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# **U.S. Supreme Court Rules Against World Bank Arm on Immunity**

By **Greg Stohr**

The U.S. Supreme Court opened some American-based international organizations to lawsuits, ruling that a World Bank affiliate must defend against allegations it is responsible for environmental damage caused by a power plant in India.

**Voting 7-1 on Wednesday, the court said sovereign immunity doesn't protect those international organizations in the U.S. when they are involved in commercial activities.**

**The suit accuses the International Finance Corp., the World Bank's private-sector lending arm, of inadequately supervising the plant's construction after providing a \$450 million loan. Those suing the IFC include local farmers and fishermen.**

**The decision could mean new legal liability for the IFC and other multilateral development banks. The ruling doesn't affect the International Monetary Fund or the United Nations itself, both of which have complete immunity from suit under the terms of their charters.**

**A 1945 federal law says international organizations are entitled to the "same immunity" as foreign countries. The central question for the court was how that provision was affected by a 1976 law that said foreign governments don't get immunity when they are involved in commercial dealings. The 1976 measure didn't mention international organizations.**

Writing for the court, Chief Justice John Roberts said the 1976 law also changed the immunity possessed by international organizations.

The 1945 law "should therefore be understood to link the law of international organization immunity to the law of foreign sovereign immunity, so that the one develops in tandem with the other," Roberts wrote. He said the standard set by the 1976 law "hardly means unlimited exposure to suit for international organizations."

Justice Stephen Breyer dissented, and Justice Brett Kavanaugh did not participate in the case.

The case is **Jam v. International Finance Corp., 17-1011.**