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# International investors file arbitration claim against the Republic of Albania

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KERRES | PARTNERS represents international investors in a high profile arbitration case in front of the International Centre for Settlement of Investment Disputes (ICSID) against the Republic of Albania. The dispute arises out of damages sustained by such international investors in connection with privatization vouchers issued by the Republic of Albania.

After the fall of the Soviet Union the Republic of Albania initiated a privatization process to boost its economy. At that time, the Republic of Albania started a mass privatisation program by issuing privatization vouchers in the legal form of bearer bonds to the public. This vouchers were issued with the promise that these notes can be used for face value in order to acquire shares in- or assets of companies formerly owned by the Republic of Albania.

To make the privatisation more attractive and effective, the Republic of Albania enacted a law, which allowed the creation of investment funds. Further, the Republic of Albania enabled foreign investors by law to participate in such investment funds. Foreign investors were desperately needed, because the Albanian population and therefore the privatization voucher holders did not have the capital necessary to achieve the task of modernisation of the country's economy.

The Albanian law No 7764 “On Foreign Investment” guaranteed foreign investors equal treatment with the local investors and guaranteed protection against expropriation and (re-)nationalization. This law also set forth that foreign investors could bring their case in front of the ICSID in case the Republic of Albania would not honour its promises vis-à-vis foreign investors.

Eventually, only one of such investment funds, the Anglo-Adriatic Investment Fund, started operating. The Anglo-Adriatic Investment Fund received its definitive license to acquire and utilise privatization vouchers on May 22, 1996. It was founded to collect and administer the privatization vouchers of natural and legal persons. Our client, the Anglo Adriatic Group Limited, is the major shareholder of the fund.

The Anglo Adriatic Group Limited was founded by a number of investment and merchant banks as well as high net worth individuals with the intention of developing investment opportunities introduced by the mass privatization program of the Republic of Albania and other countries in the Adriatic.

When Anglo-Adriatic Investment Fund was created in 1996, the foreign investors in the fund developed an investment strategy that – had it been followed by the Republic of Albania – would have resulted in long-term productive investments so desperately needed by Albania.

However, the Republic of Albania failed to honour its promise that these privatization vouchers can be used in the Albanian privatization process. Despite all efforts of the international investors, who have also run the Albanian investment fund, the Republic of Albania denied the Albanian investment fund any possibility to exchange the privatization vouchers held by such investment fund for shares in- or assets of state and companies. The validity of the privatization vouchers expired on 31 December 2016 and our client suffered a considerable loss.

Due to the fact that the Republic of Albania refused to settle the matter amicably in the past, our client was forced to take legal action against the Republic of Albania. KERRES | PARTNERS was entrusted with the preparation of a request for arbitration. The request for arbitration was filed with the ICSID on December 29, 2016. The ICSID already confirmed its jurisdiction under the Albanian law No 7764 on Foreign Investment as amended by Law 10316. The case was registered on February 17, 2017 under ICSID Case No ARB/17/6.

**Quelle:** <https://www.kerres.at/de/node/2221>