PRESS RELEASE

ARBITRATION BETWEEN PJSC UKRNAFTA AS CLAIMANT AND THE RUSSIAN FEDERATION AS RESPONDENT & ARBITRATION BETWEEN STABIL LLC AND TEN OTHERS AS CLAIMANTS AND THE RUSSIAN FEDERATION AS RESPONDENT

THE HAGUE, 19 FEBRUARY 2018

Hearing on the Merits Held in Geneva

As previously reported (Press Release dated 4 July 2017), the Tribunal issued its unanimous Awards on Jurisdiction on 26 June 2017.

On 9 August 2017, having sought the views of the Parties, the Tribunal issued Procedural Order No. 6, establishing a procedural calendar for the merits phase of the proceedings. Given that the Respondent is not participating in the proceedings, the Tribunal decided to put questions to the Parties arising from the Claimants’ submissions in advance of a hearing on the merits scheduled for February 2018.

On 21 September 2017, in accordance with Procedural Order No. 6, the Tribunal posed questions on the merits to the Parties.

On 20 November 2017, the Claimants submitted their responses to the Tribunal’s questions. The Respondent did not submit any responses.

As scheduled, the hearing on the merits was held from 5 to 6 February 2018 in Geneva, Switzerland. Mr. John M. Townsend, Mr. Marc-Olivier Langlois, Mr. James H. Boykin, Mr. Leon Ioannou, Mr. Vitaly Morozov, Ms. Eleanor Erney, Mr. Alexander Bedrosyan and Ms. Ekaterina Botchkareva of Hughes Hubbard & Reed LLP, as well as two in-house counsel of PJSC Uknafta, attended for the Claimants. Although invited, the Russian Federation did not attend the hearing or otherwise participate.

During the hearing, Mr. Townsend made an opening statement on behalf of the Claimants. The Tribunal examined two fact witnesses and one valuation expert, all presented by the Claimants. The Tribunal also put questions to the Claimants’ counsel.

At the end of the hearing, the Tribunal advised the Parties that, in accordance with Article 27 of the UNCITRAL Arbitration Rules 1976, it intends, considering the specific circumstances of one Party not being present and of having just one expert before it, to appoint a Tribunal expert to whom it will put specific questions regarding the quantum of the Claimants’ damages (without prejudice to any finding that the Tribunal may make in respect of the Respondent’s liability).

The transcript and audio-recording of the hearing have been delivered to the Parties.
Background of the Arbitration

The two above-referenced arbitrations were commenced by the Claimants against the Russian Federation on 3 June 2015, pursuant to the Ukraine-Russia BIT and in accordance with the UNCITRAL Arbitration Rules 1976. The Claimants submit that, as of April 2014, the Russian Federation breached its obligations under the Ukraine-Russia BIT by interfering with and ultimately expropriating their investments in petrol stations located in Crimea.

The Tribunal constituted in each of the two arbitrations is comprised of Professor Gabrielle Kaufmann-Kohler (Presiding Arbitrator), Mr. Daniel M. Price (appointed by the Claimants), and Professor Brigitte Stern (appointed by the appointing authority, Dr. Michael Hwang, on behalf of the Russian Federation).

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.

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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 four interstate disputes, 87 investor-State arbitrations, and 48 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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