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PCA PRESS RELEASE

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

THE HAGUE, 15 AUGUST 2016

Ukraine Makes Submission as Non-Disputing Party to the Ukraine-Russia BIT; Tribunal Appoints Experts on Ukrainian and Russian Law; Hearing on Jurisdiction and Admissibility Held in Geneva

As reported previously (Press Release dated 30 March 2016), after the Tribunal in the above-referenced matter posed questions to the Parties on 18 December 2015, to which the Claimants filed responses on 29 February 2016, the Tribunal posed additional questions to the Claimants on 19 March 2016 and decided that: (i) it would be appropriate for the Tribunal to appoint an expert in Ukrainian civil law and an expert in Russian civil law; and that (ii) the hearing on jurisdiction and admissibility in this case would be held from 12 to 14 July 2016, concurrently with the hearing in *PCA Case No. 2015-21: PJSC CB PrivatBank and Finance Company Finilon LLC v. The Russian Federation* (“*PCA Case No. 2015-21*”), which is being heard by a tribunal composed of the same arbitrators.

Thereafter, on 4 April 2016, the Claimants submitted their responses to the Tribunal’s additional questions.

On 3 May 2016, having sought the views of the Parties, the Tribunal granted an application from Ukraine to make submissions in this arbitration as a non-disputing party to the Ukraine-Russia bilateral investment treaty (“BIT”). Upon the Tribunal’s invitation to all Parties, the Claimants provided comments on Ukraine’s submissions on the same date; the Russian Federation did not provide any comments. A subsequent request from Ukraine to attend and make oral submissions at the hearing was denied by the Tribunal on 7 July 2016.

On 13 May 2016, at the request of the Claimants, the Tribunal issued a procedural order providing for the protection of confidential information in these proceedings.

On 21 May 2016, having consulted the Parties on the identity and terms of reference of the experts to be appointed, the Tribunal notified the Parties of the appointment of an expert in Ukrainian civil law and an expert in Russian civil law in accordance with Article 27(1) of the UNCITRAL Arbitration Rules 1976. Thereafter, each Tribunal-appointed expert produced a report on specific issues identified by the Tribunal, which was communicated to the Parties for their comments. The Claimants provided their comments on the two reports on 22 and 28 June 2016, respectively. The Russian Federation did not provide any comments.

As scheduled, the hearing on jurisdiction and admissibility was held from 12 to 14 July 2016 in Geneva, Switzerland. Although the hearing was held, as planned, concurrently with the hearing in *PCA Case No. 2015-21*, the two cases remain separate and have not been consolidated. A delegation of party representatives and counsel attended the hearing for the Claimants. Mr. John Townsend of

Hughes, Hubbard and Reed LLP and Professor Kaj Hobér addressed the Tribunal in opening and closing statements. Although invited, the Russian Federation did not attend or otherwise participate.

At the hearing, the Claimants presented fact and expert witnesses to the Tribunal for examination: namely, the General Director of Aeroport Belbek LLC, an expert on Russian law, and an expert on Ukrainian law. The Tribunal-appointed experts also appeared for examination. The Tribunal posed 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 14 October 2016. The Claimants were also requested to provide additional information and evidence in respect of certain matters.

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

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Background: The 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 submit that the Russian Federation breached its obligations under the Ukraine-Russia BIT by taking, as of February 2014, 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 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 former appointing authority, Judge Bruno Simma, on behalf of the Respondent).

Under the instructions of the Tribunal, the PCA will from time to time issue press releases containing information on the procedural steps taken by the Tribunal. Basic information about the proceedings is available on the PCA Case Repository <http://www.pcacases.com>.

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