



## High Political Risk in Investment Arbitration: The Case Study of Venezuela

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### Summary

**\* Please note that this summary of the panel was AI-generated and therefore has not been fully vetted for accuracy.**

The final panel of Washington Arbitration Week 2021 focused on "High Political Risk Investment Arbitration: The Case Study of Venezuela." The session featured a distinguished group of experts, including Eduardo Mathison, who moderated the discussion, and panelists Jose Ignacio Hernandez, Marisael Pradia, and Thomas Norgar.

The panel examined the complex humanitarian and economic crisis in Venezuela, exacerbated by political instability and a significant external debt estimated at \$140 billion. The discussion highlighted the challenges faced by foreign investors, particularly regarding claims related to expropriations and the enforcement of arbitration awards.

Jose Ignacio Hernandez provided insights into the Venezuelan economy, emphasizing the catastrophic GDP collapse of approximately 80% and the resultant humanitarian crisis. He noted that the country's economic collapse stemmed from predatory policies rather than solely from external sanctions or falling oil prices.

Marisael Pradia discussed the current status of foreign investors, revealing that while many have filed claims, the uncertainty surrounding enforcement and asset attachment has discouraged new claims. She highlighted that only one case has been filed since 2001, reflecting a cautious approach from potential claimants.

Thomas Norgar addressed the difficulties investors face in recovering assets, emphasizing the need for creative restructuring solutions to navigate the political landscape. He indicated that investors without arbitration awards may find it challenging to secure a seat at the negotiating table during any potential restructuring of Venezuelan debt.

The panel also touched on the role of the interim government led by Juan Guaido, noting the complications arising from dual claims to representation in international arbitration. The discussion underscored the importance of establishing clear property rights and market mechanisms to promote foreign investment, which is essential for Venezuela's economic



recovery.

Overall, the session provided a comprehensive analysis of the intricate interplay between legal, economic, and political factors affecting investment arbitration in Venezuela, highlighting the urgent need for innovative solutions to address the ongoing crisis.

### **Authors**

Eduardo Mathison, Jose Ignacio Hernandez, Maria Isabel Pradilla, Thomas Norgaard

### **Topics**

High Political Risk in Investment Arbitration

### **Category**

WAW

### **Full Transcript**

00:00:02

Welcome to Washington arbitration week

00:00:06

2021 second edition. And this

00:00:11

is our last panel. of

00:00:13

Washington arbitration week and I

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would like to basically share

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with you that this panel

00:00:23

has an incredible lineup of

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experts and our moderator. Who



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will present each one of

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the panelists? the only comment

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that I will give is

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that the name of this

00:00:38

of this panel is called

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high political risk investment arbitration

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the case study of Venezuela

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and given that that this

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particular case study has incredible

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experts both in in the

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law and also knowledgeable experts

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concerning geopolitics as well as

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International arbitration, but also with



00:01:05  
respect to damages and assessment

00:01:10  
of political risk and funding

00:01:14  
from one particular nationality, which

00:01:17  
is Venezuela. We are very

00:01:20  
proud to present a a

00:01:22  
full panel of you know,

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Venezuelans here. Some of them

00:01:27  
do all national some of

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them not Etc, but it's

00:01:31  
it's an incredible panel and

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and I particularly feel very

00:01:36  
proud as a Colombian to

00:01:37  
have a fully on panel



00:01:40  
of Venezuelan in in this

00:01:42  
in this Washington arbitration closure

00:01:45  
event before giving the floor

00:01:49  
to Eduardo Mathison. I would

00:01:53  
like to share with you

00:01:55  
that this program was this

00:01:58  
full program was put together

00:01:59  
by an incredible editorial team,

00:02:02  
which also includes a Eduardo

00:02:06  
Mathison, but also includes a

00:02:08  
various individuals who I would

00:02:11  
like to give a great

00:02:12  
credit including Maria Lucia Casas



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who I believe you know

00:02:16

from extra strategy. Munia elharti

00:02:19

Alonso also from extra strategy,

00:02:20

Daniela gikat Janu from Georgetown

00:02:25

University Ian Laird my co-founder

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from crawler Mooring and iese

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From astrology as well while

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the math is in who

00:02:36

I have already mentioned Marianne

00:02:39

Susanna Naman from xstrategy myself.

00:02:43

Ashley Rivera from problem Mooring

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and I'm Elena Vives in

00:02:47

addition to that. I would



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like to give enormous thanks

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to our advisory committee including

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McNair exit Secretary General borso,

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sabahi from Curtis chip Rosenberg

00:03:01

from King and Spalding guy

00:03:03

like hearing floors from Allen.

00:03:05

Andover Lee Kaplan from Aaron

00:03:07

Fox Marine Carlson from sidley

00:03:10

Austin Kelby ballena from Alan

00:03:12

ovary and Lucinda low from

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step on Johnson. um Other

00:03:19

than that, it has been

00:03:20

a great great week. We



00:03:24  
have received several several inquiries

00:03:27  
about the topics and what

00:03:30  
we can say is we

00:03:32  
can try to uphold our

00:03:34  
promise to do next year.

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also a more expansive hybrid

00:03:40  
event this year. We had

00:03:42  
two sessions hybrid and hopefully

00:03:44  
if things go, well, we'll

00:03:47  
be able to be both

00:03:48  
online. And in person the

00:03:52  
idea would be to have

00:03:53  
at least five sessions in



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person and based on the

00:03:57

numbers. We strongly believe that

00:04:00

we will not kill the

00:04:02

online version because we think

00:04:04

that we can reach out

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to more people by having

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it online as well. So

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for instance yesterday we're connected

00:04:11

with people in Vienna. We're

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watching the Washington arbitration week

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at 11 o'clock at night

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there damage is experts were

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connecting with us at that



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time. We're connected with people

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in in Oslo in our

00:04:25  
way in Africa in India,

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and we want to keep

00:04:27  
that going So with with

00:04:31  
that I would I will

00:04:33  
go on and and introduce

00:04:35  
it wasn't Mattison who is

00:04:37  
an international associate at Portland

00:04:39  
Mooring at its International dispute

00:04:42  
resolution group and is based

00:04:44  
here in Washington DC. He

00:04:46  
also works closely with the



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firms International Trade group and

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he focuses mainly in international

00:04:54

arbitration he has experience representing

00:04:57

clients in International Investment commercial

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disputes before the Exit the

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icdr the ICC and several

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other rules including the on-stroke

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rules Eduardo. Also has experience

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representing foreign domestic clients in

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foreign Sovereign immunities Act. Litigation

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including victims of terrorism in

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his trade practice. He has

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experienced assisting clients in Latin



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American countries on US economic

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sanctions, anti-money laundering laws and

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regulations expert controls Customs Regulatory

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and investment related issues also

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concerning issues on and anti-corruption.

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I can say that oh,

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he's he's Julie qualified in

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both in both in New

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York and Venezuela and he's

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an active member of proles

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and more Latin American practice.

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And what more than that

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more than that Eduardo has



00:05:56  
been a force in in

00:05:58  
this version of Washington arbitration

00:06:01  
week. He has a been

00:06:03  
very active providing ideas as

00:06:06  
to what we should be

00:06:07  
doing at Washington arbitration week

00:06:10  
and he of course put

00:06:12  
together with some thoughts from

00:06:13  
Ian and myself this panel,

00:06:16  
which is an incredible panel

00:06:18  
hopefully useful for the case

00:06:21  
in Venezuela, but also useful

00:06:22  
for other countries that may



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entail High Country risks and

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with you Eduardo and his

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fellow panelists. Thank you. Thank

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you, Jose Santana. Can you

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hear me? I got. A

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great so thank you was

00:06:43

Antonio for the introduction and

00:06:44

for your kind words. I

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also want to congratulate you

00:06:49

and Ian and Maria Lucia

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Milena and the rest of

00:06:52

the Washington arbitration with team

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for putting together what has



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been definitely a very successful

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week. I'm aware of the

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enormous amount of work that

00:07:01

he took to make this

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possible. So really well done.

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And of course, I want

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to thank everyone for for

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joining us today for this

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interesting panel get Friday afternoon

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panel. So thank you for

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being there with us. And

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and I am very excited

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to hear tomorrow at this



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panel. That's awesome Antonio mentioned

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title High political risk in

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investment arbitration the case study

00:07:24  
of Venezuela. It is a

00:07:27  
great honor really to to

00:07:28  
be part of these 100%

00:07:30  
made in Venezuela panel including

00:07:33  
myself, and I am joined

00:07:35  
by an All-Star level pool

00:07:37  
of panelists today. I have

00:07:39  
with me Jose Ignacio Hernandez.

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He's a law professor at

00:07:43  
the University at Catholic Andres



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major in Caracas, Venezuela and

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a fellow at Harvard. Kennedy

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School and at the University

00:07:50

of Castillo La Mancha in

00:07:53

Spain. He's also co-author of

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this book that I have

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with me on the defense

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of the rights and an

00:08:00

interest of Venezuela by the

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internal government of one white.

00:08:04

Oh and their International Organization

00:08:06

also a good friend marisael

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pradia. She is today with



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us. She's a global disputes

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Associated Jones stay in Washington

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DC with extensive experience in

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investment and Commercial arbitration cases.

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She is also co-founder of

00:08:22

the Georgetown International arbitration alumni

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group. And finally we have

00:08:26

Thomas norgar. He's managing director

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and director of Latin American

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Investment development at Gramercy. He's

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he was also a litigation

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Associated Boys New York for

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for many years. So as



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you can see, we have

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a wonderful panel and all

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with different backgrounds and perspectives

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that we'll share with us

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today, and we have a

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lot of Since that we

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want to cover it's not

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going to be easy. But

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before I go there, let

00:08:54

me talk quickly about some

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Logistics first. We're going to

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leave time for for questions

00:09:00

at the end. If you



00:09:02  
have any questions, please put

00:09:03  
them in the chat and

00:09:04  
I'll be happy to to

00:09:05  
share them with the panel

00:09:06  
at the end. And I

00:09:08  
understand that the conference is

00:09:09  
also reserved 15 minutes for

00:09:11  
breakout sessions for a breakout

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session at the end so

00:09:15  
we can have a more

00:09:16  
informal discussion. So so please

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stay with us. So I'm

00:09:21  
just gonna jump right in



00:09:23  
and I think costing us

00:09:25  
is going to laugh out

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loud based on what I'm

00:09:27  
gonna try in immediately. I

00:09:29  
will try to The impossible

00:09:31  
task of giving you a

00:09:34  
quick two-minute recap of what

00:09:36  
the past couple of years

00:09:37  
have been in Venezuela and

00:09:38  
the currency situation particularly in

00:09:40  
the international disputes world. So

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I will I will try

00:09:45  
my best. and as many



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as you know Venezuela is

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Is sadly suffering a major

00:09:54

humanitarian crisis? And according to

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many the worst that this

00:09:58

hemisphere has ever seen. In

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fact, according to the OS

00:10:03

working group on the crisis

00:10:04

of Venezuela migrants and refugees

00:10:06

in the American region around

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five to six million. Venezuelans

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have been forced to flee

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the country as a result

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of a political terminal and



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human Rivals and a collapse

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of the economy in recent

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years and as many of

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you know as well. In

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January 2019 over 50 countries,

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including the US and the

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UK and Canada many others

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and even International organizations like

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the OS and inter-american Development

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Bank, they recognize the Venezuelan

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legislature the National Assembly as

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the only government institution democratically

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elected in Venezuela, and an



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even more importantly they recognized

00:10:45  
the head of the Venezuelan

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National Assembly one Guido as

00:10:49  
the interim president of Venezuela

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until free elections can be

00:10:53  
held which hasn't happened yet.

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And this is of course

00:10:57  
for obvious reasons. This is

00:10:58  
a big deal and because

00:11:01  
because Venezuela was back then

00:11:04  
and still is involved in

00:11:05  
in Dawsons of complex arbitrations

00:11:07  
resulting mainly from a wave



00:11:10  
of expropriations and another measures

00:11:12  
that took place during the

00:11:13  
war Chavez years in 2000s

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and and the early 2010s

00:11:16  
which which continue under Nicolas

00:11:19  
Maduro or more recently. That

00:11:21  
the recognition of of one

00:11:23  
Guido was interim president and

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the issue just to give

00:11:26  
you an example the issue

00:11:27  
of who should represent Venezuela

00:11:29  
and these arbitration proceedings that

00:11:31  
of course quickly became a



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question of law. and today

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the reality that we have

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is that if you ask

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how much does Venezuela oh

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between our little words and

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outstanding bonds and Loans from

00:11:45

countries like Russia and China

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and others Etc. If you

00:11:49

look at Venezuela's external debt.

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It is estimated to be

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as much as a hundred

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and forty billion dollars. That's

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where we are right now.



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That's a reality today and

00:12:01

So so with all of

00:12:02

that said I will stop

00:12:04

here. And I I will

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start by asking the the

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person who had to take

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over and handle about 60

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or more of these arbitrations

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all at the same time.

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Jose nacio in this context.

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What can you tell us

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about the the current state

00:12:22

of play in Venezuela and



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and the facts on the

00:12:25

ground? Well, first of all,

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thank you so much for

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the invitation for being here.

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It's quite a pleasure Jose

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Antonio Rivas. I appreciate the

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invitation and of course Eduardo

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for your wonderful work today

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and as well as marisabel

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and Thomas are following my

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advice the advice of my

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medical doctor gave me I

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am not going to talk



00:12:50  
about Venezuelan politics. I am

00:12:52  
going to talk about briefly

00:12:55  
about what is the current

00:12:57  
situation of the Venezuelan economy

00:12:59  
and to talk about these

00:13:01  
we need to be clear

00:13:02  
about how Venezuelan collapse There

00:13:05  
have been different version of

00:13:07  
how Venezuelan collapse according to

00:13:09  
one version Venezuelan collapse due

00:13:11  
to the drop of the

00:13:13  
oil prices. Another version state

00:13:15  
of Venezuela collapsed due to



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sanctions. But the truth is

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that Venezuelan collapse as a

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result of what the economist

00:13:26

called extractive Economic Institutions or

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predatory policies that destroy the

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market mechanism destroy the oil

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industry. Lead to a GDP

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collapse estimated in 80% a

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collapse of imports and as

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a result an ongoing complex

00:13:48

humanitarian emergencies in economic terms.

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It is necessarily to look

00:13:54

for countries that are facing



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terrible Wars in order to

00:13:58

have a comparison of the

00:14:00

Venezuelan economic crisis. For example,

00:14:03

I say that the GDP

00:14:05

collapse is 80% This is

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a greater collapse than the

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Great Depression hit in the

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United States a great collapse

00:14:14

that the Spanish crisis during

00:14:16

the Civil War and if

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we want to compare another

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country that suffer right GDP

00:14:22

collapse of Approximately 80% of



00:14:25

the economy. We should look

00:14:27

into Germany during the second

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World War. and of course,

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this is very interesting because

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one of the recent unexplained

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investors claims is precisely due

00:14:39

to the destruction of the

00:14:40

market mechanism through expropriation and

00:14:43

other Similar measure not only

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Venezuelan economic collapse but as

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you say that whatever Venezuela

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has a external debt that

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could be estimated in a



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hundred forty billion dollars. The

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Republic debt could be estimated

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in 68 billion dollars. The

00:15:01

perverse depth could be estimated

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in 72 billion dollars and

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following the distinction between financial

00:15:10

and non-financial depth. We could

00:15:12

estimate that the financial deputies

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a hundred seven billion dollars

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while the non-financial deputy 33

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billion dollars just to give

00:15:21

you an example an idea

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imagine of these numbers the



00:15:29  
estimated values of Venezuelan asset

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abroad including seed go pereversa

00:15:36  
affiliate everything the estimated value

00:15:38  
is about 20 billion dollars.

00:15:41  
That's mean that Venezuela's account

00:15:44  
trip with an external depth

00:15:45  
of a hundred forty billion

00:15:47  
dollars an external asset of

00:15:49  
only 20 billion dollar. This

00:15:52  
is the dimension of the

00:15:54  
crisis that we are suffering

00:15:55  
to end. We are looking

00:15:57  
right now in a sort



00:15:58  
of economic recovery Venezuela some

00:16:01  
analysis talking about the China

00:16:03  
model in Venezuela, but in

00:16:05  
my opinion what is happening

00:16:06  
in Venezuela, is that as

00:16:08  
a consequence of the collapse

00:16:09  
of the state the centralized

00:16:12  
controls collapse and now the

00:16:13  
government doesn't have any capability

00:16:16  
to destroy property rights, and

00:16:19  
as a result there has

00:16:21  
been an increasing informal economy

00:16:23  
characterized by the facto dolarization



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process, but this this hasn't

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This hasn't do anything with

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to do surgery with the

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China model because the key

00:16:36

of the China model was

00:16:38

introduction of Market mechanism, despite

00:16:41

the authoritarian regime ruling China,

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but in Venezuela, we do

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not have Market mechanism. We

00:16:48

do not have inclusive economic

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institution under the country Venezuelan

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the last rank of rule

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of law and economic freedom



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in the world. So simply

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what we are looking is

00:17:01

at the fact of process

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that will not provide the

00:17:05

economic recovery that Venezuela needs

00:17:09

to others the complex humanitarian

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emergency and these gigantic economic

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collapse again estimated in 80%

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of the GDP. Thank you.

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I'll see nasia and and

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you mentioned so so many

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interesting things coming from from.

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I mean the Gees that



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I can take is not

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that just the collapse of

00:17:32

the economy, but beyond I

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mean goes to the to

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the state as a whole

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and you also mentioned the

00:17:37

fact or the larization process

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that is happening right now

00:17:40

and the lack of economic

00:17:43

freedom as a whole which

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I think it's a perfect

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segue to my my next

00:17:49

question that I have for



00:17:49

you buddy Farrell. Um, can

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you tell us what the

00:17:54

the current status for foreign

00:17:57

investors? Well with our Richard

00:17:58

claims against Venezuela Absolutely. Good

00:18:03

afternoon, everybody before I start

00:18:06

just very quickly. Thank you

00:18:09

to Washington arbitration week into

00:18:12

a while. I'm really humble

00:18:13

to be in this panel

00:18:15

with all of you Jose

00:18:17

Ignacio Tomas. And of course

00:18:18

a lot of who we



00:18:20

go back for so many

00:18:21

years, you know it this

00:18:24

is really interesting because as

00:18:25

a Venezuelan, obviously, I follow

00:18:27

this forever and just hearing

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Jose Ignacio put it in

00:18:31

those terms really really Shocks,

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you still to the core,

00:18:36

especially when you think about

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a country that is as

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resource rich as Venezuela is

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and you look at what

00:18:43

the assets are brought are.



