



Ecuador will continue with its defense in the arbitration commenced by Chevron

On March 11, 2010, the Honorable Leonard Sand, U.S. District Court for the Southern District of New York, denied the Republic of Ecuador's Petition to Stay the pending arbitration commenced by Chevron Corp. under the U.S.-Ecuador Bilateral Investment Treaty.

Chevron commenced the arbitration on September 23, 2009, claiming that Chevron is not being afforded adequate due process in the Ecuadorian courts with respect to an environmental claim currently being litigated between private parties, namely, a group of indigenous citizens of Ecuador and Chevron. Importantly, the plaintiffs in that case first filed their claims in the U.S. federal court in New York in 1993. From 1993 to 2002, Chevron defended that case by arguing that the claims should be adjudicated in Ecuador rather than in the United States. To obtain dismissal of the environmental case in New York, Chevron agreed to consent to jurisdiction in Ecuador, and to satisfy any final judgment rendered there. Chevron agreed to contest the judgment only in an enforcement hearing, after judgment, under a specified New York law.

By way of Ecuador's petition to stay the arbitration, the Republic sought to enforce Chevron's promises to the New York court, promises the court relied upon in dismissing the environmental action in favor of an Ecuadorian forum. Today, while calling some of Chevron's requested relief "imaginative," the court nevertheless declined to stay the arbitration. In so doing, the court emphasized that it was not addressing the merits of Chevron's arbitration claims, finding only that, in its view, under New York state law, the issues raised by Chevron are matters to be addressed in arbitration.

Once the decision was rendered, the Republic of Ecuador's Attorney General, Diego García Carrión, stated: "The Republic guarantees all litigants before its courts, including Chevron, procedural due process safeguards, including in litigations against the Government. In recent years, Chevron and its affiliates have in fact obtained money judgments against the Government in Ecuadorian courts. The Republic has not interfered and will not interfere in the pending environmental litigation still pending in Ecuador; it instead will continue to ensure that the judicial processes continue in a fair and impartial manner consistent with the procedural rights afforded all parties."

The Republic is considering its rights of appeal. The decision of the U.S. District Court does not affect, whatsoever, the arguments to be raised by Ecuador in the Arbitral proceeding, and the ruling does not take any particular position on the issues been claimed by Chevron. The

Republic is confident that Chevron's allegations of misconduct will be rejected in whatever forum they are heard.

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