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Russia's $50 Billion Yukos Fine Starts Racking Up Interest Charges

By The Moscow Times

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Yukos, once Russia's largest oil company, was bankrupted in the early 2000s.

A grace period on payment of a $50 billion fine to former investors in defunct oil firm Yukos expired this week, and, under the terms of a Hague court ruling, Russia will from Thursday have interest added to the penalty, the Vedomosti newspaper reported.

The rate of interest is pegged to U.S. 10-year treasury bills and is currently 1.89 percent — or $945 million — per year, according to the newspaper.

Yukos, once Russia's largest oil company, was bankrupted in the early 2000s by the government following the conviction of its owner, Mikhail Khodorkovsky, on tax evasion charges. The case was widely seen as a state asset seizure, and the majority of Yukos slipped from bankruptcy into the control of Rosneft, a state oil company.

After nearly a decade of deliberation the Permanent Court of Arbitration in the Hague ruled

in July last year that Russia's nationalization of the firm violated international laws under the Energy Charter treaty.

Russia has rejected the court's ruling and in November launched an appeal. The 2015 budget, which is already being eyed for cuts due to a looming recession, does not include any provisions for the fine's payment.

In anticipation that Russia will refuse to pay the now over $50 billion in fines, the Yukos claimants are seeking EU and U.S. court decisions that would expropriate Russian state assets abroad.

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