

10 April 2019



US Court rules in favour of Tanzania

- The District Court of Columbia states it has no jurisdiction on the subject matter
- Court condemns Valambhia failure to establish 'commercial activities exception'
- Case filed against the United Republic of Tanzania, BoT and the Ministry of Defence and National Service
- Complaint ultimately dismissed

Background

On 12 February 2018, the widow and children of a famous businessman, the late Devram Valambhia initiated a case in the District Court of Columbia to seek recognition and enforcement of a foreign judgment obtained in Tanzanian Courts.

The Plaintiffs in the above case were Vipula D. Valambhia, Priscilla D. Valambhia, Punita D. Valambhia, and Krishnakant D. Valambhia. The Respondents were the United Republic of Tanzania (Attorney General), the Bank of Tanzania (BoT), and the Ministry of Defence and National Service. The Plaintiffs were specifically seeking recognition and execution of a decree for payment of USD 55,099,171.66 issued by the High Court of Tanzania in 2003.

The claim in this case was based on a contract entered into in 1980 for the purchase of military equipment between Transport Equipment Ltd (TEL), a company owned by the late Valambhia, and the Government of Tanzania. TEL claimed for non-payment of the entire contractual sum which moved TEL to file a case in the High Court of Tanzania in 1989.

The Court decided the case in favor of TEL and awarded a decretal sum of USD 55,099,171.66. Recently, after several attempts to execute, the Plaintiffs instituted the case in the District Court of Columbia, USA for the enforcement of the decree. The Government of Tanzania opposed the case on the grounds that it was instituted in contradiction of US laws on recognition and enforcement of foreign judgments in the United States. The Government of Tanzania claimed to have immunity which is recognized under the US Foreign Rule Immunities Act. The said Act entitles foreign states to immunity from the jurisdiction of Courts in the United States subject to certain enumerated exceptions.

The decision

On 31 March 2019, the Court through Hon. Judge Tanya S. Chutkan ruled in favour of the Attorney General of Tanzania and dismissed the Complaint for lack of jurisdiction on the subject matter. The Court held that the Complaint did not involve commercial activities in the United States, which is a prerequisite under the Uniform Foreign-Country Money Judgments Recognition Act.

To read the Memorandum Opinion click here:

https://ecf.dcd.uscourts.gov/cgi-bin/show_public_doc?2018cv0370-18

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