00:18:45

In what the external debt

00:18:46

is it? You ask me?

00:18:48

What is the status of

00:18:49

the foreign investors that have

00:18:51

claims that either have succeeded

00:18:53

or who are on the

00:18:56

pipeline right now and even

00:18:57

the ones that are not

00:18:57

still on the pipeline and

00:19:02

Daunting devastating, but I will

00:19:05

give you a bring that

00:19:07

down a little bit from

00:19:08

the more emotional aspect of



00:19:11

this conversation to what this

00:19:14

Statistics that we have seen

00:19:15

with respect to what investors

00:19:18

did arbitration looks like in

00:19:20

Venezuela under the chalice and

00:19:22

my little gym and what

00:19:24

we see is that in

00:19:25

the last 10 to 15

00:19:27

years in US within us

00:19:29

who was mentioned as a

00:19:30

result of the expropriate word

00:19:32

policies. We have seen at

00:19:34

least 50 cases filed for



00:19:36  
investors data nutrition alone. That

00:19:39  
does not count commercial arbitration

00:19:41  
cases that are also some

00:19:43  
of them extremely large into

00:19:46  
the billions of dollars. Now

00:19:48  
of this cases there is

00:19:50  
about 16 cases that are

00:19:52  
still open pending. There are

00:19:56  
three cases that are an

00:19:58  
annulment proceedings that are very

00:20:00  
important cases large cases that

00:20:03  
are facing. Issues of flaw

00:20:06  
that are extremely interesting in



00:20:09

our discuss those in a

00:20:10

little bit but one of

00:20:11

the things that we're seeing

00:20:12

in it gives you what

00:20:13

this is and what the

00:20:15

thinking of foreign investors in

00:20:17

Venezuela that had accident Venezuela

00:20:19

is in 2001. I've only

00:20:22

been able to find one

00:20:23

case that's been registered against

00:20:25

Venezuela so obviously the exploratory

00:20:30

policies have not stopped necessarily

00:20:32

and not everyone has already



00:20:35

brought a claim but this

00:20:37

to me is an indication

00:20:39

that investors are discouraged from

00:20:41

bringing claims in this environment

00:20:44

because precisely the uncertainty with

00:20:47

whether they can be enforced

00:20:49

whether they're assets that can

00:20:52

be attached in there for

00:20:53

their Awards paid in the

00:20:56

event that they win. We

00:20:57

also have the issues that

00:20:59

we see with respect to

00:21:00

sanctions not just in the



00:21:02

US but other places but

00:21:03

obviously more importantly in the

00:21:05

US and we'll talk about

00:21:06

those a little bit more.

00:21:08

I hope in the panel.

00:21:09

It's a really interesting conversation

00:21:10

because it's a double age

00:21:12

sword in May. In fact

00:21:14

be helping Venezuela. Keep all

00:21:18

some of these assets until

00:21:19

maybe some Creative Solutions or

00:21:21

some restructuring can take place,

00:21:23

but in terms of an



00:21:25

introduction from my end with

00:21:27

respect to the Foreign investors,

00:21:29

I think obviously there's a

00:21:32

there is an aspect of

00:21:33

being discouraged at the moment

00:21:34

for bringing claims. But I

00:21:37

think that is something that

00:21:39

needs to be reconsidered Because

00:21:41

unless you put yourself in

00:21:43

that queue of potential claimants

00:21:46

to to be able to

00:21:48

to recoup your investment. You

00:21:51

will not be taken into



00:21:52

account when actual change happens.

00:22:00

Thank you marisael and this

00:22:02

is very interested. And yes,

00:22:03

I I would like to

00:22:04

touch up on the sanctions

00:22:06

aspect. We'll talk about it

00:22:07

shortly. But before we go

00:22:09

there I wanted to ask

00:22:12

you to mask it maybe

00:22:13

that the the obvious the

00:22:16

the EC non necessarily easy

00:22:18

question about based on what

00:22:21

was Antonio Jose nacio and



00:22:22

Melissa will Mention about the

00:22:25

the total external debt, the

00:22:27

number of cases that either

00:22:29

are still animated and enforcement

00:22:31

pay a face or the

00:22:32

annulment proceedings. What's what's your

00:22:36

view on on? These foreign

00:22:39

investors are they going to

00:22:40

be able to enforce these

00:22:43

are words against Venezuela or

00:22:45

basically in other words are

00:22:47

what's your view? Do you

00:22:48

think that they're gonna they're



00:22:49

gonna get paid? and by

00:22:51

whom Thomas I think you're

00:22:55

a mute can you hear

00:22:56

us? Yeah. All right. Yes,

00:22:59

it's a it's sorry about

00:23:01

that. It's a it's a

00:23:02

very good question Eduardo and

00:23:05

well, thank you and and

00:23:07

all of the panelists. Thank

00:23:09

you host Antonio for the

00:23:10

invitation. Clear you've done a

00:23:13

very good job in the

00:23:14

in the context of this



00:23:15

Washington arbitration week before I

00:23:19

start answering that question though.

00:23:20

I just want to make

00:23:21

a quick note, you know,

00:23:24

even to the extent that

00:23:25

this is being recorded or

00:23:26

for future purposes that you

00:23:28

know, whatever I say here

00:23:30

should be taking you know,

00:23:33

fundamentally. Yes, that's a personal

00:23:35

opinion rather than the opinion

00:23:36

of the institution that I

00:23:37

work for which is grammarchy



00:23:39

funds management. It's it's well

00:23:43

known asset manager focusing in

00:23:44

Latin America Investments and emerging

00:23:47

markets and we do act

00:23:49

as third party funders so,

00:23:51

you know, and and obviously,

00:23:55

you know, I just wanted

00:23:57

to make that note that

00:23:58

you know, any opinions are

00:24:00

not that necessarily the opinions

00:24:02

of gramacy, but well, but

00:24:04

but having said that I

00:24:05

think that the what you



00:24:08

what you're asking and Eduardo

00:24:11

it's it's the same question

00:24:12

that it's just it's the

00:24:15

same issue that all claimants

00:24:17

face. And when they are

00:24:21

big when they are at

00:24:24

the brink of pulling the

00:24:26

trigger. and and launching International

00:24:33

proceedings against a sovereign not

00:24:37

necessarily. You know against Venezuela

00:24:40

only but this is kind

00:24:41

of like a more, you

00:24:42

know conceptual issue. No, you



00:24:44

know, whether whether you know,

00:24:46

if I win whether I'm

00:24:47

going to be able to

00:24:48

collect and if so, how

00:24:50

do I how do we

00:24:52

go about collecting? um, but

00:24:55

also it's a question that

00:24:58

many claimants face even after

00:25:02

winning a case or winning

00:25:05

or or success or prevailing

00:25:07

in arbitration proceedings. I think

00:25:12

it's clear by the numbers

00:25:13

that there's just simply not



00:25:15  
enough assets of the government

00:25:17  
to satisfy all depending all

00:25:22  
depending. Awards and So that

00:25:27  
obviously represents a challenge my

00:25:31  
personal opinion. Is that there

00:25:33  
and you know, and and

00:25:36  
I think the the only

00:25:39  
way to look at this

00:25:40  
is to create your investment

00:25:46  
thesis around the fact that

00:25:48  
there's more it's more likely

00:25:51  
than not. that there will

00:25:54  
be some kind of restructuring



00:25:58

or reorganization of Venezuela's public

00:26:02

debt You know at any

00:26:07

point in time when this

00:26:09

government or a future government

00:26:11

decides to refinance it's that

00:26:16

so there's there's gonna have

00:26:18

to be no very creative

00:26:21

ways, you know, people gonna

00:26:24

have to put their you

00:26:25

know, heads together and and

00:26:27

create structures that allow for

00:26:31

for claimants to recuperate part

00:26:34

of what they're owed and



00:26:36

be that you know, whether

00:26:38

it is true. the issuance

00:26:42

of new public debt returning

00:26:45

some of the Assets in

00:26:47

the process of trying to

00:26:48

reactivate local economy and and

00:26:52

maybe even, you know providing

00:26:54

some cash to investors that

00:26:57

are not necessarily prepared. to

00:27:00

come back, you know to

00:27:01

go back and and operate

00:27:04

the assets that they were

00:27:05

ones expropriate of so, you



00:27:09

know having said that I

00:27:11

think that you know, the

00:27:12

way that we see this

00:27:13

is more is more of

00:27:16

a macro and View and

00:27:24

In a way, it's going

00:27:26

to be quite dependent on

00:27:28

whether you are associated or

00:27:30

working with institutions that can,

00:27:34

you know adequately represent you

00:27:37

in that restructuring process. so

00:27:41

it's a it's a very

00:27:43

difficult question to answer and



00:27:45  
and again, I think that

00:27:46  
the short answer is This

00:27:49  
is going to have to

00:27:49  
be negotiated down the road.

00:27:51  
If and when I knew

00:27:53  
government wants to to do

00:27:55  
some sort of refine. Thank

00:27:58  
you Tomas. And and yeah,

00:28:01  
this is this is very

00:28:02  
interesting and based under the

00:28:04  
comments that you all have

00:28:06  
shared so far. What I

00:28:08  
see is that you have



00:28:09

you have this first this

00:28:11

group you have basically like

00:28:12

three groups, right? So you

00:28:13

have a word holders You

00:28:18

also have those who have

00:28:19

launched their cases and actually

00:28:21

and those groups one and

00:28:23

two they have no choices.

00:28:24

You have to keep portion

00:28:25

and try and hope to

00:28:26

be in in that part

00:28:28

of that settlement that macro

00:28:30

settlement that you mentioned Tomas



00:28:31

and then there's this third

00:28:33

group that you will mention

00:28:35

many if you want to

00:28:37

come and more on that

00:28:38

of those for an investors

00:28:40

who They they haven't brother

00:28:44

claims yet, but their Investments

00:28:46

were. Either expropriated or or

00:28:49

severely affected by retarded measures

00:28:53

Etc either. I mean, it

00:28:54

could more likely on their

00:28:56

Maduro party even like it

00:28:58

could even go back to



00:28:59

to Travis. I'm what what

00:29:02

do you think Miley Cyril?

00:29:04

I mean about this new

00:29:06

investors. I mean it should

00:29:07

they still consider International arbitration

00:29:10

as an option and if

00:29:12

not what other options that

00:29:13

they have? yeah, so I

00:29:16

under I completely agree with

00:29:18

Thomas's point with respect to

00:29:20

the risk and with respect

00:29:21

to the In order to

00:29:25

get paid and in order



00:29:26

for these two more forward

00:29:27

when and if there's a

00:29:29

new government there needs to

00:29:30

be restructuring and their knees

00:29:32

in my opinion to be

00:29:33

Creative Solutions as to how

00:29:35

that restructuring is conducted. So

00:29:38

with respect to investors who

00:29:41

have a claim but have

00:29:44

not brought that thing yet

00:29:45

to me. It's it's an

00:29:48

independence is a very Case

00:29:50

by case analysis. There are



00:29:53

is true some investors that

00:29:55

maybe say you know what

00:29:56

I am never going back

00:29:58

to Venezuela. I just might

00:30:00

not But Venezuela is an

00:30:02

extremely rich resource-rich country. There

00:30:05

is a pod of opportunities.

00:30:07

There's a lot of money

00:30:08

to be made and especially

00:30:10

once the economy begins to

00:30:13

open. So for those investors

00:30:15

that had investments in those

00:30:17

type of Industries and those



00:30:19

type of sectors. I think

00:30:21

that the calculus is different

00:30:23

right because for me they

00:30:25

calculus is not just I

00:30:27

mean for most those expressions

00:30:29

or the diminution of value

00:30:31

of their investment has occurred

00:30:32

already several years ago in

00:30:34

terms of accounting they most

00:30:35

of them have already written

00:30:36

this off in their books,

00:30:38

but What is the opportunity

00:30:41

that you can have going



00:30:43

forward not so much to

00:30:45

recoup only the money that

00:30:47

you lost but to actually

00:30:48

be on the ground when

00:30:50

the economy begins working and

00:30:52

when you can actually make

00:30:54

this investment go now. It's

00:30:57

not as easy as saying

00:30:58

that because it's obviously when

00:30:59

there's a transition from a

00:31:01

government like this to an

00:31:02

open government. There's always issues

00:31:04

of corruption and misappropriation and



00:31:07

things that happen right because

00:31:09

things are in flux and

00:31:11

rule of law is still

00:31:12

being developed, but I think

00:31:13

even with that it is

00:31:15

it the The fact that

00:31:18

it is such a resource

00:31:20

rich country where there's so

00:31:22

many opportunities in certain industries.

00:31:24

I think who's a lot

00:31:25

of this investors to consider

00:31:27

the risk of going in

00:31:29

with the arbitration so that



00:31:30

as I said earlier the

00:31:31

input themselves in that queue

00:31:33

and actually have at some

00:31:35

point. I see that the

00:31:36

table in that restructuring process.

00:31:41

It's very interesting and I

00:31:43

think I mean you mention

00:31:45

and I think we we

00:31:46

talk about it and in

00:31:47

our preparation for for the

00:31:49

panel that you still have

00:31:50

even in some cases investors

00:31:54

whose assets that maybe they



00:31:57

weren't like formally confiscated or

00:32:00

expropriated and they still have

00:32:01

factories like retail offices. I

00:32:05

mean they still have Some

00:32:07

some presence. I mean, sometimes

00:32:09

they didn't have a structure

00:32:10

maybe sometimes they what I

00:32:11

did is that they took

00:32:12

over the the actually The

00:32:14

Entity but I mean that

00:32:16

there still I mean that's

00:32:17

still it's pretty recent and

00:32:19

and you can still see



00:32:20

it all over the the

00:32:22

country. I don't know. If

00:32:24

it does anyone want to

00:32:25

to comment on Marisa Wells

00:32:27

thought any comments or something

00:32:29

last year or Thomas? Well,

00:32:30

the the one thing very

00:32:32

quick to check is that

00:32:33

I was gonna say is

00:32:34

that I really couldn't agree

00:32:34

more with with what was

00:32:37

said. I mean on the

00:32:39

last category of investors, right



00:32:42

the ones that have technically

00:32:44

a claim or what they

00:32:46

think is a claim under

00:32:49

international law and they are

00:32:52

still you know, quote unquote

00:32:54

on the side of you

00:32:56

know, whether whether to Whether

00:32:59

to in you know, launch

00:33:00

International arbitration proceedings against Venezuela,

00:33:05

you know, it's it's it's

00:33:07

obviously it's kind of like

00:33:08

a you know, it's it

00:33:10

it's a judgment call, you



00:33:14

know. They may have reasons

00:33:16

not to initiate proceedings and

00:33:19

those reasons could be very

00:33:21

valid. But you know, my

00:33:26

personal opinion is that there

00:33:28

is and it's going to

00:33:31

be significantly more difficult for

00:33:35

an investor to recuperate assets

00:33:38

or to have a say

00:33:40

have a seat at the

00:33:42

table when the When when

00:33:45

the restructuring happens? And if

00:33:48

they don't have a judgment.



00:33:51

on which they can rely

00:33:54

and on which then they

00:33:55

can say look, you know,

00:33:56

I have I have I

00:33:59

I am officially a creditor

00:34:01

of the Republic of Venezuela.

00:34:04

Um, I again, it's I

00:34:06

don't think it's impossible to

00:34:08

recuperate assets without it. But

00:34:11

I do think that it's

00:34:12

very it's much more difficult.

00:34:16

To do it without one.

00:34:20

And you know and and



00:34:21

that obviously is going to

00:34:22

depend on the particularities and

00:34:24

the intricacies of the case

00:34:26

and the situation of the

00:34:27

of individuals, you know, perhaps

00:34:31

still living in Venezuela and

00:34:34

you know all sorts of,

00:34:36

you know metallico considerations. That's

00:34:43

that's very interesting. And and

00:34:45

yeah, I couldn't agree more

00:34:47

with with you Tomas Jose

00:34:50

NASA. Did you have any

00:34:51

any comments? Yeah, I I



00:34:54

agree with marisaavel it Thomas

00:34:56

particularly from the perspective of

00:34:59

how the Venezuelan did renegotiation

00:35:03

could be implemented. The Venezuelan

00:35:06

public debt is similar to

00:35:07

the are you right case

00:35:09

because acai explains is not

00:35:12

only based on traditional Financial

00:35:14

instrument, but also on conventional

00:35:17

Financial titles are precisely is

00:35:19

the case of the non-financial

00:35:21

depth and debt resulted from

00:35:23

expropriation and other similar measures



00:35:26  
therefore once the debt renegotiation

00:35:30  
process start. It will be

00:35:32  
necessarily as a first step.

00:35:34  
To advance in a debt

00:35:37  
reconciliation process again similar to

00:35:39  
the process conducted in Iraq,

00:35:42  
and the dead reconciliation process

00:35:44  
will distinguish clearly between two

00:35:47  
types of claims. claimant that

00:35:49  
Java title with a compensation

00:35:53  
amount of course financial debt

00:35:55  
note about or client base

00:35:59  
on rules and arbitration Awards



00:36:01  
and regrettably payments that do

00:36:05  
not have any title with

00:36:09  
a amount of the compensation.

00:36:11  
Oh in that second category,

00:36:13  
it will be necessarily as

00:36:16  
a preliminary condition to enter

00:36:18  
into the reconciliation process to

00:36:20  
implement a mechanism across the

00:36:24  
judicial one to a dudedicated

00:36:25  
dispute and to determine the

00:36:27  
amount of the compensation of

00:36:29  
Venezuela house, therefore claimants that

00:36:34  
have a title for instance



00:36:35

an arbitration award will be

00:36:38

practical terms in a better

00:36:39

position. Once they're reconciliation process

00:36:43

start. Otherwise, it will be

00:36:45

necessarily first to determined again

00:36:49

the compensation and in that

00:36:52

question you decide procedure. It

00:36:56

should be recalled that not

00:36:57

only the foreign investors will

00:37:00

participate also the domestic investors

00:37:03

and we are talking about

00:37:05

the destruction. Of an economy

00:37:09

and that procedure to adjudicate



00:37:12

compensation claims will be a

00:37:14

very very complex one therefore

00:37:16

claimants with a title and

00:37:19

arbitration award will be or

00:37:22

an arbitration procedure painting decision

00:37:24

will be in Practical terms

00:37:25

in a much better position.

