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Sovereign Governments and International Organizations

For over 30 years, Steptoe & Johnson LLP has advised sovereign governments and international organizations on a wide array of issues relating to international law, economic relations, and dispute settlement. Steptoe lawyers have also provided advice to governments and international organizations on international commercial matters, including project finance, privatizations, and the development of national commercial laws and regulations.

Steptoe's extensive experience in representing and advising sovereign governments and international organizations gives it a unique perspective on the special issues and challenges facing sovereign clients. Having worked with governments on every continent, we understand the complex political and diplomatic environment in which governments pursue their international objectives.

International Economic Relations

Steptoe is one of the world's leading firms in the area of international trade and international economic relations. In 2007, *Chambers & Partners*, a prominent international publisher, selected Steptoe as the International Trade practice of the year.

WTO Dispute Settlement

Steptoe has advised WTO Member governments and private sector interests in nearly two dozen WTO proceedings, and is among the few law firms in the world that have appeared on behalf of WTO Members in both panel and Appellate Body proceedings. Among the recent WTO dispute settlement matters in which Steptoe has been involved are these:

- Advising the **Government of China** in dispute settlement proceedings against the United States concerning the imposition of antidumping and countervailing duty orders on four Chinese products.
- Represented the **Government of China** in its first appearance as a respondent in WTO dispute settlement.
- Argued on behalf of the **Government of Canada** before the Appellate Body in *United States – Lumber ITC Investigation*, an important decision concerning the standard of review that panels apply in reviewing national trade remedy determinations.
- Represented the **Canadian Wheat Board** in *Canada – Wheat*, the first major dispute concerning state trading enterprises under Article XVII of the GATT 1994.

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Step toe's WTO Dispute Settlement practice is described in more detail in our separate WTO practice description.

Trade Policy and Trade Negotiations

Step toe advises governments on matters related to international trade policy and international trade negotiations, including WTO negotiations and the negotiation of bilateral and multilateral free trade agreements (FTAs). Step toe has also advised governments on their accession to multilateral trade organizations and on the reform of national laws and regulations to adhere to international trade commitments. We have:

- Represented the **Korean Ministry of Commerce, Industry and Energy** ("MOCIE") on the Korea-United States Free Trade Agreement ("KORUS"), the largest FTA since NAFTA. Step toe helped MOCIE formulate positions and draft proposed negotiating text on a wide array of issues, including tariff reductions, textiles, trade remedies, market access, investments, Jones Act, government procurement, autos and electronic commerce.
- Currently assisting MOCIE on the Korea-EU FTA on nontariff barriers, bilateral investment treaties with EU countries, EC's zeroing practice, trade remedies, TBT Chapter and REACH, CO2 Emissions, and tariff concessions.
- In connection with **Taiwan's** negotiations for accession to the WTO, Step toe worked with USTR to obtain significant concessions to liberalize access to Taiwan's motorcycle sector.
- On behalf of the United Nations Food and Agriculture Program, Step toe assisted the **Government of Jamaica** to revise its laws on antidumping and countervailing duties. Our advice involved assessment of sufficiency and legality of Jamaican antidumping and countervailing duty law, compared to the legal regimes under the GATT, the WTO Agreement, and the law of the US and EC.
- Represented the **Government of Trinidad and Tobago** in a countervailing duty case involving imports of semifinished steel products from the largest steel producer in Trinidad and Tobago, which is the country's largest exporter to the United States. The case focused on financial assistance that the Government provided to the steel producer before it was privatized. Step toe was able to achieve termination of the countervailing duty case, through a favorable decision by the U.S. International Trade Commission.

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International Dispute Settlement and Litigation

Bringing together renowned capabilities in international law, litigation and arbitration, Steptoe attorneys act as counsel, advisors, and arbitrators, serving our clients' interests wherever in the world they are engaged, and wherever on the dispute spectrum they lie, be it negotiation, mediation, arbitration, or litigation. Steptoe has represented governments and state-owned enterprises in international arbitrations and litigation in national courts. We have:

International Arbitration and Litigation

- Represented the **Turkish Republic of Northern Cyprus** in its sovereignty dispute with the Greek government of the Republic of Cyprus. In connection with the representation, Steptoe gave a legal opinion that the Turkish Republic of Northern Cyprus is entitled to recognition under international law.

Investor-State Disputes

- Represented the **UK Government** in the defense of £200 million in claims by a major investor arising from the privatization of a nationalized British shipyard.
- Representing a **European Government** in the defense of potential claims before ICSID under a bilateral investment treaty.
- Represented the **Republic of Korea** and three of the country's financial agencies in investor disputes with a large investment bank over failed derivative transactions.
- Advised a **Middle Eastern State** in the defense of multi-million-dollar claims by a consortium of foreign investors arising from construction of a complex chemical processing plant.
- Represented the **Dominican Republic** in its \$775 million International Chamber of Commerce arbitration in Mexico City, Mexico, against an electric company in a commercial dispute involving power generation facilities; arbitration conducted entirely in Spanish, including direct and cross examination and oral argument.
- Counsel for the **Dominican Republic** in a successful injunction against a subsidiary of AES Inc., requiring the latter to continue providing electricity services despite allegations of unpaid charges for such services.

