

Latvia has recovered 1.2 million euros incurred in international arbitration proceedings

Published: 21.11.2017.

As a result of effective representation of state's interests, Latvia has recovered litigation costs of 1.28 million euros from Indrek Kuivallik, which incurred during the international arbitration proceedings in "Winergy" case, and these funds have been transferred to the state budget.

On 12 November 2014, Indrek Kuivallik initiated international arbitration proceedings against Latvia in the Permanent Court of Arbitration, pursuant to the Agreement between the Government of the Republic of Latvia and the Government of the Republic of Estonia for the Promotion and Reciprocal Protection of Investment of 23 May 1996.

The international arbitration proceedings were launched because Indrek Kuivallik claimed that the Republic of Latvia had violated the international treaty, thereby affecting his investments in wind power generation. The representatives of Latvia strongly opposed the claim by arguing that Indrek Kuivallik was trying to use the international treaty to avoid general judicial proceedings to the detriment of Latvia.

An international arbitration tribunal was constituted under the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules and composed of three members. During the arbitration proceedings at the end of 2015, I. Kuivallik withdrew all claims against Latvia and agreed to pay the litigation costs of Latvia. In February 2016, within the framework of the agreement between the parties regarding reimbursement of litigation costs, the arbitral tribunal issued an award, imposing an obligation on I. Kuivallik to reimburse Latvia for the litigation costs incurred during the arbitration proceedings.

Despite the agreement reached and the Tribunal's award, I. Kuivallik did not make a payment to the Republic of Latvia. In July 2016, Latvia applied to the Estonian court seeking reimbursement of litigation costs from Kuivallik. In August 2016, a judgment was issued in Latvia's favour, stating that the arbitration award has to be enforced in Estonia.

Latvia therefore took all necessary actions to ensure enforcement of the arbitral award and, consequently, received full payment from I. Kuivallik.

During the enforcement proceedings, the state was represented by the State Chancellery in collaboration with "Freshfields Bruckhaus Deringer LLP" (Paris) and Sorainen law firm (Estonia).

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