00:37:30

Thank you, Jose Nasir. um,

00:37:32

and I went up go

00:37:34

back to you Miley Cyril

00:37:36

and something that you mentioned

00:37:37

and and your first comment

00:37:39

about sanctions and I I



00:37:41

don't want to get into

00:37:42

the Retarded rhetoric of because

00:37:45

there is one view that

00:37:47

the the collapse of the

00:37:51

economy in Venezuela is because

00:37:52

of a sanctions program. I

00:37:54

don't want to get into

00:37:55

that Jose nastier. I think

00:37:56

he was very detailed explaining

00:37:58

what I mean why this

00:38:00

happened? And I mean we

00:38:01

will know and this is

00:38:02

something that goes even back



00:38:04  
way before the sanctions program

00:38:06  
began in Venezuela, but on

00:38:09  
but specifically On the I

00:38:13  
mean on the olfa context

00:38:14  
for under impact on on

00:38:16  
a wereholders. What we do

00:38:18  
know today is that you

00:38:20  
have I mean the government

00:38:22  
of Venezuela will go to

00:38:24  
code on the Maduro regime

00:38:25  
on under Maduro pereza, most

00:38:29  
of the top officials including

00:38:30  
Nicolas Maduro there. If not,



00:38:33

all most of them are

00:38:34

designated by offer. What's so

00:38:38

my question to us. What?

00:38:39

How did you see? What's

00:38:41

the impact today? Not on

00:38:43

that future restructuring process. But

00:38:45

today what's the impact of

00:38:46

the sanctions program? On especially

00:38:50

on diesel workholders and overall

00:38:52

foreign investors that maybe don't

00:38:54

don't want to wait that

00:38:55

they want to get paid

00:38:56

today. That's that's a very



00:39:01  
complex question because it's one

00:39:04  
that again isn't a case

00:39:05  
like case basis before going

00:39:08  
to the question. I just

00:39:09  
wanted to say one last

00:39:10  
question. We're talking about calculus

00:39:14  
of attention anything generally when

00:39:19  
when you are investor with

00:39:20  
a potential flame, you think

00:39:21  
am I going to want

00:39:23  
to go back to that

00:39:23  
country? So then I don't

00:39:25  
want to do an investor



00:39:27  
nutrition because I'm essentially shutting

00:39:29  
my door to that country.

00:39:31  
Interestingly that is not the

00:39:33  
case here, right? So that

00:39:34  
doesn't necessarily go into that

00:39:36  
calculus, even if there is

00:39:38  
some sort of Government that

00:39:41  
is combined in some way,

00:39:42  
you know, the idea I

00:39:44  
think is that if if

00:39:45  
the restructure in occurs is

00:39:47  
that that negativity or negative

00:39:49  
connotation to investors that have



00:39:52

cases against Venezuela will not

00:39:53

be the same as in

00:39:54

other countries where the economy

00:39:56

has collapsed in the way

00:39:57

has less here. And with

00:40:00

respect to olfact so we'll

00:40:03

know about sanctions and and

00:40:05

we all know that under

00:40:06

those sanctions those assets are

00:40:09

frozen and they cannot be

00:40:10

used to pay for for

00:40:13

this Awards. And we also

00:40:16

know that companies can apply



00:40:19  
for General licenses to try

00:40:22  
to get permission to be

00:40:24  
able to use those assets.

00:40:28  
To binomial inch and I

00:40:30  
am I had to do

00:40:31  
the caveat. I'm not an

00:40:32  
expert in ofac or sanctions.

00:40:34  
So this is just from

00:40:35  
my research. I understand that

00:40:37  
the court so far have

00:40:39  
said look. The sanctions are

00:40:42  
what the sanctions are. So

00:40:44  
we will we will all



00:40:46

we will honor the award

00:40:48

but you will not get

00:40:50

paid until you you're not

00:40:51

gonna get something else from

00:40:52

the court that says if

00:40:55

the sanctions are lifted, you

00:40:56

will get paid right the

00:40:58

court simply had said the

00:41:00

sanctions are what they are

00:41:01

you will or we're not

00:41:02

whenever they are when they

00:41:04

were there lifted. So but

00:41:06

but from another perspective not



00:41:08

necessarily the investors perspective. I

00:41:11

feel it is actually protecting

00:41:13

or at least a short

00:41:15

period of time Venezuela's. Assets

00:41:17

outside protecting it pretty much

00:41:19

from everybody until there can

00:41:21

be a solution because as

00:41:23

we were talking earlier. If

00:41:26

20 billion of that goes

00:41:28

the assets of Venezuela has

00:41:30

outside these 21 says 30.

00:41:32

This is even 50 billion.

00:41:33

Whatever that number is. It's



00:41:35  
still not even enough to

00:41:36  
pay for all the award

00:41:38  
for all the debt that

00:41:39  
is there. Right? So at

00:41:41  
the end everybody loses if

00:41:43  
this is hey in this

00:41:45  
moment with that some sort

00:41:46  
of restructuring. So to me

00:41:48  
while sanctions are difficult and

00:41:51  
they are definitely a an

00:41:53  
obstacle for getting an award

00:41:55  
paid at this moment. I

00:41:56  
think in the long term



00:41:58

if there is in fact

00:41:59

a restructuring they could actually

00:42:01

be protecting some of those

00:42:03

assets at this moment. Thank

00:42:08

you everybody and it's interesting

00:42:09

what you mentioned and just

00:42:11

for those or not familiar

00:42:12

with with the sanctions program

00:42:14

the US Treasury and Novak

00:42:17

indeed is able to issue

00:42:19

licenses. They could be either

00:42:22

General licenses that apply to

00:42:25

a certain category of I



00:42:27

mean, if you if you

00:42:28

if were your activity is

00:42:32

under the scope of that

00:42:33

General license, you don't even

00:42:34

have the need to to

00:42:35

report. I mean that activity

00:42:37

on this it involves money,

00:42:39

of course and but he's

00:42:40

also keeps the opportunity to

00:42:42

investors or any companies dealing

00:42:44

with the other regime or

00:42:46

any designated individuals or entities

00:42:49

to also apply for for



00:42:52

specific licenses and and and

00:42:55

those and and those could

00:42:57

be granted by by the

00:43:00

US government for sure. I

00:43:02

don't know it wasn't asked

00:43:04

Thomas you have any any

00:43:05

comments on on the sanctions

00:43:06

component? Well, I mean very

00:43:09

quickly. I I did I

00:43:12

mean You know, I fully

00:43:14

agree. What was which with

00:43:15

what was has been said

00:43:17

before? Yes, I mean having



00:43:20

a sanctions regime could in

00:43:23

a way protect creditors, you

00:43:27

know in a similar fashion

00:43:29

that I you know that

00:43:30

I to say in solving

00:43:32

she proceeding may protect, you

00:43:34

know commercial credits right in

00:43:37

a regular. He's homeless you

00:43:39

proceeding in the US so

00:43:40

I think that respect it's

00:43:42

positive. And having said that

00:43:46

it does have a huge

00:43:48

impact and in our business



00:43:52

as a third party funder

00:43:54

because you know, everything needs

00:43:57

to be looked at, you

00:43:58

know, you know twice and

00:44:00

price and four times over

00:44:02

to make sure that we're

00:44:06

not overstepping and we're not

00:44:07

doing anything that could be

00:44:10

interpreted as as violating any

00:44:13

of the sanctions. Obviously, it

00:44:15

means additional cost. for us

00:44:19

as a third party founder

00:44:22

But also it puts a



00:44:25

serious it puts a serious

00:44:27

hurdle. in in our ability

00:44:31

to to be able to

00:44:34

say that that that that

00:44:35

we are going to contribute

00:44:39

or help or that the

00:44:40

client is going to be

00:44:42

able to reach a settlement

00:44:44

with the Sovereign because you

00:44:46

know, effectively that door is

00:44:49

closed. um and You know,

00:44:53

it's it's something it's something

00:44:56

that from a business perspective



00:44:57  
is definitely. It's definitely detrimental

00:45:02  
although you know, having said

00:45:05  
that I I do understand

00:45:07  
all the reasons behind the

00:45:10  
sanctions and I I couldn't

00:45:12  
say that I disagree with

00:45:14  
their with their implementation. I'll

00:45:21  
see now any thoughts. Yeah

00:45:22  
briefly. I as automatic explained

00:45:26  
there are several negative side

00:45:28  
effects of sanctions. One one

00:45:31  
positive effect was obtained with

00:45:35  
the interpretation made by offic



00:45:38

in December 2019. when offak

00:45:42

concluded that executive orders prohibit

00:45:46

any attachment or seizure against

00:45:49

properties of the government of

00:45:51

Venezuela in the United States

00:45:53

particularly regarding the Bdv, holding

00:45:57

shares owned by perevista, and

00:46:01

that is the current policy

00:46:04

of the United States government

00:46:05

that was recently. Confirm when

00:46:10

ofak denied a licensed requested

00:46:13

by crystalics. Two advancing the

00:46:17

rate of attachments. So sanctions



00:46:20

are acting as an asset

00:46:22

protection protection measure. This is

00:46:24

another similarity with the Venezuelan

00:46:27

case and they are right

00:46:28

case. However, however. It has

00:46:30

not been necessarily to rely

00:46:33

on sanctions protections because the

00:46:36

defenses implemented by the Republican

00:46:38

parivasan also seed go has

00:46:41

differ the most imminent risk,

00:46:43

not even crystallix and Chronicle.

00:46:46

There are trying us we

00:46:47

all know to enforce our



00:46:48

Vital awards that are in

00:46:50

the first line but not

00:46:52

even those claimants poses an

00:46:54

imminent risk because the case

00:46:57

of the Delaware Court still

00:46:59

has more ahead until eventually

00:47:03

a sale process of pdv

00:47:05

holding shares could be conducted.

00:47:08

so we need to wait

00:47:09

until the end of that

00:47:11

process approximately at the end

00:47:14

of 2022 to look if

00:47:17

sanctions effectively will prevent creditors



00:47:21

disease seed go because until

00:47:24

now we only have an

00:47:25

interpretation and again at denial

00:47:27

of a license, but a

00:47:29

license that in any case

00:47:30

cannot be Implemented because they're

00:47:35

still Monta head of the

00:47:37

case at the Delaware Court.

00:47:39

And Jose nacio. Let me

00:47:41

ask you change in topic

00:47:43

slightly, you know, we're getting

00:47:45

closer to them to the

00:47:46

Q&A session. But have you



00:47:48

seen investors and anyone feature

00:47:52

jump in have you seen

00:47:53

any investors trying to find

00:47:56

any like more creative ways

00:47:57

alternative to to just going

00:48:00

after Venezuela public assets? Yeah

00:48:05

recently. Several bun holders one

00:48:10

of the cases cast Express.

00:48:12

They are they started on

00:48:15

a claim to cease block

00:48:18

properties, but not from the

00:48:20

Venice government of Venezuela. But

00:48:22

from other person that have



00:48:24

in sanctions due to their

00:48:26

involvement in corruption and violation

00:48:27

of Human Rights. This is

00:48:29

by the way a similar

00:48:31

strategy implemented by the victims

00:48:34

of the park that we're

00:48:36

able to these not only

00:48:38

block properties of the government

00:48:40

of Venezuela, but all so

00:48:42

block proportions of third parties

00:48:45

related to the Venezuelan. Corruption

00:48:48

and pervasive cryptography so that

00:48:50

is an innovative. way and



00:48:54

other Innovative way is try

00:48:57

to disease asset derived from

00:49:00

cryptocracy because again, the main

00:49:02

problem is that seed go

00:49:04

is I think that what

00:49:07

that was not the case

00:49:08

but still is a sort

00:49:09

of magnet from from creditors

00:49:11

because Venezuelan doesn't have much

00:49:14

asset abroad. On a very

00:49:18

important portion of those assets

00:49:19

are protected by the sovereign

00:49:23

immunity and beside of that



00:49:25

asset in the Caribbean and

00:49:27

Europe has been these attached

00:49:30

or destroyed by Maduro regime

00:49:33

basically, the only valuable assets

00:49:35

I've already seed go but

00:49:38

to be honest it Go

00:49:40

has already too much problem

00:49:42

with creators in line and

00:49:43

its own debt to try

00:49:45

to be able to solve

00:49:47

all the problem. So for

00:49:48

sure creators will need to

00:49:50

find an Innovative way and



00:49:52

this idea again trying to

00:49:54

attach block properties of third

00:49:56

party and event parties and

00:49:58

eventually trying to seize I

00:50:01

said resulted from cryptography could

00:50:03

be a very a very

00:50:05

Innovative way and in my

00:50:07

personal opinion the probability to

00:50:09

suits of successful in those

00:50:13

things narrative case is higher

00:50:14

than the probab. To have

00:50:16

any success trying to see

00:50:18

Citgo because between the creators



00:50:21  
that are already in first

00:50:22  
line and sanctions, I I

00:50:25  
do not have too much

00:50:27  
expectation regarding any Citgo is

00:50:31  
easier. We'll see. We'll see

00:50:35  
I and I think my

00:50:37  
my last question before we

00:50:38  
opened up we give the

00:50:41  
floor to the to the

00:50:42  
sum audience, but I assume

00:50:45  
that's something that that it's

00:50:47  
in and everyone's Minds. The

00:50:49  
reality on on today that



00:50:52

it's been. Over two years

00:50:55

since one white all was

00:50:58

recognized as interim president of

00:51:00

Venezuela until free elections can

00:51:02

be held. They haven't been

00:51:03

any free elections. But the

00:51:06

reality on the ground is

00:51:07

that the mother regime still

00:51:09

remaining as a de facto

00:51:11

government of Venezuela, they still

00:51:13

control the military and therefore

00:51:15

the Venezuelan territory two weeks

00:51:17

ago. They show that still



00:51:20

Maduro is totally free and

00:51:22

able to speak or to

00:51:24

choose any Governor or he's

00:51:26

convenience. He runs a parallel

00:51:29

legislature and has complete control

00:51:32

of over all branches. And

00:51:34

and that's where we are

00:51:36

today at the end of

00:51:37

2021. but assuming that there

00:51:41

will be there have there

00:51:44

has to be some some

00:51:45

sort of political or some

00:51:47

changes in the political Spectrum



00:51:49

in the future. How do

00:51:51

you I mean think on

00:51:54

here in this reality today?

00:51:55

How do you ambition that

00:51:56

those changes and what role

00:51:58

do you think the investors

00:51:59

will play there could be

00:52:01

the restructuring or could be

00:52:02

something else that do any

00:52:04

of you have any thoughts

00:52:05

on on what could happen

00:52:06

and what options are left

00:52:08

until that happens? I don't



00:52:16

know if it was an

00:52:18

easy question. Come on. I

00:52:21

don't know take that. I

00:52:24

will break the eyes. The

00:52:28

end of this rotation was

00:52:29

not achieved according to the

00:52:31

southern 19 plan. That's a

00:52:34

fact and it is necessarily

00:52:36

to think in another strategy.

00:52:39

and this is one of

00:52:41

the causes us explain the

00:52:43

Mexico negotiations, but at the

00:52:46

same time Maduro has not



00:52:48

improved its capability Maduro is

00:52:50

not enough better condition than

00:52:52

in 2019 in my opinion

00:52:54

Maduros Ramos in a worse

00:52:56

condition due to the increasing

00:52:58

lack of legitimacy. Not only

00:53:00

related to the political crisis.

00:53:02

But with also with other

00:53:04

conditions such as the investigation

00:53:07

open by the public Prosecutor

00:53:11

Office of the criminal international

00:53:12

criminal court. on the several

00:53:15

indictments against Maduro Elites therefore



00:53:19

to be honest neither interim

00:53:22

president guaido nor Maduro can

00:53:24

do anything regarding the depth

00:53:27

But both five are aware

00:53:30

that it is necessary to

00:53:32

find a solution to stop

00:53:34

the business. So then economic

00:53:36

crisis particularly regarding the oil

00:53:38

sector and I will say

00:53:40

that for the very first

00:53:42

time in the Venezuelan contemporary

00:53:44

history. There is an increasing

00:53:46

political consensus among the necessity



00:53:49  
to promote private investment in

00:53:52  
the oil sector due to

00:53:54  
the level of destruction of

00:53:56  
the old sector and a

00:53:57  
practical circumstances because according to

00:54:00  
several estimations Got the copics

00:54:04  
necessarily to reboot they all

00:54:08  
industry could be estimated between

00:54:10  
a hundred and two hundred

00:54:12  
billion dollars and the Venezuelan

00:54:14  
state. Ruling by Maduro ruling

00:54:17  
by white or ruling by

00:54:18  
whatever you want. Simply do



00:54:19

not have the capacity to

00:54:21

invest 200 million 200 billion

00:54:23

dollars in the only industry.

00:54:25

So the main question is

00:54:27

how can Venezuelan economy be

00:54:29

recover Maduro try to follow

00:54:33

this informal path of informal

00:54:36

institutions opaque transactions based in

00:54:39

this anti-locate law. He tried

00:54:42

to promote private investment in

00:54:44

the oil industry with this

00:54:45

informal agreement. But until Market

00:54:47

mechanism are not really restoring



00:54:50

Venezuela. It will be not

00:54:51

possible to promote the private

00:54:54

investment necessarily not too tiny

00:54:58

economic recovery of two three

00:55:01

percent. We're talking about that.

00:55:03

If we really want to

00:55:04

recovery production at least to

00:55:06

the level of 1999 in

00:55:09

the relatively short window that

00:55:11

we have as a result

00:55:12

of the energetic transition. It

00:55:15

will necessarily to dramatically improve

00:55:17

the quality of the institutional



00:55:19

framework. And for that purpose.

