

Russia Appeals European Court's \$50 Billion Yukos Damages Ruling

By [The Moscow Times](#)

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People walk by the Yukos oil company headquarters in Moscow July, 2004.

Russia is appealing a ruling by the Permanent Court of Arbitration in The Hague obliging it to pay \$50 billion in compensation to former shareholders of the defunct Yukos oil company, questioning the court's jurisdiction in the matter, the TASS news agency reported Wednesday.

Yukos was dismantled a decade ago and its assets scooped up by Russian state companies in what many saw as a politically motivated attack.

“As far as I know, the appeal was submitted to the court today,” Tim Osborne, a British lawyer representing the Yukos shareholders in the case, was quoted by TASS as saying.

The appeal could extend the court case for years, he said.

Although Russia's options for an appeal are limited, it may potentially fight the court's ruling by challenging its application of the Energy Charter Treaty to the Yukos case. The 1991 treaty, which Russia signed but never ratified, established common and enforceable legal norms between the energy markets of the former Soviet Union and Western Europe, but has since evolved to promote transparency in global energy markets for foreign investment.

After 10 years of deliberations, the court said Russia had violated this treaty when it used tax evasion charges to arrest Yukos' oligarch owner Mikhail Khodorkovsky and dismantle the company, which was valued at \$40 billion.

Broken up in the bankruptcy courts, most of Yukos' assets migrated to state-owned Rosneft, now Russia's largest oil company.

Russia has maintained that the Hague court's ruling — an unprecedented amount of cash to be awarded by an arbitration panel — was politically motivated, coming at a time of increased tensions between Russia and the West over the conflict in Ukraine.

Meanwhile, Yukos Capital, a Luxembourg-based Yukos affiliate, on Wednesday won a suit against Rosneft subsidiary Tomskneft for 7 billion rubles (\$150 million) after the company defaulted on a loan. It is one of several ongoing cases against Rosneft subsidiaries for loans granted before Rosneft acquired the companies following the dismemberment of Yukos.

Correction: An earlier version of this story incorrectly said the \$50 billion ruling was issued by the European Court of Human Rights, when in fact it was the Permanent Court of Arbitration in the Hague. Both courts ruled on Yukos shareholder cases in July, but the European Court of Human Rights ordered Russia to compensate shareholders \$2.5 billion. Russia has appealed both rulings.

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