

Letters

Russia cannot walk away from its legal obligations

From Prof Emmanuel Gaillard.

Sir, Almost unnoticed, Vladimir Putin, the prime minister, announced in July that Russia will withdraw from the Energy Charter Treaty. This is a significant setback for its European partners. Since its adoption in 1994, the ECT has established a unique balance and a level playing field in the energy sector for all 50 partners, including Russia.

This is a signal to the international community that Russia refuses to live by its international commitments and is not interested in protecting future energy investments.

It is no coincidence that this comes at a time when the former majority

shareholders of Yukos oil company are awaiting an international tribunal decision regarding, precisely, whether and to what extent Russia is bound by the ECT. The former shareholders are seeking over \$50bn in compensation for the discriminatory and illegal expropriation of their investment in Yukos.

This latest act of Russian unilateralism in no way means that Russia can walk away from its pre-existing legal obligations. Russia's withdrawal will have no impact on the Yukos case, nor will it affect the rights of other existing investors in Russia's energy sector. Those investments benefit from a

20-year survival protection under the terms of the ECT.

Within this context, there should be little doubt that Russia's withdrawal from the ECT is anything more than a pre-emptive strategy, to sow confusion and discord, in anticipation of an unfavourable precedent in the Yukos tribunal regarding the binding nature of the ECT for the 20 years to come vis-à-vis investments made prior to the withdrawal.

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