00:55:20

It is necessarily to restore

00:55:22

Market mechanism and a core

00:55:24

component again a core component

00:55:27

to restore Market mechanism is

00:55:29

to restore property rights that

00:55:31

were violated by the predatory

00:55:34

policies of Google Chavez and

00:55:37

Nikolas Maduro not only in

00:55:39

the old sector and we

00:55:40

have claimants such as conocphanection,

00:55:43

but also in other sectors

00:55:45

of the Venezuelan economy, including



00:55:47

particularly the food sector. So

00:55:50

this is why in my

00:55:51

opinion for investors and generally

00:55:54

speaking private investors. They are

00:55:56

in a relatively good position

00:55:58

regarding other creditors. Because they

00:56:01

can be compensated as a

00:56:05

result of the policies implemented

00:56:07

to recover Venezuelan economy. And

00:56:10

for instance. I have been

00:56:12

working for a while in

00:56:14

a mechanism to promote the

00:56:18

settlement of claims investor claims



00:56:21  
through public private agreements that

00:56:23  
allows those investors to receive

00:56:26  
control of around such and

00:56:28  
recover them to boost the

00:56:30  
Venezuelan economy at the same

00:56:32  
time of the Venezuelan state

00:56:33  
pays the compensation on to

00:56:36  
them as you can see.

00:56:37  
This is a crucial moment

00:56:41  
in my opinion in Venezuela.

00:56:43  
And this is why the

00:56:44  
Mexican negotiations among one of

00:56:47  
the point of agenda include



00:56:49

precisely right over russet sanctions

00:56:52

and general speaking what to

00:56:54

do with the Venezuelan debt

00:56:55

as a binding constraint to

00:56:57

promote economic growth in Venezuela.

00:57:02

Because inaccia and yeah and

00:57:04

you will mention that it's

00:57:05

not only foreign investors. And

00:57:07

you said at the beginning

00:57:08

it also covers domestic investors

00:57:11

many Venezuelan individuals and entity

00:57:14

who's investment has all have

00:57:16

also been affected dramatically and



00:57:18  
they haven't had a resource

00:57:20  
to go to an independent

00:57:21  
judicial system to to obtain

00:57:23  
compensation. I have one question

00:57:27  
from from the audience. I

00:57:30  
think I don't know Miley

00:57:32  
Cyril. If you want to

00:57:32  
comment on this, I'm gonna

00:57:34  
I'm gonna read it this

00:57:36  
what is the current role

00:57:38  
of the internal government of

00:57:40  
of Venezuela in the arbitrations?

00:57:43  
Is it our respondent or



00:57:45

more similar to anamikos and

00:57:47

Amicus and why are they

00:57:48

complications? This could bring to

00:57:50

the arbitrations and the enforcement

00:57:51

of the awards? That's that's

00:57:55

a that's a great question

00:57:56

in one that is extremely

00:57:59

difficult to to respond to

00:58:01

because he changes depending on

00:58:03

what Forum you are. You

00:58:06

are arguing it. So one

00:58:10

this is exactly another of

00:58:12

the reasons why investors not



00:58:14

so much the ones that

00:58:15

are already kind of in

00:58:16

it that have brought Investments

00:58:18

already investors arbitrations already. But

00:58:20

those are thinking of bringing

00:58:21

them. This has added a

00:58:23

whole layer of difficulty for

00:58:26

determining who who is responded

00:58:30

who is the representative of

00:58:32

respondent in who decides who

00:58:34

that representative is, right? So

00:58:38

in what I have seen

00:58:39

when you are looking at



00:58:41

Sports making this determination within

00:58:45

the US and the UK

00:58:46

the tended to rely on

00:58:48

the political questions sort of

00:58:50

doctoring not so much you

00:58:51

pay the idea that who

00:58:55

the representative is is a

00:58:56

political issue is not necessarily

00:58:59

a Judicial issue and therefore

00:59:01

depending on what to go

00:59:03

who the government has recognized

00:59:04

in that particular jurisdiction is

00:59:06

who the representative is. The



00:59:09  
agriculturalers are not necessarily doing

00:59:11  
that right arbitrophone, you know.

00:59:16  
are by and large deciding

00:59:17  
this is a question we

00:59:19  
can take on and they've

00:59:21  
taken on that question and

00:59:22  
the results of that have

00:59:25  
been varied to say the

00:59:28  
least and so Who the

00:59:32  
representative is is an open

00:59:33  
question depending on the case

00:59:35  
and your tribunal with your

00:59:37  
investors data arbitration depending on



00:59:38  
the on the history of

00:59:40  
the case in one case

00:59:42  
you tribunal said well, we

00:59:44  
don't you know, there's all

00:59:45  
this historical background. We don't

00:59:47  
want to change what's been

00:59:48  
happening. And therefore we're going

00:59:49  
to continue with this particular

00:59:51  
side as being the representative

00:59:52  
in one question that has

00:59:55  
in a recent yet, but

00:59:56  
it's something that I How

00:59:59  
to throw it up in



00:59:59

our internal conversations that I

01:00:01

share with the audience as

01:00:03

well is what would happen

01:00:05

in enrollment if a if

01:00:08

this is contested or challenged

01:00:11

as outside of the jurisdiction

01:00:13

of the tribunal to determine

01:00:15

who the representative is, right?

01:00:17

We know that the tribunal

01:00:18

can determine for sure who

01:00:20

the parties are but this

01:00:21

is a question that goes

01:00:22

beyond just merely a nationality



01:00:25  
determination, right? This is includes

01:00:29  
a political. decision at political

01:00:33  
issue So nastier Thomas and

01:00:39  
any any comments any thoughts.

01:00:44  
Thomas I think you're not

01:00:46  
sure if you're yeah So

01:00:48  
the one thing very briefly

01:00:50  
that I was going to

01:00:50  
mention is. I mean, yeah,

01:00:53  
look, I agree that. The

01:00:57  
the question of who is

01:00:59  
the the representative of Venezuela

01:01:02  
in the context of this



01:01:03

International arbitration proceedings? is complex

01:01:07

is complex one and but

01:01:09

it doesn't really I I

01:01:11

don't think that it is

01:01:12

one that it is up

01:01:15

for the claimant to respond.

01:01:18

or necessarily or necessarily figure

01:01:21

out in in my experience

01:01:26

the position that has been

01:01:27

taking the position that came

01:01:29

and have taken is you

01:01:31

know, I don't care which

01:01:33

the representative you know, if



01:01:35

I am if I am,

01:01:36

you know, if push comes

01:01:37

to shove I'm going to

01:01:39

treat both the procura or

01:01:42

in Venezuela and why does

01:01:44

procura or equally the same

01:01:47

and I'm not going to

01:01:49

be you know, trying to

01:01:50

push one out of the

01:01:53

machines. I'm going to let

01:01:55

the tribute don't make that

01:01:56

decision because as a claim

01:01:59

it one thing that you



01:02:00

also don't want to to

01:02:01

do is to give the

01:02:04

Republic of Venezuela additional arguments

01:02:07

to seek a moment. So

01:02:09

you definitely don't want to

01:02:11

be in a position where

01:02:12

where where Venezuela could argue

01:02:16

that they didn't have, you

01:02:18

know due process for instance.

01:02:20

So, you know, what way

01:02:24

it kind of like it's

01:02:25

it's a little bit of

01:02:26

a mood question and and



01:02:28

more of and more and

01:02:30

more of like an inconvenience

01:02:32

for the purposes of the

01:02:33

tribunal. I understand and I

01:02:35

appreciate that. It's it's very

01:02:36

important for the guido. Administration

01:02:41

and also for the Madonna

01:02:43

Administration, but for the purposes

01:02:45

of claimant and third party

01:02:48

Founders is more, you know,

01:02:49

it's a little bit irrelevant.

01:02:56

Present any day want to

01:02:58

comment to make a comment



01:03:00

on? Yeah, I I briefly

01:03:02

went to commend a very

01:03:03

interesting case. That is valoris

01:03:08

mundiales. exit In before the

01:03:13

US courts the the position

01:03:17

the position was absolutely clear

01:03:19

based on the one voice

01:03:24

of train. And the position

01:03:27

was at only the intelling

01:03:29

government has the right to

01:03:32

represent Venezuela are at some

01:03:33

point claimants even go directly

01:03:37

to serve the government of



01:03:39

Venezuela through the internet government.

01:03:43

But the problem arbitration was

01:03:44

more complex and in one

01:03:47

case valoris mundiales on a

01:03:49

new limb on an element

01:03:50

commission decided. That the government

01:03:55

of Venezuela was Maduro not

01:03:58

WeDo in my opinion that

01:04:00

was a wrongful decision because

01:04:04

as marisabel explained the government

01:04:07

of recognition is a political

01:04:08

question Nora the you request

01:04:11

question. and therefore Um arbitration



01:04:16  
tribunals on a Newman commissions

01:04:18  
doesn't have the power or

01:04:20  
jurisdiction to decide that question.

01:04:22  
But in any case in

01:04:23  
this particular case balance mundiales

01:04:26  
the Newlin commission decided that

01:04:28  
only the government of Venezuela

01:04:30  
should be allow US Representative

01:04:32  
of Venezuela. Then Madura abandoned

01:04:35  
the case the state of

01:04:37  
the world was lifted and

01:04:38  
the Creditor resumed the procedure

01:04:42  
before the DC Court the



01:04:44

Washington DC court for the

01:04:46

enforcement of the award. I

01:04:48

don't need anything government was

01:04:49

able to represent Venezuela and

01:04:52

the defense of the government

01:04:54

of an Australian that case

01:04:55

was, you know, I was

01:04:56

excluded from the newlyn proceed

01:04:58

procedure and this is a

01:05:01

disorder because According to the

01:05:05

one voice of train that

01:05:06

could be only one government

01:05:07

of Venezuela doesn't make any



01:05:08

sense that you have a

01:05:09

government of initiating arbitration Awards

01:05:11

in arbitration procedures. Sorry, and

01:05:13

then another government of Venezuela

01:05:15

in Ah before the DC

01:05:18

chords the the United States

01:05:21

Court story. So that was

01:05:22

the only case in which

01:05:24

there was a real conflict

01:05:26

between or about the representation

01:05:28

of the government of Venezuela

01:05:30

beside of that in in

01:05:33

exit the Maduros regime and



01:05:37

has a representation of all

01:05:39

the cases with only one

01:05:41

exception which is another very

01:05:43

interesting case. And that exception

01:05:45

is the conical case that

01:05:47

is currently in an annulment

01:05:50

committee. And in that case

01:05:52

and this is my blowing

01:05:56

to be absolutely honest. The

01:05:58

government of Venezuela is represented

01:06:00

by two governments. I mean

01:06:02

Maduro through his lawyers and

01:06:04

by Daughter his lawyer that



01:06:05

is a unique case and

01:06:08

the reason why the annulment

01:06:10

commission take these decision was

01:06:13

because they decided thus as

01:06:15

an unlimit commission. They had

01:06:17

no jurisdiction to decide who

01:06:19

the government is and they

01:06:20

decided to preserve the status

01:06:21

quo. But what happened is

01:06:23

that one of the law

01:06:24

firms that were represented in

01:06:27

Australia under destruction of Maduros

01:06:29

regime decided to follow instruction



01:06:31  
of the intelling government while

01:06:33  
the other law firm that

01:06:34  
was represented the government of

01:06:36  
Venezuela decided to follow instruction

01:06:39  
of Maduros regime. So that

01:06:41  
is the only case in

01:06:42  
which they enter in government

01:06:44  
has some level of control

01:06:46  
but besides conical case a

01:06:50  
in the rest of cases

01:06:52  
before exit the representation of

01:06:55  
Venezuela is has been ice

01:06:58  
exclusively by maduro's regime and



01:07:01

as Thomas said this is

01:07:04

why one of the reasons

01:07:05

why for practical reason for

01:07:07

investors doesn't make any difference

01:07:09

this political problem of who

01:07:12

the government of Venezuela is

01:07:13

because for exit is clearly

01:07:16

the government of Maduro that

01:07:18

has the presentation of It

01:07:24

thanks Jose nacio, and it

01:07:25

sounds like we're running out

01:07:26

of time. But before we

01:07:28

go to the breaker sessions



01:07:29  
to do any of you

01:07:31  
would like to share any

01:07:31  
final takeaways any we've covered

01:07:34  
a lot. I'm feeling pretty

01:07:37  
good about I thought that

01:07:39  
we're gonna be able to

01:07:40  
make it through all of

01:07:41  
that things. I wanted to

01:07:42  
cover but do you have

01:07:44  
any any final any final

01:07:45  
thoughts or takeaways? On my

01:07:49  
end just I hope within

01:07:52  
us here that what you're



01:07:52  
saying about the restructuring and

01:07:54  
what is happening with respect

01:07:56  
to investors being able to

01:07:58  
maybe exert some change that

01:08:00  
in fact does happen in

01:08:01  
the near future because not

01:08:03  
just for Venezuelans in general,

01:08:05  
but just in terms of

01:08:06  
the economy important investors that

01:08:08  
are reading in line to

01:08:09  
to get recovery. It would

01:08:12  
be a huge deal. Yes,

01:08:16  
absolutely. I will like to



01:08:18

end with this idea Venezuela

01:08:20

needs. Desperately needs private investment.

01:08:24

And private investors required as

01:08:27

any other investors Market mechanisms,

01:08:29

and this is something that

01:08:31

Maduro regime cannot provide. This

01:08:34

is why the economic recovery

01:08:36

of an Australia will need

01:08:38

to achieve a political agreement.

01:08:42

To restore Market mechanism restore

01:08:45

property rights and create the

01:08:47

proper conditions to promote domestic

01:08:50

and foreign investment in Venezuela.



01:08:53

Because the economic recovery of

01:08:56

that of a country that

01:08:57

has lost almost 80% of

01:08:59

his GDP will demand high

01:09:03

levels of investment. And again,

01:09:05

this is something that needs

01:09:07

Market mechanism and therefore political

01:09:10

stability. Well with that I

01:09:16

want to thank you again

01:09:17

for for your time what

01:09:19

it wasn't a very interesting

01:09:21

discussion. I really enjoy it

01:09:23

and I hope that that



01:09:25  
we continue this discussion in

01:09:27  
the future and and I

01:09:30  
want to thank you again

01:09:31  
everyone for for joining us

01:09:32  
today and with that are

01:09:34  
back to you awesome Antonio.

01:09:41  
Thank you so much Eduardo

01:09:43  
and congratulations in the order

01:09:47  
that I see you malays

01:09:49  
Sabel. It's it's always a

01:09:51  
pleasure to to listen to

01:09:53  
you and and and the

01:09:55  
analytical tools that that you



01:09:57

bring to the table straight

01:09:59

out of. Our class investment

01:10:03

arbitration at Georgetown. So really

01:10:05

really good to to listen

01:10:07

to you who say nacio

01:10:09

wonderful to Also, bring the

01:10:13

economic the macroeconomic perspective in

01:10:17

which Venezuela is and and

01:10:20

also the more policy oriented

01:10:24

Alternatives that that may not

01:10:28

be easy. But but must

01:10:31

be there to see a

01:10:34

light at the end of



01:10:35  
the tunnel. So I think

01:10:37  
that the the theme Here

01:10:40  
was was a country risk,

01:10:43  
but I think that you

01:10:44  
have incredibly provided. Alternatives out

01:10:49  
of out of the the

01:10:51  
current situation they might not

01:10:54  
be in six months, but

01:10:55  
at the end at the

01:10:56  
end of the day the

01:10:59  
sort of humanitarian and economic

01:11:01  
crisis cannot be forever. And

01:11:05  
and of course, why do



01:11:07

and and thanks also to

01:11:08

into Mass. I think that

01:11:11

we might have lost him.

01:11:12

I don't know whether technical

01:11:13

difficulties but but Tomas also

01:11:16

brought a very specific and

01:11:19

and concrete perspective and I

01:11:23

I would like to say

01:11:24

that this is a very

01:11:26

complex issue that involves as

01:11:32

you had you put it

01:11:34

you all put it a

01:11:35

humanitarian crisis and I really



01:11:38

want to commend each one

01:11:39

of you of course. Why

01:11:43

do for for his master

01:11:46

moderation here to to bring

01:11:50

the analysis to everyone and

01:11:53

and and also sort of

01:11:55

despite the fact that that

01:11:57

that you you must feel?

01:12:03

The whole situation in your

01:12:04

Gods because it's definitely your

01:12:08

place of birth and you

01:12:12

still must have many many

01:12:12

connections to to Venezuela. So



01:12:15

I I am thankful because

01:12:19

it was a topic treated

01:12:21

with with huge levels of

01:12:23

respect and and and and

01:12:25

and and and I can

01:12:26

only say thanks and it

01:12:29

may be useful for other

01:12:30

case studies regarding International arbitration

01:12:35

and and High Country risks

01:12:37

so Tomas. I was just,

01:12:39

you know, also commending you

01:12:41

and thank you for being

01:12:42

with us. Thank you. Sorry



01:12:43

I disconnected very briefly just

01:12:45

a technical problem, but I'm

01:12:46

so thankful for the invitation.

01:12:49

No, no, we're the ones

01:12:51

who have to say. Thank

01:12:52

you because it will it's

01:12:54

not an easy thing to

01:12:55

do to you know, bring

01:12:57

the analytical tools that you

01:12:59

all brought and share them

01:13:00

with the public. I think

01:13:01

that we have a big

01:13:02

audience and with that I



01:13:05  
would like to give a

01:13:06  
way to our breakout rooms.

01:13:08  
We would ask you that

01:13:10  
you remain in online and

01:13:12  
we're gonna send you to

01:13:15  
the various breakout was make

01:13:17  
sure that you hit the

01:13:17  
accept button because otherwise you'll

01:13:19  
see in the main room.

01:13:20  
The idea of the breakout

01:13:22  
room is not necessarily to

01:13:23  
give Council or or advice

01:13:26  
simply. It's a network. It's



01:13:28  
a network opportunity. Most people

01:13:31  
want to see the stars

01:13:32  
and in this panel you

01:13:34  
are the stars so A

01:13:37  
stay tuned and stay tuned

01:13:39  
also for our next Washington

01:13:41  
arbitration which which will happen

01:13:44  
next year in 2022 the

01:13:49  
day after you know the

01:13:51  
day the week after Thanksgiving

01:13:52  
so it will happen that

01:13:55  
day. We've been lucky with

01:13:56  
that specific date and we're



01:13:58

locking it in. So have

01:14:00

a wonderful day and and

01:14:02

enjoy the breakout rooms. Take

01:14:04

good care, bye-bye. Thanks a

01:14:06

lot of thank you. Bye

01:14:09

everyone. Welcome to Washington arbitration

00:00:06

week 2021 second edition. And

00:00:10

this is our last panel.

00:00:13

of Washington arbitration week and

00:00:18

I would like to basically

00:00:20

share with you that this

00:00:22

panel has an incredible lineup

00:00:26

of experts and our moderator.



