energy Charter Treaty, they sought compensation for the expropriation of their investments in Yukos.

In 2014, an independent tribunal in The Hague ruled unanimously that Yukos was illegally expropriated by the Russian Federation, which had fabricated tax claims as a pretext for the expropriation. The arbitral tribunal awarded Yukos Universal, Hulley and Veteran total compensation of more than $50 billion.

Since the Russian Federation refused to pay these awards, GML launched enforcement proceedings in Belgium, France, Germany, India, the United Kingdom and the United States. Immediately, the Russian Federation threatened the governments of Belgium, France and the United States that any decision of their courts to recognise or enforce the awards would have severe repercussions. Belgium and France promptly adopted so-called 'Yukos laws', making it more difficult for any person to attach the assets of any foreign state.

For more information, go to: www.gmllimited.com

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