

**PRESS RELEASE****ARBITRATION BETWEEN AEROPORT BELBEK LLC AND MR. IGOR VALERIEVICH KOLOMOISKY  
AS CLAIMANTS AND THE RUSSIAN FEDERATION**

THE HAGUE, 6 DECEMBER 2017

**Hearing on the Merits and Remaining Issues of Jurisdiction and Admissibility Held in The Hague**

As reported previously (Press Release dated 9 March 2017), the Tribunal issued its unanimous Interim Award addressing certain issues of jurisdiction and admissibility in this arbitration on 24 February 2017.

On 22 April 2017, having sought the views of the Parties, the Tribunal issued its Procedural Order No. 6 inviting the Claimants to submit an Amended Statement of Claim and the Respondent to submit a Statement of Defence. On 19 May 2017, the Claimants submitted their Amended Statement of Claim. The Respondent did not submit a Statement of Defence.

On 11 July 2017, the Tribunal issued its Procedural Order No. 7, ordering the bifurcation of the proceedings between a phase in which it would address the remaining questions of jurisdiction and admissibility, as well as questions of liability, and, in the event that liability is established, a phase in which it would address questions of quantum of damages. The Tribunal also established a procedural calendar for the next phase, deciding, given that the Respondent is not participating in the proceedings, to put questions to the Parties arising from the Claimants' submissions in advance of the hearing on liability and remaining issues of jurisdiction and admissibility. These questions were sent to the Parties on the same day (11 July 2017).

On 17 July 2017, following a request of the Claimants, the Tribunal informed the Parties that, unless the Respondent objected, it was prepared to hear the Claimants on issues of damages as well as on issues of liability and remaining questions of jurisdiction and admissibility at the upcoming hearing. The Tribunal indicated that it did not make any decision regarding whether, following that hearing and in the event that liability was established, its award would include consideration of issues of damages or postpone these to a further phase of the proceedings. The Respondent did not provide any comments.

On 17 August 2017, the Claimants submitted their responses to the Tribunal's questions. The Respondent did not submit any responses.

On 8 and 20 September 2017, having sought the views of the Parties, the Tribunal instructed the experts in Russian and Ukrainian law whom it had appointed in the earlier phase of the proceedings to produce reports on specific issues arising from the Claimants' submissions.

Thereafter, each Tribunal-appointed expert produced a report on the specific issues identified by the Tribunal, which was communicated to the Parties for their comments. The Claimants provided their comments in late October 2017. The Respondent did not provide any comments.

As scheduled, the hearing was held from 4 to 7 November 2017, at the Peace Palace in The Hague. Mr. John M. Townsend, Mr. Marc-Olivier Langlois, Mr. James H. Boykin, Mr. Leon Ioannou, Mr. Vitaly Morozov, Ms. Eleanor Erney, Mr. Alexander Bedrosyan, Ms. Ekaterina Botchkareva and

Ms. Svitlana Stegnyy of Hughes Hubbard & Reed LLP attended for the Claimants. Although invited, the Russian Federation did not attend the hearing or otherwise participate.

At the hearing, the Tribunal examined one fact witness, one expert in Russian law and one valuation expert, all presented by the Claimants. The Tribunal-appointed expert in Russian law also appeared for examination. Additionally, the Tribunal put several questions to the Claimants, which they partly addressed during the hearing.

The Parties were further granted leave to address questions raised by the Tribunal in the hearing, as well as other matters arising out of the hearing, in post-hearing submissions to be filed by 15 January 2018. The Tribunal also requested that the Claimants' valuation expert update his valuation report.

The transcript of the hearing has been delivered to the Parties.

### **Background on the Arbitration**

The above-referenced arbitration was commenced by the Claimants against the Russian Federation pursuant to the Ukraine-Russia BIT and in accordance with the UNCITRAL Arbitration Rules 1976 on 13 January 2015. The Claimants contend that the Russian Federation breached its obligations under the Ukraine-Russia BIT by taking measures that deprived the Claimants of their property, contractual and other rights to operate a passenger terminal for commercial flights at the Belbek Airport in Crimea.

The Tribunal was constituted on 14 April 2015. It is comprised of Professor Pierre-Marie Dupuy (Presiding Arbitrator), Sir Daniel Bethlehem, KCMG, QC (appointed by the Claimants), and Dr. Václav Mikulka (appointed by the appointing authority, H.E. Judge Bruno Simma, on behalf of the Respondent).

Under the instructions of the Tribunal, the PCA will issue 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 [www.pca-cpa.org](http://www.pca-cpa.org).

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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 121 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 5 interstate disputes, 75 investor-State arbitrations, and 46 cases arising under contracts involving a State or other public entity. More information about the PCA can be found at [www.pca-cpa.org](http://www.pca-cpa.org).

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