00:00:29

Who will present each one

00:00:32

of the panelists? the only

00:00:34

comment that I will give

00:00:36

is that the name of

00:00:38

this of this panel is

00:00:39

called high political risk investment

00:00:43

arbitration the case study of

00:00:45

Venezuela and given that that

00:00:48

this particular case study has

00:00:51

incredible experts both in in

00:00:54

the law and also knowledgeable

00:00:58

experts concerning geopolitics as well

00:01:01

as International arbitration, but also



00:01:04

with respect to damages and

00:01:09

assessment of political risk and

00:01:12

funding from one particular nationality,

00:01:17

which is Venezuela. We are

00:01:19

very proud to present a

00:01:21

a full panel of you

00:01:24

know, Venezuelans here. Some of

00:01:27

them do all national some

00:01:28

of them not Etc, but

00:01:30

it's it's an incredible panel

00:01:32

and and I particularly feel

00:01:35

very proud as a Colombian

00:01:37

to have a fully on



00:01:39

panel of Venezuelan in in

00:01:41

this in this Washington arbitration

00:01:45

closure event before giving the

00:01:48

floor to Eduardo Mathison. I

00:01:53

would like to share with

00:01:55

you that this program was

00:01:57

this full program was put

00:01:59

together by an incredible editorial

00:02:02

team, which also includes a

00:02:05

Eduardo Mathison, but also includes

00:02:08

a various individuals who I

00:02:11

would like to give a

00:02:12

great credit including Maria Lucia



00:02:15

Casas who I believe you

00:02:16

know from extra strategy. Munia

00:02:18

elharti Alonso also from extra

00:02:20

strategy, Daniela gikat Janu from

00:02:24

Georgetown University Ian Laird my

00:02:27

co-founder from crawler Mooring and

00:02:29

iese From astrology as well

00:02:34

while the math is in

00:02:36

who I have already mentioned

00:02:37

Marianne Susanna Naman from xstrategy

00:02:41

myself. Ashley Rivera from problem

00:02:45

Mooring and I'm Elena Vives

00:02:47

in addition to that. I



00:02:48

would like to give enormous

00:02:51

thanks to our advisory committee

00:02:54

including McNair exit Secretary General

00:02:57

borso, sabahi from Curtis chip

00:03:00

Rosenberg from King and Spalding

00:03:02

guy like hearing floors from

00:03:04

Allen. Andover Lee Kaplan from

00:03:06

Aaron Fox Marine Carlson from

00:03:09

sidley Austin Kelby ballena from

00:03:12

Alan ovary and Lucinda low

00:03:14

from step on Johnson. um

00:03:18

Other than that, it has

00:03:20

been a great great week.



00:03:22

We have received several several

00:03:27

inquiries about the topics and

00:03:30

what we can say is

00:03:31

we can try to uphold

00:03:34

our promise to do next

00:03:35

year. also a more expansive

00:03:40

hybrid event this year. We

00:03:41

had two sessions hybrid and

00:03:44

hopefully if things go, well,

00:03:46

we'll be able to be

00:03:48

both online. And in person

00:03:51

the idea would be to

00:03:53

have at least five sessions



00:03:54

in person and based on

00:03:57

the numbers. We strongly believe

00:03:59

that we will not kill

00:04:01

the online version because we

00:04:04

think that we can reach

00:04:05

out to more people by

00:04:07

having it online as well.

00:04:08

So for instance yesterday we're

00:04:11

connected with people in Vienna.

00:04:13

We're watching the Washington arbitration

00:04:15

week at 11 o'clock at

00:04:18

night there damage is experts

00:04:20

were connecting with us at



00:04:21  
that time. We're connected with

00:04:23  
people in in Oslo in

00:04:25  
our way in Africa in

00:04:26  
India, and we want to

00:04:27  
keep that going So with

00:04:30  
with that I would I

00:04:32  
will go on and and

00:04:34  
introduce it wasn't Mattison who

00:04:36  
is an international associate at

00:04:39  
Portland Mooring at its International

00:04:41  
dispute resolution group and is

00:04:44  
based here in Washington DC.

00:04:45  
He also works closely with



00:04:47

the firms International Trade group

00:04:50

and he focuses mainly in

00:04:54

international arbitration he has experience

00:04:56

representing clients in International Investment

00:04:59

commercial disputes before the Exit

00:05:04

the icdr the ICC and

00:05:08

several other rules including the

00:05:10

on-stroke rules Eduardo. Also has

00:05:13

experience representing foreign domestic clients

00:05:15

in foreign Sovereign immunities Act.

00:05:18

Litigation including victims of terrorism

00:05:20

in his trade practice. He

00:05:23

has experienced assisting clients in



00:05:25

Latin American countries on US

00:05:27

economic sanctions, anti-money laundering laws

00:05:31

and regulations expert controls Customs

00:05:34

Regulatory and investment related issues

00:05:36

also concerning issues on and

00:05:40

anti-corruption. I can say that

00:05:42

oh, he's he's Julie qualified

00:05:44

in both in both in

00:05:46

New York and Venezuela and

00:05:48

he's an active member of

00:05:49

proles and more Latin American

00:05:51

practice. And what more than

00:05:54

that more than that Eduardo



00:05:56  
has been a force in

00:05:58  
in this version of Washington

00:06:00  
arbitration week. He has a

00:06:02  
been very active providing ideas

00:06:06  
as to what we should

00:06:07  
be doing at Washington arbitration

00:06:09  
week and he of course

00:06:11  
put together with some thoughts

00:06:13  
from Ian and myself this

00:06:16  
panel, which is an incredible

00:06:18  
panel hopefully useful for the

00:06:20  
case in Venezuela, but also

00:06:22  
useful for other countries that



00:06:26

may entail High Country risks

00:06:29

and with you Eduardo and

00:06:32

his fellow panelists. Thank you.

00:06:37

Thank you, Jose Santana. Can

00:06:38

you hear me? I got.

00:06:41

A great so thank you

00:06:42

was Antonio for the introduction

00:06:44

and for your kind words.

00:06:46

I also want to congratulate

00:06:49

you and Ian and Maria

00:06:51

Lucia Milena and the rest

00:06:52

of the Washington arbitration with

00:06:54

team for putting together what



00:06:55

has been definitely a very

00:06:57

successful week. I'm aware of

00:06:59

the enormous amount of work

00:07:00

that he took to make

00:07:02

this possible. So really well

00:07:04

done. And of course, I

00:07:06

want to thank everyone for

00:07:07

for joining us today for

00:07:08

this interesting panel get Friday

00:07:11

afternoon panel. So thank you

00:07:13

for being there with us.

00:07:14

And and I am very

00:07:15

excited to hear tomorrow at



00:07:17  
this panel. That's awesome Antonio

00:07:18  
mentioned title High political risk

00:07:22  
in investment arbitration the case

00:07:24  
study of Venezuela. It is

00:07:26  
a great honor really to

00:07:27  
to be part of these

00:07:29  
100% made in Venezuela panel

00:07:32  
including myself, and I am

00:07:34  
joined by an All-Star level

00:07:36  
pool of panelists today. I

00:07:39  
have with me Jose Ignacio

00:07:41  
Hernandez. He's a law professor

00:07:42  
at the University at Catholic



00:07:44

Andres major in Caracas, Venezuela

00:07:46

and a fellow at Harvard.

00:07:48

Kennedy School and at the

00:07:50

University of Castillo La Mancha

00:07:53

in Spain. He's also co-author

00:07:55

of this book that I

00:07:56

have with me on the

00:07:58

defense of the rights and

00:08:00

an interest of Venezuela by

00:08:02

the internal government of one

00:08:04

white. Oh and their International

00:08:05

Organization also a good friend

00:08:08

marisael pradia. She is today



00:08:12

with us. She's a global

00:08:13

disputes Associated Jones stay in

00:08:15

Washington DC with extensive experience

00:08:17

in investment and Commercial arbitration

00:08:19

cases. She is also co-founder

00:08:21

of the Georgetown International arbitration

00:08:23

alumni group. And finally we

00:08:26

have Thomas norgar. He's managing

00:08:28

director and director of Latin

00:08:31

American Investment development at Gramercy.

00:08:33

He's he was also a

00:08:34

litigation Associated Boys New York

00:08:36

for for many years. So



00:08:38

as you can see, we

00:08:40

have a wonderful panel and

00:08:42

all with different backgrounds and

00:08:43

perspectives that we'll share with

00:08:45

us today, and we have

00:08:48

a lot of Since that

00:08:49

we want to cover it's

00:08:51

not going to be easy.

00:08:52

But before I go there,

00:08:53

let me talk quickly about

00:08:55

some Logistics first. We're going

00:08:57

to leave time for for

00:09:00

questions at the end. If



00:09:02

you have any questions, please

00:09:03

put them in the chat

00:09:04

and I'll be happy to

00:09:05

to share them with the

00:09:06

panel at the end. And

00:09:07

I understand that the conference

00:09:09

is also reserved 15 minutes

00:09:11

for breakout sessions for a

00:09:13

breakout session at the end

00:09:15

so we can have a

00:09:16

more informal discussion. So so

00:09:18

please stay with us. So

00:09:21

I'm just gonna jump right



00:09:23

in and I think costing

00:09:24

us is going to laugh

00:09:25

out loud based on what

00:09:27

I'm gonna try in immediately.

00:09:29

I will try to The

00:09:31

impossible task of giving you

00:09:33

a quick two-minute recap of

00:09:36

what the past couple of

00:09:37

years have been in Venezuela

00:09:38

and the currency situation particularly

00:09:40

in the international disputes world.

00:09:43

So I will I will

00:09:44

try my best. and as



00:09:48

many as you know Venezuela

00:09:51

is Is sadly suffering a

00:09:53

major humanitarian crisis? And according

00:09:56

to many the worst that

00:09:58

this hemisphere has ever seen.

00:09:59

In fact, according to the

00:10:02

OS working group on the

00:10:04

crisis of Venezuela migrants and

00:10:05

refugees in the American region

00:10:07

around five to six million.

00:10:09

Venezuelans have been forced to

00:10:11

flee the country as a

00:10:13

result of a political terminal



00:10:14

and human Rivals and a

00:10:16

collapse of the economy in

00:10:18

recent years and as many

00:10:20

of you know as well.

00:10:22

In January 2019 over 50

00:10:25

countries, including the US and

00:10:27

the UK and Canada many

00:10:29

others and even International organizations

00:10:31

like the OS and inter-american

00:10:33

Development Bank, they recognize the

00:10:36

Venezuelan legislature the National Assembly

00:10:38

as the only government institution

00:10:40

democratically elected in Venezuela, and



00:10:43

an even more importantly they

00:10:45

recognized the head of the

00:10:47

Venezuelan National Assembly one Guido

00:10:49

as the interim president of

00:10:50

Venezuela until free elections can

00:10:52

be held which hasn't happened

00:10:54

yet. And this is of

00:10:56

course for obvious reasons. This

00:10:58

is a big deal and

00:11:00

because because Venezuela was back

00:11:03

then and still is involved

00:11:05

in in Dawsons of complex

00:11:07

arbitrations resulting mainly from a



00:11:10

wave of expropriations and another

00:11:11

measures that took place during

00:11:12

the war Chavez years in

00:11:14

2000s and and the early

00:11:15

2010s which which continue under

00:11:18

Nicolas Maduro or more recently.

00:11:21

That the recognition of of

00:11:22

one Guido was interim president

00:11:24

and the issue just to

00:11:26

give you an example the

00:11:27

issue of who should represent

00:11:28

Venezuela and these arbitration proceedings

00:11:30

that of course quickly became



00:11:32

a question of law. and

00:11:35

today the reality that we

00:11:38

have is that if you

00:11:39

ask how much does Venezuela

00:11:41

oh between our little words

00:11:43

and outstanding bonds and Loans

00:11:45

from countries like Russia and

00:11:46

China and others Etc. If

00:11:49

you look at Venezuela's external

00:11:51

debt. It is estimated to

00:11:53

be as much as a

00:11:54

hundred and forty billion dollars.

00:11:55

That's where we are right



00:11:57  
now. That's a reality today

00:11:59  
and So so with all

00:12:02  
of that said I will

00:12:03  
stop here. And I I

00:12:05  
will start by asking the

00:12:07  
the person who had to

00:12:09  
take over and handle about

00:12:10  
60 or more of these

00:12:12  
arbitrations all at the same

00:12:15  
time. Jose nacio in this

00:12:18  
context. What can you tell

00:12:20  
us about the the current

00:12:22  
state of play in Venezuela



00:12:24

and and the facts on

00:12:25

the ground? Well, first of

00:12:27

all, thank you so much

00:12:28

for the invitation for being

00:12:29

here. It's quite a pleasure

00:12:31

Jose Antonio Rivas. I appreciate

00:12:33

the invitation and of course

00:12:35

Eduardo for your wonderful work

00:12:39

today and as well as

00:12:41

marisabel and Thomas are following

00:12:44

my advice the advice of

00:12:47

my medical doctor gave me

00:12:49

I am not going to



00:12:49

talk about Venezuelan politics. I

00:12:52

am going to talk about

00:12:53

briefly about what is the

00:12:56

current situation of the Venezuelan

00:12:58

economy and to talk about

00:13:01

these we need to be

00:13:01

clear about how Venezuelan collapse

00:13:05

There have been different version

00:13:07

of how Venezuelan collapse according

00:13:09

to one version Venezuelan collapse

00:13:11

due to the drop of

00:13:12

the oil prices. Another version

00:13:15

state of Venezuela collapsed due



00:13:17

to sanctions. But the truth

00:13:21

is that Venezuelan collapse as

00:13:23

a result of what the

00:13:25

economist called extractive Economic Institutions

00:13:29

or predatory policies that destroy

00:13:33

the market mechanism destroy the

00:13:36

oil industry. Lead to a

00:13:39

GDP collapse estimated in 80%

00:13:43

a collapse of imports and

00:13:45

as a result an ongoing

00:13:47

complex humanitarian emergencies in economic

00:13:52

terms. It is necessarily to

00:13:53

look for countries that are



00:13:55

facing terrible Wars in order

00:13:58

to have a comparison of

00:14:00

the Venezuelan economic crisis. For

00:14:03

example, I say that the

00:14:05

GDP collapse is 80% This

00:14:08

is a greater collapse that

00:14:10

the Great Depression hit in

00:14:12

the United States a great

00:14:13

collapse that the Spanish crisis

00:14:16

during the Civil War and

00:14:18

if we want to compare

00:14:19

another country that suffer right

00:14:22

GDP collapse of Approximately 80%



00:14:25

of the economy. We should

00:14:26

look into Germany during the

00:14:28

second World War. and of

00:14:31

course, this is very interesting

00:14:33

because one of the recent

00:14:35

unexplained investors claims is precisely

00:14:38

due to the destruction of

00:14:40

the market mechanism through expropriation

00:14:42

and other Similar measure not

00:14:46

only Venezuelan economic collapse but

00:14:48

as you say that whatever

00:14:49

Venezuela has a external debt

00:14:51

that could be estimated in



00:14:52

a hundred forty billion dollars.

00:14:54

The Republic debt could be

00:14:57

estimated in 68 billion dollars.

00:15:00

The pereversa depth could be

00:15:02

estimated in 72 billion dollars

00:15:05

and following the distinction between

00:15:09

financial and non-financial depth. We

00:15:12

could estimate that the financial

00:15:13

deputies a hundred seven billion

00:15:16

dollars while the non-financial deputy

00:15:19

33 billion dollars just to

00:15:21

give you an example an

00:15:23

idea imagine of these numbers



00:15:28  
the estimated values of Venezuelan

00:15:32  
asset abroad including seed go

00:15:35  
pereversa affiliate everything the estimated

00:15:38  
value is about 20 billion

00:15:40  
dollars. That's mean that Venezuela's

00:15:43  
account trip with an external

00:15:45  
depth of a hundred forty

00:15:46  
billion dollars an external asset

00:15:49  
of only 20 billion dollar.

00:15:51  
This is the dimension of

00:15:54  
the crisis that we are

00:15:55  
suffering to end. We are

00:15:57  
looking right now in a



00:15:58  
sort of economic recovery Venezuela

00:16:00  
some analysis talking about the

00:16:02  
China model in Venezuela, but

00:16:05  
in my opinion what is

00:16:06  
happening in Venezuela, is that

00:16:07  
as a consequence of the

00:16:08  
collapse of the state the

00:16:11  
centralized controls collapse and now

00:16:13  
the government doesn't have any

00:16:15  
capability to destroy property rights,

00:16:19  
and as a result there

00:16:21  
has been an increasing informal

00:16:22  
economy characterized by the facto



00:16:25  
dolarization process, but this this

00:16:28  
hasn't This hasn't do anything

00:16:31  
with to do surgery with

00:16:33  
the China model because the

00:16:35  
key of the China model

00:16:37  
was introduction of Market mechanism,

00:16:40  
despite the authoritarian regime ruling

00:16:44  
China, but in Venezuela, we

00:16:46  
do not have Market mechanism.

00:16:48  
We do not have inclusive

00:16:50  
economic institution under the country

00:16:53  
Venezuelan the last rank of

00:16:55  
rule of law and economic



00:16:57

freedom in the world. So

00:16:59

simply what we are looking

00:17:00

is at the fact of

00:17:02

process that will not provide

00:17:05

the economic recovery that Venezuela

00:17:08

needs to others the complex

00:17:11

humanitarian emergency and these gigantic

00:17:14

economic collapse again estimated in

00:17:17

80% of the GDP. Thank

00:17:22

you. I'll see nasia and

00:17:24

and you mentioned so so

00:17:25

many interesting things coming from

00:17:28

from. I mean the Gees



00:17:30  
that I can take is

00:17:30  
not that just the collapse

00:17:31  
of the economy, but beyond

00:17:33  
I mean goes to the

00:17:33  
to the state as a

00:17:36  
whole and you also mentioned

00:17:37  
the fact or the larization

00:17:39  
process that is happening right

00:17:40  
now and the lack of

00:17:43  
economic freedom as a whole

00:17:44  
which I think it's a

00:17:46  
perfect segue to my my

00:17:48  
next question that I have



00:17:49  
for you buddy Farrell. Um,

00:17:52  
can you tell us what

00:17:53  
the the current status for

00:17:55  
foreign investors? Well with our

00:17:58  
Richard claims against Venezuela Absolutely.

