



PRESS RELEASE

ARBITRATION BETWEEN LIMITED LIABILITY COMPANY LUGZOR AND FOUR OTHERS AS CLAIMANTS AND THE RUSSIAN FEDERATION AS RESPONDENT

THE HAGUE, 30 MARCH 2023

The Tribunal Renders Its Award

As reported previously (Press Release dated 28 November 2019), on 5 April 2019, the Respondent, which had not previously participated in the proceedings, expressed its intention to participate and applied for an opportunity to make submissions on jurisdiction, merits and quantum. On 7 June 2019, the Tribunal issued a procedural order allowing the Respondent to file a single comprehensive submission on all issues of jurisdiction, admissibility, responsibility and quantum, which the Respondent did on 17 October 2019.

Subsequently, having consulted the Parties, the Tribunal allowed both Parties to make additional written submissions in the course of 2020 and held a one-week hearing from 3-7 May 2021 during which the Parties made oral submissions and cross-examined each other's quantum experts. In March 2022, the Respondent's external counsel withdrew from the case, and in the summer of 2022, the Respondent submitted an application to change the place of arbitration, which was opposed by the Claimants. After hearing both Parties, the Tribunal rejected that application.

On 4 October 2022, the Tribunal issued its Award on all issues of admissibility, jurisdiction, responsibility and damages. Following a request from the Claimants pursuant to Article 36(1) of the UNCITRAL Arbitration Rules 1976, the Tribunal re-issued a corrected version of the Award on 2 December 2022, having corrected clerical and typographical errors.

Background on the Arbitration

The above-referenced arbitration was commenced by Limited Liability Company Lugzor, Limited Liability Company Libset, Limited Liability Company Ukrinterinvest, Public Joint Stock Company DniproAzot and Limited Liability Company Aberon Ltd against the Russian Federation pursuant to the Ukraine-Russia BIT and in accordance with the UNCITRAL Arbitration Rules 1976 by Notice of Arbitration dated 26 May 2015. The Claimants contended that the Russian Federation breached its obligations under Articles 2, 3 and 5 of the Ukraine-Russia BIT by interfering with and expropriating their investments in real estate located in the Crimean Peninsula. The Respondent contended that the Tribunal constituted under the Ukraine-Russia BIT did not have jurisdiction to adjudicate the Claimants' claims, and that the claims in any event lacked any merit and were significantly inflated.

The Tribunal was constituted on 9 October 2015. It was comprised of Professor Donald M. McRae (Presiding Arbitrator), Judge Bruno Simma (appointed by the Claimants), and Dr. Eduardo Zuleta Jaramillo (appointed by the appointing authority, Dr. Andrés Rigo Sureda, for the Respondent).

Under the instructions of the Tribunal, the PCA issued press releases from time to time containing information on the procedural steps taken by the Tribunal. Basic information about the proceedings is available on the PCA website <https://pca-cpa.org/en/cases/124/>.

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Background on the Permanent Court of Arbitration

The Permanent Court of Arbitration is an intergovernmental organization established by the 1899 Hague Convention on the Pacific Settlement of International Disputes. The PCA has 122 Contracting Parties. Headquartered at the Peace Palace in The Hague, the Netherlands, the PCA facilitates arbitration, conciliation, fact-finding, and other dispute resolution proceedings among various combinations of States, State entities, intergovernmental organizations and private parties. The PCA's International Bureau is currently administering 4 inter-state proceedings, 105 investor-State arbitrations and 65 cases arising under contracts involving a State or other public entity. More information about the PCA can be found at www.pca-cpa.org.

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