

Insights



Adriana Riviere-Badell on Lawmakers' Request for U.S. to Intervene in ICSID Treaty Claim in *Global Arbitration Review*

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Over 30 U.S. lawmakers wrote to the Biden administration in May urging them to intervene on behalf of Honduras after allegations that ICSID has breached “law and procedure” in its administration of US \$11 billion treaty claim have caused the government of Honduras to threaten withdrawal from ICSID’s jurisdiction. Kobre & Kim’s Adriana Riviere-Badell, who focuses on enforcement of international judgments and arbitral awards with a nexus to Latin America, gave her insight to *Global Arbitration Review*.

Honduras claims ICSID should not have registered the claim because the investors failed to exhaust domestic remedies before resorting to arbitration, which was a condition of the state’s entrance to the ICSID convention in 1988. U.S. lawmakers denounced the claim as “egregious” and for a “jaw-dropping sum.” However, Ms. Riviere-Badell thinks it “highly unlikely that the Biden administration would take the action urged in this letter.”

According to Ms. Riviere-Badell, intervention from the U.S. could backfire in a variety of ways. She says it “smacks of paternalism and caprice,” and could have an “indirect chilling effect on investment in bonds of developing countries, which could lead to further damage to those economies as well as investors.” The U.S. government should take other steps to help developing nations, such as direct aid or incentivizing lenders and investors.

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