00:18:02  
Good afternoon, everybody before I

00:18:06  
start just very quickly. Thank

00:18:08  
you to Washington arbitration week

00:18:11  
into a while. I'm really

00:18:13  
humble to be in this

00:18:14  
panel with all of you

00:18:16  
Jose Ignacio Tomas. And of

00:18:18  
course a lot of who



00:18:20

we go back for so

00:18:21

many years, you know it

00:18:23

this is really interesting because

00:18:25

as a Venezuelan, obviously, I

00:18:27

follow this forever and just

00:18:29

hearing Jose Ignacio put it

00:18:31

in those terms really really

00:18:34

Shocks, you still to the

00:18:35

core, especially when you think

00:18:37

about a country that is

00:18:39

as resource rich as Venezuela

00:18:42

is and you look at

00:18:43

what the assets are brought



00:18:44

are. In what the external

00:18:46

debt is it? You ask

00:18:48

me? What is the status

00:18:49

of the foreign investors that

00:18:51

have claims that either have

00:18:53

succeeded or who are on

00:18:56

the pipeline right now and

00:18:56

even the ones that are

00:18:57

not still on the pipeline

00:18:59

and Daunting devastating, but I

00:19:05

will give you a bring

00:19:07

that down a little bit

00:19:08

from the more emotional aspect



00:19:11  
of this conversation to what

00:19:13  
this Statistics that we have

00:19:15  
seen with respect to what

00:19:18  
investors did arbitration looks like

00:19:19  
in Venezuela under the chalice

00:19:22  
and my little gym and

00:19:23  
what we see is that

00:19:25  
in the last 10 to

00:19:26  
15 years in US within

00:19:29  
us who was mentioned as

00:19:30  
a result of the expropriate

00:19:32  
word policies. We have seen

00:19:34  
at least 50 cases filed



00:19:36  
for investors data nutrition alone.

00:19:38  
That does not count commercial

00:19:40  
arbitration cases that are also

00:19:42  
some of them extremely large

00:19:45  
into the billions of dollars.

00:19:48  
Now of this cases there

00:19:50  
is about 16 cases that

00:19:52  
are still open pending. There

00:19:55  
are three cases that are

00:19:58  
an annulment proceedings that are

00:19:59  
very important cases large cases

00:20:02  
that are facing. Issues of

00:20:05  
flaw that are extremely interesting



00:20:07

in our discuss those in

00:20:10

a little bit but one

00:20:11

of the things that we're

00:20:12

seeing in it gives you

00:20:13

what this is and what

00:20:14

the thinking of foreign investors

00:20:16

in Venezuela that had accident

00:20:18

Venezuela is in 2001. I've

00:20:22

only been able to find

00:20:23

one case that's been registered

00:20:25

against Venezuela so obviously the

00:20:29

exploratory policies have not stopped

00:20:32

necessarily and not everyone has



00:20:35

already brought a claim but

00:20:37

this to me is an

00:20:38

indication that investors are discouraged

00:20:41

from bringing claims in this

00:20:43

environment because precisely the uncertainty

00:20:47

with whether they can be

00:20:48

enforced whether they're assets that

00:20:51

can be attached in there

00:20:53

for their Awards paid in

00:20:56

the event that they win.

00:20:57

We also have the issues

00:20:59

that we see with respect

00:21:00

to sanctions not just in



00:21:02

the US but other places

00:21:03

but obviously more importantly in

00:21:05

the US and we'll talk

00:21:06

about those a little bit

00:21:07

more. I hope in the

00:21:09

panel. It's a really interesting

00:21:10

conversation because it's a double

00:21:12

age sword in May. In

00:21:14

fact be helping Venezuela. Keep

00:21:17

all some of these assets

00:21:19

until maybe some Creative Solutions

00:21:21

or some restructuring can take

00:21:23

place, but in terms of



00:21:24

an introduction from my end

00:21:27

with respect to the Foreign

00:21:28

investors, I think obviously there's

00:21:32

a there is an aspect

00:21:33

of being discouraged at the

00:21:34

moment for bringing claims. But

00:21:36

I think that is something

00:21:39

that needs to be reconsidered

00:21:40

Because unless you put yourself

00:21:42

in that queue of potential

00:21:44

claimants to to be able

00:21:47

to to recoup your investment.

00:21:51

You will not be taken



00:21:52

into account when actual change

00:21:54

happens. Thank you marisael and

00:22:02

this is very interested. And

00:22:03

yes, I I would like

00:22:04

to touch up on the

00:22:05

sanctions aspect. We'll talk about

00:22:07

it shortly. But before we

00:22:09

go there I wanted to

00:22:12

ask you to mask it

00:22:13

maybe that the the obvious

00:22:14

the the EC non necessarily

00:22:18

easy question about based on

00:22:20

what was Antonio Jose nacio



00:22:22

and Melissa will Mention about

00:22:25

the the total external debt,

00:22:27

the number of cases that

00:22:28

either are still animated and

00:22:31

enforcement pay a face or

00:22:32

the annulment proceedings. What's what's

00:22:35

your view on on? These

00:22:39

foreign investors are they going

00:22:40

to be able to enforce

00:22:42

these are words against Venezuela

00:22:45

or basically in other words

00:22:46

are what's your view? Do

00:22:48

you think that they're gonna



00:22:49  
they're gonna get paid? and

00:22:51  
by whom Thomas I think

00:22:55  
you're a mute can you

00:22:56  
hear us? Yeah. All right.

00:22:59  
Yes, it's a it's sorry

00:23:01  
about that. It's a it's

00:23:02  
a very good question Eduardo

00:23:05  
and well, thank you and

00:23:06  
and all of the panelists.

00:23:08  
Thank you host Antonio for

00:23:10  
the invitation. Clear you've done

00:23:13  
a very good job in

00:23:14  
the in the context of



00:23:15

this Washington arbitration week before

00:23:19

I start answering that question

00:23:20

though. I just want to

00:23:21

make a quick note, you

00:23:24

know, even to the extent

00:23:25

that this is being recorded

00:23:26

or for future purposes that

00:23:28

you know, whatever I say

00:23:30

here should be taking you

00:23:33

know, fundamentally. Yes, that's a

00:23:35

personal opinion rather than the

00:23:36

opinion of the institution that

00:23:37

I work for which is



00:23:38  
grammarchy funds management. It's it's

00:23:41  
well known asset manager focusing

00:23:44  
in Latin America Investments and

00:23:46  
emerging markets and we do

00:23:48  
act as third party funders

00:23:51  
so, you know, and and

00:23:55  
obviously, you know, I just

00:23:56  
wanted to make that note

00:23:57  
that you know, any opinions

00:24:00  
are not that necessarily the

00:24:01  
opinions of gramacy, but well,

00:24:04  
but but having said that

00:24:05  
I think that the what



00:24:07

you what you're asking and

00:24:10

Eduardo it's it's the same

00:24:12

question that it's just it's

00:24:14

the same issue that all

00:24:17

claimants face. And when they

00:24:21

are big when they are

00:24:24

at the brink of pulling

00:24:26

the trigger. and and launching

00:24:33

International proceedings against a sovereign

00:24:36

not necessarily. You know against

00:24:39

Venezuela only but this is

00:24:40

kind of like a more,

00:24:41

you know conceptual issue. No,



00:24:43

you know, whether whether you

00:24:46

know, if I win whether

00:24:47

I'm going to be able

00:24:48

to collect and if so,

00:24:50

how do I how do

00:24:52

we go about collecting? um,

00:24:54

but also it's a question

00:24:58

that many claimants face even

00:25:01

after winning a case or

00:25:05

winning or or success or

00:25:07

prevailing in arbitration proceedings. I

00:25:12

think it's clear by the

00:25:13

numbers that there's just simply



00:25:15

not enough assets of the

00:25:17

government to satisfy all depending

00:25:20

all depending. Awards and So

00:25:27

that obviously represents a challenge

00:25:29

my personal opinion. Is that

00:25:32

there and you know, and

00:25:36

and I think the the

00:25:39

only way to look at

00:25:40

this is to create your

00:25:45

investment thesis around the fact

00:25:48

that there's more it's more

00:25:51

likely than not. that there

00:25:53

will be some kind of



00:25:57

restructuring or reorganization of Venezuela's

00:26:01

public debt You know at

00:26:06

any point in time when

00:26:08

this government or a future

00:26:10

government decides to refinance it's

00:26:16

that so there's there's gonna

00:26:18

have to be no very

00:26:21

creative ways, you know, people

00:26:24

gonna have to put their

00:26:25

you know, heads together and

00:26:27

and create structures that allow

00:26:30

for for claimants to recuperate

00:26:33

part of what they're owed



00:26:35

and be that you know,

00:26:38

whether it is true. the

00:26:41

issuance of new public debt

00:26:44

returning some of the Assets

00:26:46

in the process of trying

00:26:48

to reactivate local economy and

00:26:51

and maybe even, you know

00:26:53

providing some cash to investors

00:26:57

that are not necessarily prepared.

00:27:00

to come back, you know

00:27:01

to go back and and

00:27:03

operate the assets that they

00:27:05

were ones expropriate of so,



00:27:09

you know having said that

00:27:10

I think that you know,

00:27:11

the way that we see

00:27:13

this is more is more

00:27:16

of a macro and View

00:27:21

and In a way, it's

00:27:25

going to be quite dependent

00:27:27

on whether you are associated

00:27:30

or working with institutions that

00:27:34

can, you know adequately represent

00:27:37

you in that restructuring process.

00:27:41

so it's a it's a

00:27:43

very difficult question to answer



00:27:44

and and again, I think

00:27:46

that the short answer is

00:27:48

This is going to have

00:27:49

to be negotiated down the

00:27:51

road. If and when I

00:27:53

knew government wants to to

00:27:54

do some sort of refine.

00:27:58

Thank you Tomas. And and

00:28:00

yeah, this is this is

00:28:02

very interesting and based under

00:28:04

the comments that you all

00:28:06

have shared so far. What

00:28:07

I see is that you



00:28:09

have you have this first

00:28:11

this group you have basically

00:28:12

like three groups, right? So

00:28:13

you have a word holders

00:28:17

You also have those who

00:28:19

have launched their cases and

00:28:20

actually and those groups one

00:28:22

and two they have no

00:28:23

choices. You have to keep

00:28:24

portion and try and hope

00:28:26

to be in in that

00:28:27

part of that settlement that

00:28:30

macro settlement that you mentioned



00:28:31

Tomas and then there's this

00:28:33

third group that you will

00:28:34

mention many if you want

00:28:37

to come and more on

00:28:38

that of those for an

00:28:40

investors who They they haven't

00:28:43

brother claims yet, but their

00:28:46

Investments were. Either expropriated or

00:28:49

or severely affected by retarded

00:28:52

measures Etc either. I mean,

00:28:54

it could more likely on

00:28:56

their Maduro party even like

00:28:58

it could even go back



00:28:59

to to Travis. I'm what

00:29:02

what do you think Miley

00:29:03

Cyril? I mean about this

00:29:05

new investors. I mean it

00:29:06

should they still consider International

00:29:09

arbitration as an option and

00:29:11

if not what other options

00:29:13

that they have? yeah, so

00:29:16

I under I completely agree

00:29:17

with Thomas's point with respect

00:29:19

to the risk and with

00:29:21

respect to the In order

00:29:25

to get paid and in



00:29:26

order for these two more

00:29:27

forward when and if there's

00:29:28

a new government there needs

00:29:30

to be restructuring and their

00:29:32

knees in my opinion to

00:29:33

be Creative Solutions as to

00:29:35

how that restructuring is conducted.

00:29:38

So with respect to investors

00:29:40

who have a claim but

00:29:43

have not brought that thing

00:29:45

yet to me. It's it's

00:29:47

an independence is a very

00:29:50

Case by case analysis. There



00:29:52

are is true some investors

00:29:55

that maybe say you know

00:29:56

what I am never going

00:29:57

back to Venezuela. I just

00:29:59

might not But Venezuela is

00:30:02

an extremely rich resource-rich country.

00:30:04

There is a pod of

00:30:06

opportunities. There's a lot of

00:30:08

money to be made and

00:30:09

especially once the economy begins

00:30:12

to open. So for those

00:30:15

investors that had investments in

00:30:16

those type of Industries and



00:30:19

those type of sectors. I

00:30:21

think that the calculus is

00:30:22

different right because for me

00:30:24

they calculus is not just

00:30:26

I mean for most those

00:30:28

expressions or the diminution of

00:30:31

value of their investment has

00:30:32

occurred already several years ago

00:30:34

in terms of accounting they

00:30:35

most of them have already

00:30:36

written this off in their

00:30:38

books, but What is the

00:30:41

opportunity that you can have



00:30:42

going forward not so much

00:30:45

to recoup only the money

00:30:47

that you lost but to

00:30:48

actually be on the ground

00:30:49

when the economy begins working

00:30:52

and when you can actually

00:30:53

make this investment go now.

00:30:57

It's not as easy as

00:30:58

saying that because it's obviously

00:30:59

when there's a transition from

00:31:00

a government like this to

00:31:02

an open government. There's always

00:31:03

issues of corruption and misappropriation



00:31:07

and things that happen right

00:31:09

because things are in flux

00:31:10

and rule of law is

00:31:12

still being developed, but I

00:31:13

think even with that it

00:31:15

is it the The fact

00:31:18

that it is such a

00:31:19

resource rich country where there's

00:31:22

so many opportunities in certain

00:31:23

industries. I think who's a

00:31:25

lot of this investors to

00:31:26

consider the risk of going

00:31:28

in with the arbitration so



00:31:30

that as I said earlier

00:31:31

the input themselves in that

00:31:32

queue and actually have at

00:31:35

some point. I see that

00:31:36

the table in that restructuring

00:31:37

process. It's very interesting and

00:31:43

I think I mean you

00:31:44

mention and I think we

00:31:45

we talk about it and

00:31:47

in our preparation for for

00:31:49

the panel that you still

00:31:50

have even in some cases

00:31:51

investors whose assets that maybe



00:31:56  
they weren't like formally confiscated

00:31:59  
or expropriated and they still

00:32:01  
have factories like retail offices.

00:32:05  
I mean they still have

00:32:06  
Some some presence. I mean,

00:32:08  
sometimes they didn't have a

00:32:09  
structure maybe sometimes they what

00:32:11  
I did is that they

00:32:12  
took over the the actually

00:32:14  
The Entity but I mean

00:32:15  
that there still I mean

00:32:17  
that's still it's pretty recent

00:32:18  
and and you can still



00:32:20

see it all over the

00:32:22

the country. I don't know.

00:32:24

If it does anyone want

00:32:25

to to comment on Marisa

00:32:27

Wells thought any comments or

00:32:29

something last year or Thomas?

00:32:30

Well, the the one thing

00:32:31

very quick to check is

00:32:33

that I was gonna say

00:32:33

is that I really couldn't

00:32:34

agree more with with what

00:32:37

was said. I mean on

00:32:39

the last category of investors,



00:32:41

right the ones that have

00:32:43

technically a claim or what

00:32:46

they think is a claim

00:32:47

under international law and they

00:32:51

are still you know, quote

00:32:54

unquote on the side of

00:32:55

you know, whether whether to

00:32:58

Whether to in you know,

00:33:00

launch International arbitration proceedings against

00:33:04

Venezuela, you know, it's it's

00:33:06

it's obviously it's kind of

00:33:08

like a you know, it's

00:33:09

it it's a judgment call,



00:33:12

you know. They may have

00:33:15

reasons not to initiate proceedings

00:33:18

and those reasons could be

00:33:21

very valid. But you know,

00:33:25

my personal opinion is that

00:33:28

there is and it's going

00:33:31

to be significantly more difficult

00:33:34

for an investor to recuperate

00:33:37

assets or to have a

00:33:39

say have a seat at

00:33:42

the table when the When

00:33:45

when the restructuring happens? And

00:33:48

if they don't have a



00:33:50  
judgment. on which they can

00:33:52  
rely and on which then

00:33:55  
they can say look, you

00:33:56  
know, I have I have

00:33:59  
I I am officially a

00:34:01  
creditor of the Republic of

00:34:02  
Venezuela. Um, I again, it's

00:34:05  
I don't think it's impossible

00:34:07  
to recuperate assets without it.

00:34:11  
But I do think that

00:34:12  
it's very it's much more

00:34:14  
difficult. To do it without

00:34:17  
one. And you know and



00:34:21

and that obviously is going

00:34:22

to depend on the particularities

00:34:24

and the intricacies of the

00:34:26

case and the situation of

00:34:27

the of individuals, you know,

00:34:30

perhaps still living in Venezuela

00:34:33

and you know all sorts

00:34:36

of, you know metallico considerations.

00:34:43

That's that's very interesting. And

00:34:44

and yeah, I couldn't agree

00:34:47

more with with you Tomas

00:34:49

Jose NASA. Did you have

00:34:51

any any comments? Yeah, I



00:34:53

I agree with marisaavel it

00:34:56

Thomas particularly from the prospective

00:34:59

of how the Venezuelan did

00:35:02

renegotiation could be implemented. The

00:35:05

Venezuelan public debt is similar

00:35:07

to the are you right

00:35:09

case because acai explains is

00:35:12

not only based on traditional

00:35:13

Financial instrument, but also on

00:35:15

conventional Financial titles are precisely

00:35:19

is the case of the

00:35:20

non-financial depth and debt resulted

00:35:23

from expropriation and other similar



00:35:25

measures therefore once the debt

00:35:29

renegotiation process start. It will

00:35:32

be necessarily as a first

00:35:33

step. To advance in a

00:35:36

debt reconciliation process again similar

00:35:39

to the process conducted in

00:35:41

Iraq, and the dead reconciliation

00:35:44

process will distinguish clearly between

00:35:46

two types of claims. claimant

00:35:49

that Java title with a

00:35:53

compensation amount of course financial

00:35:55

debt note about or client

00:35:59

base on rules and arbitration



00:36:00

Awards and regrettably payments that

00:36:04

do not have any title

00:36:08

with a amount of the

00:36:10

compensation. Oh in that second

00:36:13

category, it will be necessarily

00:36:15

as a preliminary condition to

00:36:17

enter into the reconciliation process

00:36:19

to implement a mechanism across

00:36:24

the judicial one to a

00:36:25

dudicated dispute and to determine

00:36:27

the amount of the compensation

00:36:29

of Venezuela house, therefore claimants

00:36:33

that have a title for



00:36:35  
instance an arbitration award will

00:36:38  
be practical terms in a

00:36:39  
better position. Once they're reconciliation

00:36:42  
process start. Otherwise, it will

00:36:45  
be necessarily first to determined

00:36:48  
again the compensation and in

00:36:51  
that question you decide procedure.

