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MFSR Press The Slovak Republic won the arbitration proceedings against the American company Discovery Global LLC

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## The Slovak Republic won the arbitration proceedings against the American company Discovery Global LLC

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**On January 17, 2025, the arbitration tribunal, consisting of the professor Gabrielle Kaufmann-Kohler (president of the tribunal), Mr. Stephen L. Drymer (appointed by the claimant) and professor Philippe Sands (appointed by the Slovak Republic), issued the final award in the international investment arbitration based on claims of the American company Discovery Global LLC, the sole shareholder of the Slovak company Alpine Oil & Gas, s.r.o., against the Slovak Republic under the international Treaty between the Czech and Slovak Federal Republic and the United States of America concerning the Reciprocal Encouragement and Protection of Investment. This arbitration is the thirteenth in the row in which the Slovak Republic successfully defended its position.**

The arbitration tribunal did not award any damages to the claimant, while at the same time ordered the claimant to pay 75% of the aggregate expenses of the Slovak Republic in the total amount of 2.3 million EUR. The Slovak Republic therefore remains one of the few counties in the world that has not lost in the international investment arbitration and has not been ordered to pay any compensation of damages to the claimants.

The subject of the dispute was the issue of conducting geological exploration for the purpose of future exploitation of oil and natural gas in the exploration areas Svidník, Medzilaborce, Snina a Pakostov, based on the licenses obtained in 2006 by the company Alpine Oil & Gas, s.r.o. The claimant argued that the actions of the Slovak public authorities, through decisions or acts in relation to activists and inhabitants of the related villages, had prevented the claimant from carrying out geological exploration and the drilling of oil and natural gas in these areas. As a result, the claimant sought from the Slovak Republic payment of damages amounted to 133.1 million USD, while originally the claimant sought more than 2 billion USD.

The arbitration tribunal confirmed that the actions of the Slovak authorities did not constitute expropriation of the investor's rights, did not represent discriminatory treatment, and did not violate the standard of fair and equitable treatment or the legitimate expectations of the claimant, the protection and security of investment, or any obligations of the Slovak Republic in relation to the investments under the Treaty between the Czech and Slovak Federal Republic and the United States of America concerning the Reciprocal Encouragement and Protection of Investment. The constraints of the oil and natural gas exploration project were caused by the claimant's own actions, specifically the lack of legal assessment of the steps regarding their investment, as well as further inaction in relation to the Slovak public authorities, activists, or landowners on whose land the geological exploration was supposed to take place. The claims of alleged violations of the international Treaty between the Czech and Slovak Federal Republic and the United States of America concerning the Reciprocal Encouragement and Protection of Investment, presented by the claimant, in no way constituted violations of the international obligations of the Slovak Republic arising from this Treaty.

The Slovak Republic was represented in the dispute by an internal team from the Ministry of Finance of the Slovak Republic, together with

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the law firm Squire Patton Boggs LLP.

The decision of the arbitration tribunal will be published on the following website in the coming days: <https://icsid.worldbank.org/cases/case-database/case-detail?CaseNo=ARB/21/51>.

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