

Abstract

Title The effect on the Thai government's assets resulting from international arbitration's decision: Case Study of Walter Bau AG (In Liquidation) v. Kingdom of Thailand

Field Politics

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This research stems from the fact that, on 12 July 2011 (B.E. 2554), the German Regional Court of Landshut ruled that the Thai Boeing 737 aircraft impounded at the Munich airport be released against the payment of a bank bond of 20 million euro (approximately THB 400 million). This case results relates to a German construction company, Walter Bau AG, a 10-per cent shareholder in the consortium which constructed the Don Muang Tollway (Din Daeng - Don Muang - Rangsit- Bangpa-in Line). Later on 21 September 2005 (B.E. 2548), Walter Bau AG initiated a procedure against Kingdom of Thailand to a commercial international arbitration in Geneva, Switzerland under UN arbitral rules. Eventually, after 4 years of a number of lawsuits, the arbitration panel issued a final judgment in favour of Walter Bau AG and the Royal Thai Government was ordered to pay 29 million euro with interest and other expenses (approximately THB 1,200 million) in damages to the company.

This is the first time for Thailand to lose a case to a private international company and, as a result, its assets are enforced by a foreign domestic court. This must be considered to be different from a case concerning Temple of Preah Vihear tried at International Court of Justice (ICJ) ruling against Thailand enforcing a hand-over of the Temple to Cambodia.