00:36:54  
It should be recalled that

00:36:57  
not only the foreign investors

00:36:59  
will participate also the domestic

00:37:02  
investors and we are talking

00:37:05  
about the destruction. Of an

00:37:09  
economy and that procedure to



00:37:12  
adjudicate compensation claims will be

00:37:14  
a very very complex one

00:37:16  
therefore claimants with a title

00:37:19  
and arbitration award will be

00:37:20  
or an arbitration procedure painting

00:37:23  
decision will be in Practical

00:37:25  
terms in a much better

00:37:26  
position. Thank you, Jose Nasir.

00:37:32  
um, and I went up

00:37:34  
go back to you Miley

00:37:36  
Cyril and something that you

00:37:37  
mentioned and and your first

00:37:38  
comment about sanctions and I



00:37:40

I don't want to get

00:37:42

into the Retarded rhetoric of

00:37:45

because there is one view

00:37:47

that the the collapse of

00:37:50

the economy in Venezuela is

00:37:52

because of a sanctions program.

00:37:53

I don't want to get

00:37:55

into that Jose nastier. I

00:37:56

think he was very detailed

00:37:58

explaining what I mean why

00:37:59

this happened? And I mean

00:38:01

we will know and this

00:38:02

is something that goes even



00:38:03

back way before the sanctions

00:38:06

program began in Venezuela, but

00:38:09

on but specifically On the

00:38:12

I mean on the olfa

00:38:14

context for under impact on

00:38:16

on a wereholders. What we

00:38:18

do know today is that

00:38:20

you have I mean the

00:38:21

government of Venezuela will go

00:38:23

to code on the Maduro

00:38:25

regime on under Maduro pereza,

00:38:28

most of the top officials

00:38:30

including Nicolas Maduro there. If



00:38:33

not, all most of them

00:38:34

are designated by offer. What's

00:38:37

so my question to us.

00:38:39

What? How did you see?

00:38:40

What's the impact today? Not

00:38:43

on that future restructuring process.

00:38:45

But today what's the impact

00:38:46

of the sanctions program? On

00:38:49

especially on diesel workholders and

00:38:51

overall foreign investors that maybe

00:38:53

don't don't want to wait

00:38:55

that they want to get

00:38:55

paid today. That's that's a



00:39:01  
very complex question because it's

00:39:03  
one that again isn't a

00:39:05  
case like case basis before

00:39:08  
going to the question. I

00:39:09  
just wanted to say one

00:39:10  
last question. We're talking about

00:39:12  
calculus of attention anything generally

00:39:18  
when when you are investor

00:39:20  
with a potential flame, you

00:39:21  
think am I going to

00:39:22  
want to go back to

00:39:23  
that country? So then I

00:39:25  
don't want to do an



00:39:27

investor nutrition because I'm essentially

00:39:28

shutting my door to that

00:39:30

country. Interestingly that is not

00:39:33

the case here, right? So

00:39:34

that doesn't necessarily go into

00:39:36

that calculus, even if there

00:39:38

is some sort of Government

00:39:41

that is combined in some

00:39:42

way, you know, the idea

00:39:44

I think is that if

00:39:45

if the restructure in occurs

00:39:46

is that that negativity or

00:39:49

negative connotation to investors that



00:39:51  
have cases against Venezuela will

00:39:53  
not be the same as

00:39:54  
in other countries where the

00:39:56  
economy has collapsed in the

00:39:57  
way has less here. And

00:39:59  
with respect to olfact so

00:40:02  
we'll know about sanctions and

00:40:04  
and we all know that

00:40:06  
under those sanctions those assets

00:40:09  
are frozen and they cannot

00:40:10  
be used to pay for

00:40:12  
for this Awards. And we

00:40:15  
also know that companies can



00:40:18  
apply for General licenses to

00:40:21  
try to get permission to

00:40:24  
be able to use those

00:40:26  
assets. To binomial inch and

00:40:30  
I am I had to

00:40:31  
do the caveat. I'm not

00:40:32  
an expert in ofac or

00:40:34  
sanctions. So this is just

00:40:35  
from my research. I understand

00:40:37  
that the court so far

00:40:39  
have said look. The sanctions

00:40:42  
are what the sanctions are.

00:40:43  
So we will we will



00:40:46

all we will honor the

00:40:47

award but you will not

00:40:49

get paid until you you're

00:40:51

not gonna get something else

00:40:52

from the court that says

00:40:55

if the sanctions are lifted,

00:40:56

you will get paid right

00:40:58

the court simply had said

00:40:59

the sanctions are what they

00:41:01

are you will or we're

00:41:02

not whenever they are when

00:41:03

they were there lifted. So

00:41:06

but but from another perspective



00:41:08

not necessarily the investors perspective.

00:41:10

I feel it is actually

00:41:12

protecting or at least a

00:41:15

short period of time Venezuela's.

00:41:17

Assets outside protecting it pretty

00:41:19

much from everybody until there

00:41:21

can be a solution because

00:41:23

as we were talking earlier.

00:41:25

If 20 billion of that

00:41:27

goes the assets of Venezuela

00:41:30

has outside these 21 says

00:41:31

30. This is even 50

00:41:33

billion. Whatever that number is.



00:41:34

It's still not even enough

00:41:36

to pay for all the

00:41:37

award for all the debt

00:41:39

that is there. Right? So

00:41:40

at the end everybody loses

00:41:42

if this is hey in

00:41:45

this moment with that some

00:41:46

sort of restructuring. So to

00:41:47

me while sanctions are difficult

00:41:50

and they are definitely a

00:41:52

an obstacle for getting an

00:41:55

award paid at this moment.

00:41:56

I think in the long



00:41:58

term if there is in

00:41:59

fact a restructuring they could

00:42:01

actually be protecting some of

00:42:03

those assets at this moment.

00:42:06

Thank you everybody and it's

00:42:09

interesting what you mentioned and

00:42:10

just for those or not

00:42:12

familiar with with the sanctions

00:42:14

program the US Treasury and

00:42:17

Novak indeed is able to

00:42:19

issue licenses. They could be

00:42:21

either General licenses that apply

00:42:24

to a certain category of



00:42:26

I mean, if you if

00:42:28

you if were your activity

00:42:31

is under the scope of

00:42:32

that General license, you don't

00:42:34

even have the need to

00:42:35

to report. I mean that

00:42:37

activity on this it involves

00:42:39

money, of course and but

00:42:40

he's also keeps the opportunity

00:42:41

to investors or any companies

00:42:44

dealing with the other regime

00:42:46

or any designated individuals or

00:42:49

entities to also apply for



00:42:52

for specific licenses and and

00:42:54

and those and and those

00:42:57

could be granted by by

00:42:59

the US government for sure.

00:43:01

I don't know it wasn't

00:43:03

asked Thomas you have any

00:43:04

any comments on on the

00:43:05

sanctions component? Well, I mean

00:43:08

very quickly. I I did

00:43:12

I mean You know, I

00:43:13

fully agree. What was which

00:43:15

with what was has been

00:43:17

said before? Yes, I mean



00:43:20

having a sanctions regime could

00:43:23

in a way protect creditors,

00:43:27

you know in a similar

00:43:29

fashion that I you know

00:43:30

that I to say in

00:43:32

solving she proceeding may protect,

00:43:34

you know commercial credits right

00:43:36

in a regular. He's homeless

00:43:39

you proceeding in the US

00:43:40

so I think that respect

00:43:41

it's positive. And having said

00:43:46

that it does have a

00:43:48

huge impact and in our



00:43:51

business as a third party

00:43:53

funder because you know, everything

00:43:56

needs to be looked at,

00:43:58

you know, you know twice

00:44:00

and price and four times

00:44:02

over to make sure that

00:44:04

we're not overstepping and we're

00:44:07

not doing anything that could

00:44:09

be interpreted as as violating

00:44:13

any of the sanctions. Obviously,

00:44:14

it means additional cost. for

00:44:19

us as a third party

00:44:20

founder But also it puts



00:44:24

a serious it puts a

00:44:27

serious hurdle. in in our

00:44:30

ability to to be able

00:44:34

to say that that that

00:44:35

that we are going to

00:44:36

contribute or help or that

00:44:40

the client is going to

00:44:41

be able to reach a

00:44:44

settlement with the Sovereign because

00:44:45

you know, effectively that door

00:44:48

is closed. um and You

00:44:53

know, it's it's something it's

00:44:55

something that from a business



00:44:57

perspective is definitely. It's definitely

00:45:01

detrimental although you know, having

00:45:05

said that I I do

00:45:06

understand all the reasons behind

00:45:08

the sanctions and I I

00:45:11

couldn't say that I disagree

00:45:13

with their with their implementation.

00:45:20

I'll see now any thoughts.

00:45:21

Yeah briefly. I as automatic

00:45:25

explained there are several negative

00:45:27

side effects of sanctions. One

00:45:31

one positive effect was obtained

00:45:35

with the interpretation made by



00:45:37

office in December 2019. when

00:45:41

officer concluded that executive orders

00:45:45

prohibit any attachment or seizure

00:45:48

against properties of the government

00:45:51

of Venezuela in the United

00:45:52

States particularly regarding the Bdv,

00:45:57

holding shares owned by perovista,

00:46:00

and that is the current

00:46:03

policy of the United States

00:46:05

government that was recently. Confirm

00:46:09

when officer denied a licensed

00:46:13

requested by crystalics. Two advancing

00:46:17

the rate of attachments. So



00:46:18

sanctions are acting as an

00:46:21

asset protection protection measure. This

00:46:24

is another similarity with the

00:46:26

Venezuelan case and they are

00:46:28

right case. However, however. It

00:46:30

has not been necessarily to

00:46:32

rely on sanctions protections because

00:46:35

the defenses implemented by the

00:46:38

Republican parivasan also seed go

00:46:40

has differ the most imminent

00:46:43

risk, not even crystallix and

00:46:45

Chronicle. There are trying us

00:46:47

we all know to enforce



00:46:48

our Vital awards that are

00:46:50

in the first line but

00:46:51

not even those claimants poses

00:46:54

an imminent risk because the

00:46:57

case of the Delaware Court

00:46:58

still has more ahead until

00:47:02

eventually a sale process of

00:47:05

pdv holding shares could be

00:47:06

conducted. so we need to

00:47:09

wait until the end of

00:47:11

that process approximately at the

00:47:14

end of 2022 to look

00:47:17

if sanctions effectively will prevent



00:47:20  
creditors disease seed go because

00:47:23  
until now we only have

00:47:25  
an interpretation and again at

00:47:27  
denial of a license, but

00:47:28  
a license that in any

00:47:30  
case cannot be Implemented because

00:47:34  
they're still Monta head of

00:47:37  
the case at the Delaware

00:47:38  
Court. And Jose nacio. Let

00:47:41  
me ask you change in

00:47:42  
topic slightly, you know, we're

00:47:45  
getting closer to them to

00:47:46  
the Q&A session. But have



00:47:48

you seen investors and anyone

00:47:51

feature jump in have you

00:47:53

seen any investors trying to

00:47:55

find any like more creative

00:47:57

ways alternative to to just

00:48:00

going after Venezuela public assets?

00:48:05

Yeah recently. Several bun holders

00:48:10

one of the cases cast

00:48:12

Express. They are they started

00:48:15

on a claim to cease

00:48:17

block properties, but not from

00:48:20

the Venice government of Venezuela.

00:48:22

But from other person that



00:48:24

have in sanctions due to

00:48:25

their involvement in corruption and

00:48:27

violation of Human Rights. This

00:48:29

is by the way a

00:48:30

similar strategy implemented by the

00:48:33

victims of the park that

00:48:35

we're able to these not

00:48:38

only block properties of the

00:48:39

government of Venezuela, but all

00:48:41

so block proportions of third

00:48:44

parties related to the Venezuelan.

00:48:47

Corruption and pervasive cryptography so

00:48:50

that is an innovative. way



00:48:52

and other Innovative way is

00:48:57

try to disease asset derived

00:49:00

from cryptocracy because again, the

00:49:02

main problem is that seed

00:49:04

go is I think that

00:49:06

what that was not the

00:49:08

case but still is a

00:49:09

sort of magnet from from

00:49:11

creditors because Venezuelan doesn't have

00:49:14

much asset abroad. On a

00:49:18

very important portion of those

00:49:19

assets are protected by the

00:49:21

sovereign immunity and beside of



00:49:24

that asset in the Caribbean

00:49:26

and Europe has been these

00:49:29

attached or destroyed by Maduro

00:49:33

regime basically, the only valuable

00:49:35

assets I've already seed go

00:49:37

but to be honest it

00:49:39

Go has already too much

00:49:41

problem with creators in line

00:49:43

and its own debt to

00:49:45

try to be able to

00:49:47

solve all the problem. So

00:49:48

for sure creators will need

00:49:50

to find an Innovative way



00:49:51

and this idea again trying

00:49:54

to attach block properties of

00:49:56

third party and event parties

00:49:58

and eventually trying to seize

00:50:00

I said resulted from cryptography

00:50:02

could be a very a

00:50:05

very Innovative way and in

00:50:07

my personal opinion the probability

00:50:09

to suits of successful in

00:50:12

those things narrative case is

00:50:14

higher than the probab. To

00:50:16

have any success trying to

00:50:18

see Citgo because between the



00:50:20

creators that are already in

00:50:22

first line and sanctions, I

00:50:25

I do not have too

00:50:26

much expectation regarding any Citgo

00:50:30

is easier. We'll see. We'll

00:50:35

see I and I think

00:50:37

my my last question before

00:50:38

we opened up we give

00:50:41

the floor to the to

00:50:42

the sum audience, but I

00:50:45

assume that's something that that

00:50:46

it's in and everyone's Minds.

00:50:49

The reality on on today



00:50:52

that it's been. Over two

00:50:55

years since one white all

00:50:58

was recognized as interim president

00:51:00

of Venezuela until free elections

00:51:02

can be held. They haven't

00:51:03

been any free elections. But

00:51:05

the reality on the ground

00:51:07

is that the mother regime

00:51:08

still remaining as a de

00:51:11

facto government of Venezuela, they

00:51:13

still control the military and

00:51:14

therefore the Venezuelan territory two

00:51:17

weeks ago. They show that



00:51:19

still Maduro is totally free

00:51:21

and able to speak or

00:51:24

to choose any Governor or

00:51:25

he's convenience. He runs a

00:51:28

parallel legislature and has complete

00:51:32

control of over all branches.

00:51:34

And and that's where we

00:51:36

are today at the end

00:51:37

of 2021. but assuming that

00:51:40

there will be there have

00:51:44

there has to be some

00:51:45

some sort of political or

00:51:47

some changes in the political



00:51:49

Spectrum in the future. How

00:51:51

do you I mean think

00:51:54

on here in this reality

00:51:55

today? How do you ambition

00:51:56

that those changes and what

00:51:57

role do you think the

00:51:58

investors will play there could

00:52:01

be the restructuring or could

00:52:02

be something else that do

00:52:04

any of you have any

00:52:04

thoughts on on what could

00:52:06

happen and what options are

00:52:08

left until that happens? I



00:52:16

don't know if it was

00:52:18

an easy question. Come on.

00:52:21

I don't know take that.

00:52:23

I will break the eyes.

00:52:27

The end of this rotation

00:52:29

was not achieved according to

00:52:31

the southern 19 plan. That's

00:52:33

a fact and it is

00:52:35

necessarily to think in another

00:52:37

strategy. and this is one

00:52:41

of the causes us explain

00:52:42

the Mexico negotiations, but at

00:52:45

the same time Maduro has



00:52:47

not improved its capability Maduro

00:52:50

is not enough better condition

00:52:52

than in 2019 in my

00:52:54

opinion Maduros Ramos in a

00:52:56

worse condition due to the

00:52:58

increasing lack of legitimacy. Not

00:53:00

only related to the political

00:53:02

crisis. But with also with

00:53:04

other conditions such as the

00:53:07

investigation open by the public

00:53:10

Prosecutor Office of the criminal

00:53:11

international criminal court. on the

00:53:15

several indictments against Maduro Elites



00:53:18

therefore to be honest neither

00:53:21

interim president guaido nor Maduro

00:53:24

can do anything regarding the

00:53:26

depth But both five are

00:53:29

aware that it is necessary

00:53:32

to find a solution to

00:53:33

stop the business. So then

00:53:35

economic crisis particularly regarding the

00:53:38

oil sector and I will

00:53:40

say that for the very

00:53:41

first time in the Venezuelan

00:53:43

contemporary history. There is an

00:53:46

increasing political consensus among the



00:53:49

necessity to promote private investment

00:53:51

in the oil sector due

00:53:54

to the level of destruction

00:53:55

of the old sector and

00:53:57

a practical circumstances because according

00:53:59

to several estimations Got the

00:54:03

copies necessarily to reboot they

00:54:08

all industry could be estimated

00:54:09

between a hundred and two

00:54:11

hundred billion dollars and the

00:54:14

Venezuelan state. Ruling by Maduro

00:54:16

ruling by white or ruling

00:54:18

by whatever you want. Simply



00:54:19

do not have the capacity

00:54:20

to invest 200 million 200

00:54:23

billion dollars in the only

00:54:24

industry. So the main question

00:54:26

is how can Venezuelan economy

00:54:29

be recover Maduro try to

00:54:31

follow this informal path of

00:54:35

informal institutions opaque transactions based

00:54:39

in this anti-locate law. He

00:54:41

tried to promote private investment

00:54:44

in the oil industry with

00:54:45

this informal agreement. But until

00:54:47

Market mechanism are not really



00:54:49

restoring Venezuela. It will be

00:54:51

not possible to promote the

00:54:53

private investment necessarily not too

00:54:56

tiny economic recovery of two

00:55:00

three percent. We're talking about

00:55:02

that. If we really want

00:55:04

to recovery production at least

00:55:06

to the level of 1999

00:55:09

in the relatively short window

00:55:10

that we have as a

00:55:12

result of the energetic transition.

