

PRESS RELEASE

On 18 April 2017 the Award for ICSID Case No. ARB/12/25 was dispatched. This arbitration procedure was commenced in 2012 by Marco Gavazzi and Stefano Gavazzi, as Claimants, against Romania, before the International Centre for Settlement of Investment Disputes (ICSID). This ICSID arbitration procedure related to the privatization of the steel company, Socomet (formerly Otelu Rosu).

Romania has been successfully represented by the Consortium consisting of Cobuz & Associates Law Firm, as the Consortium Leader and Sirbu Manuela Law Office along with expert counsel KPMG Advisory (Michael Peer - Partner) and Prof. Bazil Oglinda.

The Arbitral Tribunal withheld that Romania cannot be held liable for the entire extent of the Claimants' claims since the numerous misconducts and omissions of the Gavazzi brothers have led to the insolvency of Socomet. Thus, the Arbitral Tribunal recognised most of Romanias defences and arguments as correct and well founded.

The Award confirms Romania's arguments and deems that the investors cannot be compensated with enormous amounts of money (USD 46.350.000 – according to the calculation made by the Claimants' appointed expert - Deloitte) for the loss of chance, but only for the loss of opportunity, namely the amount of money that has been effectively invested in the company and proven accordingly.

With that in mind, the Arbitral Tribunal awarded the Claimants the amount of USD 1,897,500 and EUR 657,000 representing compensation for the breach of the applicable Italy-Romania Bilateral Investment Treaty by Romania, part of the Claimants' costs and interest in accordance with this bilateral investment treaty's provisions.

In conclusion, due to Romania's efficient and diligent defenses, the Claimants' claims have been dramatically reduced.

STATE ASSET ADMINISTRATION AUTHORITY