CAFTA Arbitration Panel Named for Guatemala Railway Dispute

Pittsburgh, Pennsylvania, USA / April 16, 2008 — Binding international arbitration under the International Centre for the Settlement of Investment Disputes (ICSID) for Railroad Development Corporation’s (RDC’s) claims against the Government of Guatemala has begun. The Spanish attorney and arbitrator, Dr. Andrés Rigo Sureda, has accepted ICSID’s appointment as the President of the 3-person tribunal to rule on RDC’s claims, the first ever under the Dominican Republic - Central America - United States Free Trade Agreement (CAFTA). RDC initiated this process in March of 2007 in response to the Government of Guatemala’s declaration of “lesivo” against its enterprise, Ferrovías Guatemala (FVG). RDC claims that the Government of Guatemala’s declaration of lesivo constituted an indirect expropriation of its investment, a failure to provide the minimum standard of treatment, and a lack of national treatment. RDC has made it clear that the action against FVG by the Government of Guatemala was taken on behalf of Guatemalan private business interests.

FVG was formed in 1997 to restore Guatemala’s abandoned national railway to operation, and succeeded in reopening the Atlantic line in 1999. RDC’s success in reopening the Atlantic railway line was the first case of an abandoned national railway restored to operation by the private sector. However, RDC was forced to suspend service in September 2007 as a result of the Guatemalan Government’s action, leaving the people of Guatemala once again without a functioning railway.

RDC and FVG Chairman Henry Posner III commented: “With the constitution of the arbitration tribunal, the Government of Guatemala—which has engaged in delay and denial in hopes that our claim would disappear—is required under its CAFTA obligations to begin the process of addressing RDC’s claims. While we are confident that justice will be the ultimate result, I personally regret that Guatemala has lost its railway; though I have no regrets about doing the very best we could under the circumstances.”

Under ICSID rules, the arbitration panel consists of the Hon. Stuart Eizenstat of the United States, appointed by RDC; Professor James Crawford of Australia, appointed by the Government of Guatemala; and Dr. Andrés Rigo Sureda of Spain, appointed by the Secretary General of ICSID in accordance with CAFTA Article 10.19. Andrés Rigo Sureda is a former Deputy General Council and Acting Vice President of the World Bank and a member of the ICSID Panel of Arbitrators.

RDC is represented in the ICSID proceedings by the U.S. international law firm, Greenberg Traurig (www.gtlaw.com), and the Guatemalan law firm of Díaz-Durán & Asociados - Central Law of Guatemala (www.central-law.com). Allen Foster, the team’s lead arbitration counsel, commented: “We are extremely pleased to have three such exceptionally qualified individuals to serve as the arbitration tribunal in the first investor-state dispute under CAFTA.”

RDC is a privately held Pittsburgh-based railway management and investment company, focusing on “Emerging Corridors in Emerging Markets.” For more information about RDC and its joint ventures in the USA, Argentina, Guatemala, Peru, Malawi and Mozambique, please visit www.RRDC.com.

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