00:55:15

It will necessarily to dramatically

00:55:17

improve the quality of the



00:55:18  
institutional framework. And for that

00:55:20  
purpose. It is necessarily to

00:55:22  
restore Market mechanism and a

00:55:24  
core component again a core

00:55:26  
component to restore Market mechanism

00:55:28  
is to restore property rights

00:55:31  
that were violated by the

00:55:33  
predatory policies of Google Chavez

00:55:37  
and Nikolas Maduro not only

00:55:38  
in the old sector and

00:55:40  
we have claimants such as

00:55:42  
conocophanection, but also in other

00:55:45  
sectors of the Venezuelan economy,



00:55:46  
including particularly the food sector.

00:55:49  
So this is why in

00:55:51  
my opinion for investors and

00:55:54  
generally speaking private investors. They

00:55:56  
are in a relatively good

00:55:58  
position regarding other creditors. Because

00:56:01  
they can be compensated as

00:56:04  
a result of the policies

00:56:06  
implemented to recover Venezuelan economy.

00:56:10  
And for instance. I have

00:56:12  
been working for a while

00:56:13  
in a mechanism to promote

00:56:16  
the settlement of claims investor



00:56:21  
claims through public private agreements

00:56:23  
that allows those investors to

00:56:25  
receive control of around such

00:56:27  
and recover them to boost

00:56:30  
the Venezuelan economy at the

00:56:31  
same time of the Venezuelan

00:56:33  
state pays the compensation on

00:56:36  
to them as you can

00:56:37  
see. This is a crucial

00:56:41  
moment in my opinion in

00:56:42  
Venezuela. And this is why

00:56:44  
the Mexican negotiations among one

00:56:46  
of the point of agenda



00:56:48

include precisely right over russet

00:56:51

sanctions and general speaking what

00:56:54

to do with the Venezuelan

00:56:55

debt as a binding constraint

00:56:57

to promote economic growth in

00:56:58

Venezuela. Because inaccia and yeah

00:57:04

and you will mention that

00:57:05

it's not only foreign investors.

00:57:07

And you said at the

00:57:08

beginning it also covers domestic

00:57:10

investors many Venezuelan individuals and

00:57:14

entity who's investment has all

00:57:16

have also been affected dramatically



00:57:18

and they haven't had a

00:57:19

resource to go to an

00:57:21

independent judicial system to to

00:57:23

obtain compensation. I have one

00:57:27

question from from the audience.

00:57:28

I think I don't know

00:57:31

Miley Cyril. If you want

00:57:32

to comment on this, I'm

00:57:33

gonna I'm gonna read it

00:57:35

this what is the current

00:57:37

role of the internal government

00:57:40

of of Venezuela in the

00:57:42

arbitrations? Is it our respondent



00:57:44

or more similar to anamikos

00:57:46

and Amicus and why are

00:57:48

they complications? This could bring

00:57:49

to the arbitrations and the

00:57:51

enforcement of the awards? That's

00:57:54

that's a that's a great

00:57:56

question in one that is

00:57:58

extremely difficult to to respond

00:58:01

to because he changes depending

00:58:03

on what Forum you are.

00:58:05

You are arguing it. So

00:58:09

one this is exactly another

00:58:11

of the reasons why investors



00:58:13

not so much the ones

00:58:15

that are already kind of

00:58:16

in it that have brought

00:58:17

Investments already investors arbitrations already.

00:58:20

But those are thinking of

00:58:21

bringing them. This has added

00:58:22

a whole layer of difficulty

00:58:26

for determining who who is

00:58:29

responded who is the representative

00:58:31

of respondent in who decides

00:58:34

who that representative is, right?

00:58:37

So in what I have

00:58:39

seen when you are looking



00:58:41  
at Sports making this determination

00:58:44  
within the US and the

00:58:46  
UK the tended to rely

00:58:48  
on the political questions sort

00:58:50  
of doctoring not so much

00:58:51  
you pay the idea that

00:58:53  
who the representative is is

00:58:56  
a political issue is not

00:58:59  
necessarily a Judicial issue and

00:59:01  
therefore depending on what to

00:59:02  
go who the government has

00:59:04  
recognized in that particular jurisdiction

00:59:05  
is who the representative is.



00:59:09

The agriculturals are not necessarily

00:59:11

doing that right arbitrophone, you

00:59:13

know. are by and large

00:59:17

deciding this is a question

00:59:18

we can take on and

00:59:20

they've taken on that question

00:59:22

and the results of that

00:59:25

have been varied to say

00:59:28

the least and so Who

00:59:31

the representative is is an

00:59:33

open question depending on the

00:59:35

case and your tribunal with

00:59:36

your investors data arbitration depending



00:59:38  
on the on the history

00:59:40  
of the case in one

00:59:42  
case you tribunal said well,

00:59:43  
we don't you know, there's

00:59:44  
all this historical background. We

00:59:47  
don't want to change what's

00:59:48  
been happening. And therefore we're

00:59:49  
going to continue with this

00:59:50  
particular side as being the

00:59:52  
representative in one question that

00:59:55  
has in a recent yet,

00:59:56  
but it's something that I

00:59:58  
How to throw it up



00:59:59

in our internal conversations that

01:00:01

I share with the audience

01:00:02

as well is what would

01:00:05

happen in enrollment if a

01:00:07

if this is contested or

01:00:10

challenged as outside of the

01:00:12

jurisdiction of the tribunal to

01:00:14

determine who the representative is,

01:00:16

right? We know that the

01:00:17

tribunal can determine for sure

01:00:19

who the parties are but

01:00:21

this is a question that

01:00:22

goes beyond just merely a



01:00:24  
nationality determination, right? This is

01:00:28  
includes a political. decision at

01:00:33  
political issue So nastier Thomas

01:00:39  
and any any comments any

01:00:41  
thoughts. Thomas I think you're

01:00:45  
not sure if you're yeah

01:00:48  
So the one thing very

01:00:49  
briefly that I was going

01:00:50  
to mention is. I mean,

01:00:53  
yeah, look, I agree that.

01:00:57  
The the question of who

01:00:59  
is the the representative of

01:01:01  
Venezuela in the context of



01:01:03

this International arbitration proceedings? is

01:01:06

complex is complex one and

01:01:08

but it doesn't really I

01:01:11

I don't think that it

01:01:12

is one that it is

01:01:14

up for the claimant to

01:01:17

respond. or necessarily or necessarily

01:01:20

figure out in in my

01:01:25

experience the position that has

01:01:27

been taking the position that

01:01:29

came and have taken is

01:01:30

you know, I don't care

01:01:32

which the representative you know,



01:01:35

if I am if I

01:01:36

am, you know, if push

01:01:37

comes to shove I'm going

01:01:39

to treat both the procura

01:01:42

or in Venezuela and why

01:01:44

does procura or equally the

01:01:47

same and I'm not going

01:01:48

to be you know, trying

01:01:50

to push one out of

01:01:52

the machines. I'm going to

01:01:55

let the tribute don't make

01:01:56

that decision because as a

01:01:58

claim it one thing that



01:01:59

you also don't want to

01:02:00

to do is to give

01:02:04

the Republic of Venezuela additional

01:02:06

arguments to seek a moment.

01:02:09

So you definitely don't want

01:02:10

to be in a position

01:02:12

where where where Venezuela could

01:02:15

argue that they didn't have,

01:02:17

you know due process for

01:02:20

instance. So, you know, what

01:02:23

way it kind of like

01:02:25

it's it's a little bit

01:02:26

of a mood question and



01:02:28

and more of and more

01:02:30

and more of like an

01:02:31

inconvenience for the purposes of

01:02:33

the tribunal. I understand and

01:02:34

I appreciate that. It's it's

01:02:36

very important for the guide.

01:02:40

Administration and also for the

01:02:43

Madonna Administration, but for the

01:02:45

purposes of claimant and third

01:02:47

party Founders is more, you

01:02:49

know, it's a little bit

01:02:50

irrelevant. Present any day want

01:02:58

to comment to make a



01:02:59

comment on? Yeah, I I

01:03:01

briefly went to commend a

01:03:03

very interesting case. That is

01:03:07

valoris mundiales. exit In before

01:03:13

the US courts the the

01:03:16

position the position was absolutely

01:03:19

clear based on the one

01:03:24

voice of train. And the

01:03:27

position was at only the

01:03:29

intelling government has the right

01:03:31

to represent Venezuela are at

01:03:33

some point claimants even go

01:03:36

directly to serve the government



01:03:39  
of Venezuela through the internet

01:03:40  
government. But the problem arbitration

01:03:44  
was more complex and in

01:03:47  
one case valoris mundiales on

01:03:49  
a new limb on an

01:03:50  
element commission decided. That the

01:03:55  
government of Venezuela was Maduro

01:03:57  
not WeDo in my opinion

01:04:00  
that was a wrongful decision

01:04:03  
because as marisabel explained the

01:04:06  
government of recognition is a

01:04:08  
political question Nora the you

01:04:11  
request question. and therefore Um



01:04:15  
arbitration tribunals on a Newman

01:04:18  
commissions doesn't have the power

01:04:20  
or jurisdiction to decide that

01:04:22  
question. But in any case

01:04:23  
in this particular case balance

01:04:25  
mundiales the Newlin commission decided

01:04:28  
that only the government of

01:04:29  
Venezuela should be allow US

01:04:31  
Representative of Venezuela. Then Madura

01:04:34  
abandoned the case the state

01:04:36  
of the world was lifted

01:04:38  
and the Creditor resumed the

01:04:41  
procedure before the DC Court



01:04:43

the Washington DC court for

01:04:46

the enforcement of the award.

01:04:48

I don't need anything government

01:04:49

was able to represent Venezuela

01:04:52

and the defense of the

01:04:53

government of an Australian that

01:04:55

case was, you know, I

01:04:55

was excluded from the newlyn

01:04:58

proceed procedure and this is

01:05:01

a disorder because According to

01:05:05

the one voice of train

01:05:06

that could be only one

01:05:06

government of Venezuela doesn't make



01:05:08

any sense that you have

01:05:09

a government of initiating arbitration

01:05:11

Awards in arbitration procedures. Sorry,

01:05:13

and then another government of

01:05:14

Venezuela in Ah before the

01:05:17

DC chords the the United

01:05:21

States Court story. So that

01:05:22

was the only case in

01:05:23

which there was a real

01:05:25

conflict between or about the

01:05:28

representation of the government of

01:05:29

Venezuela beside of that in

01:05:33

in exit the Maduros regime



01:05:36

and has a representation of

01:05:38

all the cases with only

01:05:41

one exception which is another

01:05:43

very interesting case. And that

01:05:45

exception is the conical case

01:05:47

that is currently in an

01:05:50

annulment committee. And in that

01:05:52

case and this is my

01:05:55

blowing to be absolutely honest.

01:05:58

The government of Venezuela is

01:06:00

represented by two governments. I

01:06:02

mean Maduro through his lawyers

01:06:03

and by Daughter his lawyer



01:06:05

that is a unique case

01:06:08

and the reason why the

01:06:10

annulment commission take these decision

01:06:12

was because they decided thus

01:06:15

as an unliment commission. They

01:06:17

had no jurisdiction to decide

01:06:19

who the government is and

01:06:20

they decided to preserve the

01:06:21

status quo. But what happened

01:06:23

is that one of the

01:06:24

law firms that were represented

01:06:26

in Australia under destruction of

01:06:28

Maduros regime decided to follow



01:06:31  
instruction of the intelling government

01:06:32  
while the other law firm

01:06:34  
that was represented the government

01:06:36  
of Venezuela decided to follow

01:06:38  
instruction of Maduros regime. So

01:06:41  
that is the only case

01:06:42  
in which they enter in

01:06:44  
government has some level of

01:06:46  
control but besides conical case

01:06:49  
a in the rest of

01:06:52  
cases before exit the representation

01:06:55  
of Venezuela is has been

01:06:58  
ice exclusively by maduro's regime



01:07:01

and as Thomas said this

01:07:03

is why one of the

01:07:04

reasons why for practical reason

01:07:06

for investors doesn't make any

01:07:08

difference this political problem of

01:07:11

who the government of Venezuela

01:07:13

is because for exit is

01:07:15

clearly the government of Maduro

01:07:17

that has the presentation of

01:07:23

It thanks Jose nacio, and

01:07:25

it sounds like we're running

01:07:26

out of time. But before

01:07:28

we go to the breaker



01:07:29

sessions to do any of

01:07:31

you would like to share

01:07:31

any final takeaways any we've

01:07:34

covered a lot. I'm feeling

01:07:36

pretty good about I thought

01:07:39

that we're gonna be able

01:07:40

to make it through all

01:07:41

of that things. I wanted

01:07:42

to cover but do you

01:07:43

have any any final any

01:07:45

final thoughts or takeaways? On

01:07:49

my end just I hope

01:07:50

within us here that what



01:07:52

you're saying about the restructuring

01:07:54

and what is happening with

01:07:56

respect to investors being able

01:07:58

to maybe exert some change

01:07:59

that in fact does happen

01:08:01

in the near future because

01:08:02

not just for Venezuelans in

01:08:05

general, but just in terms

01:08:06

of the economy important investors

01:08:08

that are reading in line

01:08:09

to to get recovery. It

01:08:11

would be a huge deal.

01:08:15

Yes, absolutely. I will like



01:08:18

to end with this idea

01:08:19

Venezuela needs. Desperately needs private

01:08:23

investment. And private investors required

01:08:26

as any other investors Market

01:08:29

mechanisms, and this is something

01:08:31

that Maduro regime cannot provide.

01:08:32

This is why the economic

01:08:35

recovery of an Australia will

01:08:38

need to achieve a political

01:08:40

agreement. To restore Market mechanism

01:08:43

restore property rights and create

01:08:47

the proper conditions to promote

01:08:48

domestic and foreign investment in



01:08:51

Venezuela. Because the economic recovery

01:08:55

of that of a country

01:08:57

that has lost almost 80%

01:08:59

of his GDP will demand

01:09:02

high levels of investment. And

01:09:04

again, this is something that

01:09:06

needs Market mechanism and therefore

01:09:09

political stability. Well with that

01:09:15

I want to thank you

01:09:17

again for for your time

01:09:19

what it wasn't a very

01:09:21

interesting discussion. I really enjoy

01:09:23

it and I hope that



01:09:24  
that we continue this discussion

01:09:27  
in the future and and

01:09:29  
I want to thank you

01:09:30  
again everyone for for joining

01:09:32  
us today and with that

01:09:34  
are back to you awesome

01:09:36  
Antonio. Thank you so much

01:09:42  
Eduardo and congratulations in the

01:09:47  
order that I see you

01:09:47  
malays Sabel. It's it's always

01:09:50  
a pleasure to to listen

01:09:53  
to you and and and

01:09:54  
the analytical tools that that



01:09:56

you bring to the table

01:09:57

straight out of. Our class

01:10:02

investment arbitration at Georgetown. So

01:10:04

really really good to to

01:10:06

listen to you who say

01:10:09

nacio wonderful to Also, bring

01:10:12

the economic the macroeconomic perspective

01:10:16

in which Venezuela is and

01:10:20

and also the more policy

01:10:24

oriented Alternatives that that may

01:10:28

not be easy. But but

01:10:30

must be there to see

01:10:32

a light at the end



01:10:35  
of the tunnel. So I

01:10:36  
think that the the theme

01:10:40  
Here was was a country

01:10:42  
risk, but I think that

01:10:44  
you have incredibly provided. Alternatives

01:10:48  
out of out of the

01:10:50  
the current situation they might

01:10:54  
not be in six months,

01:10:55  
but at the end at

01:10:56  
the end of the day

01:10:58  
the sort of humanitarian and

01:11:01  
economic crisis cannot be forever.

01:11:05  
And and of course, why



01:11:06

do and and thanks also

01:11:08

to into Mass. I think

01:11:10

that we might have lost

01:11:11

him. I don't know whether

01:11:12

technical difficulties but but Tomas

01:11:16

also brought a very specific

01:11:18

and and concrete perspective and

01:11:22

I I would like to

01:11:23

say that this is a

01:11:25

very complex issue that involves

01:11:31

as you had you put

01:11:34

it you all put it

01:11:35

a humanitarian crisis and I



01:11:38

really want to commend each

01:11:39

one of you of course.

01:11:42

Why do for for his

01:11:45

master moderation here to to

01:11:49

bring the analysis to everyone

01:11:52

and and and also sort

01:11:55

of despite the fact that

01:11:57

that that you you must

01:12:01

feel? The whole situation in

01:12:04

your Gods because it's definitely

01:12:06

your place of birth and

01:12:11

you still must have many

01:12:12

many connections to to Venezuela.



01:12:15

So I I am thankful

01:12:18

because it was a topic

01:12:20

treated with with huge levels

01:12:23

of respect and and and

01:12:25

and and and and I

01:12:26

can only say thanks and

01:12:28

it may be useful for

01:12:30

other case studies regarding International

01:12:34

arbitration and and High Country

01:12:37

risks so Tomas. I was

01:12:39

just, you know, also commending

01:12:41

you and thank you for

01:12:41

being with us. Thank you.



01:12:43

Sorry I disconnected very briefly

01:12:45

just a technical problem, but

01:12:46

I'm so thankful for the

01:12:48

invitation. No, no, we're the

01:12:51

ones who have to say.

01:12:52

Thank you because it will

01:12:54

it's not an easy thing

01:12:55

to do to you know,

01:12:57

bring the analytical tools that

01:12:58

you all brought and share

01:13:00

them with the public. I

01:13:01

think that we have a

01:13:01

big audience and with that



01:13:04

I would like to give

01:13:06

a way to our breakout

01:13:08

rooms. We would ask you

01:13:09

that you remain in online

01:13:12

and we're gonna send you

01:13:15

to the various breakout was

01:13:16

make sure that you hit

01:13:17

the accept button because otherwise

01:13:19

you'll see in the main

01:13:20

room. The idea of the

01:13:21

breakout room is not necessarily

01:13:23

to give Council or or

01:13:25

advice simply. It's a network.



01:13:27

It's a network opportunity. Most

01:13:31

people want to see the

01:13:32

stars and in this panel

01:13:33

you are the stars so

01:13:37

A stay tuned and stay

01:13:39

tuned also for our next

01:13:40

Washington arbitration which which will

01:13:44

happen next year in 2022

01:13:48

the day after you know

01:13:50

the day the week after

01:13:51

Thanksgiving so it will happen

01:13:55

that day. We've been lucky

01:13:56

with that specific date and



01:13:57

we're locking it in. So

01:13:59

have a wonderful day and

01:14:01

and enjoy the breakout rooms.

01:14:04

Take good care, bye-bye. Thanks

01:14:06

a lot of thank you.

01:14:08

Bye everyone.