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- Counsel to a **Latin American government** in disputes with a consortium of oil companies over a proposed crude oil pipeline.
- Acted on behalf of a **South Asian state** and its national oil company in the defense of multi-million dollar arbitration claims by a foreign investor arising from the sponsorship, construction, and operation of a 1,300MW power project.

Project Finance, Privatization, and Commercial Transactions

With a well-developed project finance and infrastructure privatization practice that covers a broad range of industries, Steptoe has represented the interests of sovereign governments in a number of significant transactions. We have:

- Represented an **Asian government-controlled investment vehicle** in negotiation of multiple asset management arrangements with New York and London based asset managers with respect to establishment and funding of separate fixed-income funds, each with initial capital of \$500,000,000.
- Counsel for the **Government of the Dominican Republic** and the Compañía Dominicana de Electricidad in their renegotiation and restructuring of its power purchase agreement with Smith-Enron Cogeneration Ltd. for the power generation project in Puerta Plata, Dominican Republic.
- Counsel to the **Government of Ecuador** in the \$1.2 billion project financing of a proposed 450,000 barrel per day crude oil pipeline running from the Amazon fields of eastern Ecuador across the Andes to the port of Esmeraldas on the Pacific Coast.
- Counsel to a **Caribbean government** in its negotiations with an independent power producer, owned by United States and Caribbean parties and involving approximately \$770 million of financing, which became insolvent.
- Represented Sociedad Estatal de Participaciones Industriales, the **Spanish government's** holding company for investments in private companies, in its negotiation for the sale of its commercial interests in Aerolíneas Argentinas (the Argentine airline) to American Airlines and other investors.

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- Counsel to an **African country's telecommunications office** in the formation of a joint venture entity, privatizing certain cellular telecommunications infrastructure assets.
- Represented a joint venture among the **Russian Ministry of Atomic Energy**, US financial institutions, government sponsored enterprise funds and timber interests, a Norwegian shipping company, and other investors to build and operate eleven plants in Russia utilizing passive nuclear materials to sterilize Russian timber for export to North America and Japan, and to own and operate a Russian port facility to handle timber exports from the Russian Far East.

International Tax

Step toe is known for its large, diverse tax practice and our experienced attorneys. We frequently advise sovereign governments on international and domestic tax matters. We have:

- **US-Japan Income Tax Treaty:** Obtained the issuance of bilateral interpretive guidance under the US-Japan income tax treaty regarding the withholding tax rate on interest paid to financial services businesses.
- **US- Belgian Income Tax Treaty.** Represented the American Chamber of Commerce in Belgium to advise both Belgian and US government officials during the negotiations for a new Income Tax Treaty between the United States and Belgium which was ratified in 2007 and went into effect in 2008. Key corporate issues were zero withholding on dividends and interest in appropriate cases, the treatment of hybrid entities such as limited liability companies, and a revised and more flexible Limitation on Benefits Clause.

Legislative and Technical Advice

Step toe has assisted a number of sovereign governments in drafting laws and regulations. Through our substantial legal knowledge, we are well-equipped to advise governments on the formation of legal structures and regulations. We have:

- Advised the **Organization for Economic Cooperation and Development** on national laws and regulations affecting the use and recognition of electronic signatures.
- Served as counsel to an **Eastern European government** in connection with the creation of its national privatization program.

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- Advised the **North Atlantic Treaty Organization** on the development of a public key infrastructure (electronic signature system) among the NATO members.
- Represented the **Government of Kenya** in a project to reform the legal and regulatory framework and restructure the electric power sub-sector in Kenya. Steptoe provided an extensive analysis of various commercial laws and identified those that posed impediments for the sector's privatization. Steptoe made recommendations for new laws, and drafted a new electricity act. We also prepared a report outlining steps Kenya could take to encourage privatization of the utility industry.
- Advised the **US Government** on the establishment and terms of its BIT programs.
- Counseled the **Russian State Property and Antimonopoly Committees** in their early antimonopoly initiatives. The firm drafted the implementing regulations and procedures for the Russian Anti-Monopoly Committee of the Government of Russian Federation (USAID) -- Antitees. This project was designed to develop and apply antitrust policy to the privatization process, with particular focus on the energy sector. In addition to drafting the implementing regulations and procedures for Russia's first antitrust initiatives, the firm drafted an assessment and collaborated on a series of pilots and training activities in an effort to build the institutional capacity to make these antitrust models effective. Legal and regulatory reform was accomplished through preparation of trial antitrust cases.
- Steptoe was selected by the **Government of Venezuela** to be regulatory and restructuring counsel to the national investment fund in connection with privatization of CANTV, the state telephone company. The firm's team of telecommunications, finance, antitrust and corporate lawyers participated in drafting forty-six documents delivered to the Government of Venezuela pursuant to the contract, including a full set of telecommunications regulations, necessary proposed legislation, and an international comparative regulatory study. We drafted and presented to the Government draft regulations for basic services, rural telephony, cellular services, satellite services, public telephony (terminal equipment), value-added services and private networks.