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, 24 APRIL 2019

Tribunal Appoints Quantum Expert; One-day Hearing Held in Geneva; Tribunal Issues Final Awards

As previously reported (Press Release dated 19 February 2018), at the end of the hearing on the merits held from 5 to 6 February 2018 in the above-referenced arbitrations, the Tribunal advised the Parties of its intention to appoint a Tribunal expert on quantum.

On 17 March 2018, having consulted the Parties on the identity and terms of reference of the expert to be appointed, the Tribunal issued Procedural Orders Nos. 9 and 10, appointing Mr. Thierry Sénéchal as the Tribunal expert on quantum, requesting him to address eleven specific questions in a written report, and establishing a timetable for the expert procedure.

In accordance with the timetable, Mr. Sénéchal prepared first a draft and then a final report. The Parties were invited to comment on both versions of the report. The Claimants submitted their comments on 3 and 31 July 2018, whereas the Respondent did not submit any comments.

In order to hear its expert on quantum, the Tribunal held a hearing on 20 August 2018 in Geneva, Switzerland. Mr. John M. Townsend, Mr. James H. Boykin, Mr. Leon Ioannou, Mr. Vitaly Morozov and Ms. Eleanor Erney of Hughes Hubbard & Reed LLP, as well as two in-house counsel of PJSC Ukrnafta, attended for the Claimants. Although invited, the Russian Federation did not attend the hearing or otherwise participate.

At the hearing, the Tribunal put questions first to its quantum expert, Mr. Sénéchal, and then to the quantum expert retained by the Claimants, Mr. Brent C. Kaczmarek. The Claimants also put questions to the experts within the scope defined by the Tribunal, and made brief closing remarks.

Following the hearing, the transcript and audio-recording were delivered to the Parties.

On 25 August 2018, the Tribunal issued Procedural Order No. 12, expanding Mr. Sénéchal’s terms of reference to request him to prepare a supplementary report addressing specific questions identified by the Tribunal during the hearing. Mr. Sénéchal’s supplementary report was transmitted to the Parties for their comments on 13 October 2018. The Claimants submitted their comments on 23 October 2018. The Respondent did not comment.

On 19 February 2019, the Tribunal informed the Parties that, in the matter of Stabil LLC et al. v. The Russian Federation, it would request its expert on quantum to prepare a further valuation of the
Claimants’ damages based on specific assumptions identified by the Tribunal. This further valuation was transmitted to the Parties for their comments on 5 March 2019. The Claimants submitted their comments on 15 March 2019, whereas the Respondent did not comment.

On 12 April 2019, having deliberated, the Tribunal issued its unanimous Final Awards.

**Background of the Arbitrations**

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 submitted that, as of April 2014, the Russian Federation had 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 was 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 has 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 [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 3 interstate arbitrations, 106 investor-State arbitrations, 55 cases arising under contracts involving a State or other public entity and 2 other disputes. More information about the PCA can be found at [www.pca-cpa.org](http://www.pca-cpa.org).

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