**Closing Statement on Behalf of [State] Respondent**

**Environmental Counterclaim for Oil Contamination Damages**

**[ICSID Case No. ARB/XX/XX]**  
**Quantum Hearing - Day 5**  
**[Date]**

**Mr President, Members of the Tribunal,**

**Issue**: Whether Claimant's oil extraction operations violated environmental standards and caused quantifiable damage requiring compensation under domestic environmental law and international environmental principles.

**Rule**: Under [State's] Environmental Protection Act Section 12 and constitutional Article 15, operators bear strict liability for environmental contamination. The no-harm principle of customary international law, as confirmed in Trail Smelter, requires prevention of transboundary environmental damage.

**Application of Law to Facts**:

**Environmental Contamination Evidence**

The evidence before this Tribunal demonstrates systematic environmental contamination across 47 documented sites. As confirmed by Dr Martinez, our independent soil specialist, hydrocarbon concentrations exceed regulatory limits by 300-500% at Sites 12, 18, and 23-31. The Tribunal's site inspection on Day 3 of these hearings confirmed visible oil contamination at the Shushufindi facility, exactly as described in our Environmental Impact Assessment dated March 2019.

Claimant's expert, Dr Richardson, acknowledged under cross-examination that Claimant's own environmental monitoring reports from 2018-2020 recorded Total Petroleum Hydrocarbon levels of 15,000-25,000 mg/kg - well above our domestic limit of 1,000 mg/kg established under Environmental Regulation 1215.

**Causation Chain**

The chronological evidence establishes direct causation. Background soil samples from 2016, before Claimant's operations commenced, showed TPH levels of 45-120 mg/kg. Post-operation samples from identical locations now measure 15,000+ mg/kg. Dr Chen's groundwater analysis confirms the contamination plume extends 2.3 kilometres downstream, affecting three indigenous communities' water sources.

Claimant argues multiple causation, citing prior operators. However, the geological evidence contradicts this. As Professor Williams testified, the contamination signature matches Claimant's crude oil specifications, not the heavier crude previously extracted. The isotopic analysis in Exhibit R-45 confirms this conclusion.

**Quantification of Environmental Damages**

We seek USD 68.2 million in environmental remediation costs, calculated using internationally accepted methodologies:

**Soil Remediation**: USD 45.8 million for ex-situ bioremediation of 850,000 cubic metres of contaminated soil, based on EPA-approved unit costs of USD 54 per cubic metre, as confirmed by remediation contractor GeoClean's binding estimate (Exhibit R-67).

**Groundwater Treatment**: USD 12.4 million for pump-and-treat systems over 15 years, following Dutch contaminated land guidance methodology applied in the Chevron Ecuador case, adjusted for local hydrogeological conditions per Dr Ahmed's hydrogeological study.

**Ecosystem Services Loss**: USD 10 million representing lost ecological services during 8-year remediation period, calculated using Total Economic Value methodology from Costa Rica v Nicaragua (ICJ 2018), applied to affected forest ecosystem covering 1,200 hectares.

**Rejection of Claimant's Valuation**

Claimant's expert Dr Peterson proposes only USD 8.5 million using "risk-based corrective action" - essentially leaving contamination in place with monitoring. This approach violates our Constitutional right to healthy environment under Article 15 and contradicts this Tribunal's decision in Perenco v Ecuador, which rejected minimal cleanup approaches.

Dr Peterson's assumptions are flawed. His proposed TPH cleanup standard of 5,000 mg/kg exceeds our regulatory limit by 500% and ignores groundwater protection requirements. His "institutional controls" proposal - restricting land use rather than cleaning contamination - effectively expropriates indigenous communities' ancestral lands.

**Legal Framework for Environmental Liability**

Our 2008 Constitution, Article 15, establishes strict liability for environmental damage. This is not expropriation requiring compensation - it is legitimate environmental regulation. As held in Philip Morris v Uruguay, states' regulatory authority includes environmental protection measures that limit private property rights.

The precautionary principle, recognized in Stockholm Declaration Principle 15 and our domestic Environmental Management Act, requires cleanup to prevent future harm. The evidence shows ongoing contamination migration threatening the Aguarico River watershed.

**International Law Supports Environmental Protection**

Claimant incorrectly argues that environmental counterclaims exceed this Tribunal's jurisdiction. However, ICSID Convention Article 46 grants jurisdiction over ancillary claims. Environmental damage claims are directly connected to the investment dispute, as confirmed in Burlington Resources v Ecuador and Urbaser v Argentina.

The polluter pays principle, established in OECD recommendations and EU Treaty Article 191, supports imposing cleanup costs on operators causing contamination. This principle applies regardless of whether contamination was intentional.

**Conclusion**:

The evidence overwhelmingly proves Claimant caused extensive environmental contamination through substandard operational practices. Our requested remediation approach follows internationally accepted environmental engineering standards and respects constitutional environmental rights.

We respectfully request the Tribunal award USD 68.2 million in environmental damages, plus interest at 5% annually from the date contamination was discovered. This award will enable complete environmental restoration and vindicate our citizens' constitutional right to a healthy environment.

The choice before this Tribunal is clear: endorse meaningful environmental accountability, or permit foreign investors to externalize environmental costs onto local communities. International law and fundamental fairness demand the former.

Thank you, Mr President.

**[Counsel Name]**  
**Attorney for [State] Respondent**  
**[Date]**