

Swiss Court Orders Israel to Pay Iran \$1.1 Billion in Oil Pipeline Dispute

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Israel says it won't pay Iran oil pipeline venture debt, regardless of court's ruling in dispute dating back to before the 1979 Islamic Revolution.

An Israeli oil company, the Eilat Ashkelon Pipeline Company, has been ordered to pay \$1.1 billion in compensation to Iran by a Swiss court, the official Iranian news agency IRNA reported on Wednesday.

In response, Israel clarified that it will not pay the debt to the Iranians. "Without referring to the matter at hand, we'll note that according to the Trading with the Enemy Act it is forbidden to transfer money to the enemy, including the Iranian national oil company," the Finance Ministry statement said.

The compensation ruling follows a long-running legal battle between the two countries over the revenues from an oil pipeline joint venture that dates back to before the Islamic Revolution.

IRNA cited an "informed source" at Iran's Presidential Center for Legal Affairs for its information about the court's ruling.

The joint venture between the two countries, which began under the Shah of Iran in 1968, was a project for selling Iranian oil to Europe via Israel. The oil was shipped from Iran to Eilat and then transported to the Mediterranean seaport of Ashkelon via the newly constructed Trans-Israel Pipeline.

The jointly-owned pipeline was effectively nationalized by Israel after the 1979 Islamic Revolution, after which Iran turned from being Israel's ally to its enemy, and Iran's assets were expropriated.

Iran launched three international arbitration suits in Swiss and French courts to receive its share of the revenues from Israel's continued operation of the pipeline, estimated to be in the billions of dollars, and Iranian assets that were nationalized.

IRNA said the ruling relates to the Israel's sale of Iranian oil that it received on credit and never paid for.

According to IRNA, the latest ruling pertains to a case related to the National Iranian Oil Company's delivery of 14.75 million cubic meters of crude oil worth \$450 million to Israel's Trans-Asiatic Oil Ltd. or TAO.

In 1989, the Swiss court initially ordered TAO to pay \$500 million to Fimarco Anstalt, a company registered before the revolution in Lichtenstein by NIOC.

Payment was deferred pending deliberations over interest claims. This month's ruling was the culmination of that case, with TAO ordered to pay \$1.1 billion in addition to \$7 million in legal fees, IRNA quoted the source as saying.

The source said Iran has also launched a case against TAO in Panama's courts for implementation of the ruling and original claims against the Israeli firm.

Switzerland's Federal Supreme Court has reportedly allowed Iranian clients to file an arbitration claim for \$7 billion against Israel.

The original claim relates to Iran's shares in the Eilat-Ashkelon Pipeline Co. as well as two oil ports and storage facilities, and a fleet of tankers which were expropriated by Israel.

The venture is shrouded in a veil of secrecy in Israel and any information about the pipeline or its financing is subject to censorship.

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