

PRESS RELEASE
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Iskandar Safa submits claim against the Hellenic Republic with ICSID

Beirut, 22 Jun 2016. On 13th June 2016, Mr Iskandar Safa submitted a request for arbitration against the Hellenic Republic at the World Bank's International Centre for Settlement of Investment Disputes (ICSID). Mr Safa co-owns the Privinvest Group, a global player in the shipbuilding industry, which took control of Hellenic Shipyards SA (HSY) in late 2010.

Prinvest and HSY have been asserting their rights against the Hellenic Republic by way of arbitration at the ICC for 3 years. For the record, the Hellenic Republic has, later, also launched its own ICC arbitration against Privinvest, HSY and the former owners of HSY.

With this ICSID claim Mr Safa is asserting his individual rights as an investor in HSY under the Bilateral Investment Treaty between Lebanon and Greece. Lately Mr Safa as well as Privinvest have been under personal and vehement attacks in the Hellenic Republic's Parliament, as reported in the media, such attacks being directly contradicted by undisputed facts in ongoing legal procedures to which the Hellenic Republic is a party. Moreover, HSY now faces an existential threat and risks losing its assets due, amongst other things, to the wrongful imputation by the Hellenic Republic of a European state aid decision dating from well before Privinvest's investment.

Commenting on the submission, Mr Iskandar Safa notes:

"Prinvest invested in HSY in late 2010 because it believed in the future of this historic shipyard. Privinvest wanted to build on the shipbuilding tradition of Greece, its existing relationship with the Hellenic Navy and on HSY's skilled and experienced workforce for the benefit of its wide international customer base. All of the ingredients needed to turn around the struggling shipyard and to make Privinvest's investment a success for my group and Greece were there."

“As an immediate solution for the Greek state and upon implementing this investment, claims faced by the Hellenic Republic filed by HSYs former owner were dropped, and the Hellenic Navy took possession of the one completed submarine and 4 substantially complete submarines which it had already paid EUR 2 billion for but did not own.

“Soon after implementing Privinvest’s investment, unfortunately this time:

- HSY received a claim for more than EUR 300 million from a government owned entity controlled by the Ministry of Finance (the Minister of Finance being signatory to the agreement with the Hellenic Republic) – such entity, OSE SA, was claiming for breaches allegedly occurring many years before the investment.
- the Hellenic Republic’s government then announced that HSY could not work for foreign navies, following the issuing of an EU ruling in December 2010.
- next, the Hellenic Republic’s government stopped payment under the parliamentary ratified contracts for its Archimedes and Neptune submarine programs.
- finally, the additional work promised by the Hellenic Republic’s government, which was necessary to maintain full employment at HSY, was denied.

“HSY operated, despite these issues, with all of its employees being fully paid, for more than a year, Privinvest and HSY trying at all times to find a solution to restore the agreed investment parameters. Despite a number of promises being made at all levels of the government no solution was found and HSY and Privinvest were left with no option but to initiate arbitration pursuant to the terms of the relevant agreements.”

Mr Safa also points out that:

- “In order to mitigate losses and complete the introduction of the submarines to the Hellenic Fleet HSY agreed that that the Hellenic Navy, with whom HSY had and still has excellent relations, could enter the shipyard and complete the submarines with HSY’s employees; and
- As of now all submarines have been incorporated into the fleet and substantial other works have been, and are still being, undertaken at HSY’s premises for the Hellenic Navy’s fleet maintenance and other upgrade works. This has taken and is still taking place with the presence of HSY’s senior management and directors.”

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