

## News

# LALIVE secures major ICSID arbitration victory for Panama

The firm is proud to have secured a major victory for the Republic of Panama in the investment arbitration initiated by Banesco Holding Latinoamérica S.A. and Banesco (Panama), S.A. (“Banesco”) before the International Centre for Settlement of Investment Disputes.

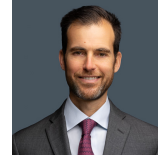
The arbitration was initiated in 2023, when Banesco, a multi-national financial institution, alleged that Panama had breached its obligations under the Agreement for the Promotion and Reciprocal Protection of Investments between Spain and Panama, in particular the obligation to provide fair and equitable treatment (“FET”) and not to impair foreign investment. Banesco argued that several Panamanian entities acted arbitrarily and discriminatorily, without transparency, and in violation of due process, by calling – or threatening to call – numerous advance payment and performance bonds issued by Banesco to guarantee public works contracts. Banesco sought compensation exceeding USD 13.5 million, reserving the right to increase its claim in the event of further bond executions.

In its award of 5 May 2026, the Tribunal concluded that the Republic of Panama had not breached its obligations under the Treaty, rejecting all of Banesco’s claims and ordering it to pay Panama a significant portion of its legal costs. The Tribunal found that Panamanian entities did not act arbitrarily or discriminatorily, and that the decisions of Panama’s Supreme Court regarding the domestic law issues in dispute reflected a plausible interpretation of that law. It also noted that Banesco was able to use, and in fact used, available domestic remedies to challenge the decisions of the entities with which it disagreed. Importantly, the Tribunal underscored that FET does not constitute a guarantee against the risks inherent in commercial activity.

The LALIVE team advising Panama was led by partners [Jaime Gallego](#) and [Domitille Baizeau](#), supported by counsel [Luis Miguel Velarde Saffer](#), senior associate [Riccardo Loschi](#) and associate [Maël Deschamps](#).

Jaime Gallego comments: “The Tribunal’s unequivocal decision is a major victory for our client and reaffirms Panama’s commitment to the rule of law. It also underscores that mere disagreements about the interpretation of domestic law do not give rise to a violation of international law. Following on from our recent victory for Lupaka Gold, this matter also underlines the breadth of experience of our Spanish-speaking team and its ability to secure successful outcomes for both states and investors in Latin America.”

## Key Contacts



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