

11 October 1999

“The Aguas del Tunari Consortium, led by International Water Limited (IWL), announced that it has signed a 40 year concession agreement with the Republic of Bolivia to provide potable water and sewer services for the City of Cochabamba, and to supply water for irrigation and the generation of electrical energy for the Cochabamba Valley.”

Note: Neither United Utilities nor Edison are mentioned in the press release.

Individuals mentioned:

- Didier Quint, Managing Director for International Water Limited
- Don O'Shei, Chief Operating Officer of International Water Ltd

Contact details:

- International Water Ltd. Tim Lowe, 44-171-766-5100

Source:

*IWL Led Consortium Signs Agreement for Major Bolivian Water Concession*

Bechtel/IWL news release, 11 October 1999

<[http://www.nadir.org/nadir/initiativ/aggp/free/imf/bolivia/txt/2000/0410water\\_privatization\\_contract.txt](http://www.nadir.org/nadir/initiativ/aggp/free/imf/bolivia/txt/2000/0410water_privatization_contract.txt)>

9 November 1999

Bechtel Enterprises Holdings, Inc. and Edison S.p.A. announced that they have finalized an agreement for Edison to acquire a fifty percent interest in International Water Limited (IWL), a major international water development services company owned by Bechtel Enterprises.

[...]

IWL has a well-established strategic alliance with United Utilities International (UUIL) whereby they bring their complementary skills together to target this growing international market. It is the strong intention of all three companies that the partnership between IWL and UUIL will continue to develop in the future. Gordon Waters, Managing Director of UUIL, confirmed that "UUIL looks forward to a strengthening of our relationship with IWL under its new ownership structure, as we continue to increase our joint investments in water and wastewater projects around the world."

[...]

IWL is located in London, with main regional offices in Warsaw, Prague, Cairo, Sao Paulo, and Manila.

Individuals mentioned:

- Tim Statton, Executive Vice President and Managing Director of Bechtel Enterprises
- Giulio Del Ninno, Chief Executive Officer of Edison
- Gordon Waters, Managing Director of United Utilities International (UUIL)
- Didier Quint, Managing Director of International Water Ltd (IWL)

Contact details: none

Source:

*Bechtel and Edison Reach Agreement on Edison's Acquisition of a 50% Stake in International Water Limited*

Bechtel news release, 9 November 1999, <<http://www.bechtel.com/4q99.html#edison>>

25 April 2000

A first attempt to find a concessionaire to manage the Cochabamba water distribution system was made in May 1997 by the previous government. An international call for tender was initiated at the same time that the La Paz water privatization was occurring. Unfortunately, the Cochabamba call for tender was cancelled. At that time, the municipality was very much opposed to the tender because it was not taking into account the Misisicuni project. This project is a long-standing effort to construct a dam (to store the water during the rainy season) a tunnel, (to carry the water across a mountain ridge) and an aquaduct (to bring the water to the city). There were other solutions to bring water to Cochabamba, including extracting water from the existing Corani dam, but Misisicuni had been supported time after time by the local officials, contractors and people of influence. After cancelling the tender for the concession, the

new government, in a gesture of good will, decided to build a portion of the Misicuni project and negotiated a sole-source contract for the tunnel section with a local contractor and a major European company. This was obviously risky as the financing of the whole project was not secured and there was a high probability that the scheme would remain uncompleted and useless, after the government had spent a large amount of money for tunnel construction. In order to mitigate this risk, the government decided to revive the concession tender and include in its scope not only the distribution system, but also the Misicuni project. The State utilized a financial advisor (Banque PARIBAS) very familiar with water issues to estimate and arrange for the most suitable legal and financial structure. The terms of reference were prepared and the tender was advertised at the beginning of 1999, at approximately the same time that the construction of the tunnel started. International Water decided to follow the tender and we associated ourselves with Abengoa (of Spain) and four Bolivian companies including ICE, a major Cochabamba contractor and builder of the new airport and Misicuni tunnel. The joint venture, called Aguas del Tunari (AdT), submitted its bid in April 1999. To our great surprise, none of our competitors submitted a bid. Even the two French water giants, Vivendi and Lyonnaise des Eaux, declined to submit a price. We understood that Vivendi, which had to abandon its Tucuman (Argentina) concession a few months before, was very cautious about entering into a potentially similar situation. We never understood why LdE, having won the La Paz concession in 1997, did not submit a bid.

[...]

On November 1, 1999, the concession was finally handed over to us. The new tariffs had been made public by the Regulator and were enforceable starting on the first of January 2000, as agreed in the contract.

Didier Quint, managing director of International Water Ltd., e-mail to Jim Schultz, 25 April 2000  
<<http://mai.flora.org/forum/19163>>

13 December 2000

Now, according to Bolivian news reports and documents obtained by the *Bay Guardian*, Bechtel is threatening to use a 1992 trade agreement between Holland and Bolivia to sue the Bolivian government, seeking at least \$25 million in damages and future lost profits. If the company follows through with its threat, a secret tribunal set up by the World Bank will hear the case.

"The people here in Cochabamba have made it very clear that there is not going to be one cent of compensation," said Tom Kruse, an American activist and academic living in Cochabamba. "The Bechtel affiliate came here and raised prices before improving the water system. They were going to use money from the pockets of poor people to fund their investments."

[...]

The Bechtel-Bolivia dispute is the latest example of a trend that worries social-justice and environmental advocates around the world: increasingly, corporations are exploiting new global investment rules in order to bypass conventional legal and political channels and to challenge domestic laws.

[...]

According to sources in Bolivia, the government is not recognizing Bechtel's standing under the treaty, insisting that the dispute be settled in the Bolivian courts.

Under the Holland-Bolivia treaty, the parties had six months to try and negotiate a settlement. That deadline passed on Nov. 25.

Source: Daniel Zoll, "Soaking the poor; S.F.'s Bechtel wants the Bolivian people to pay for its bad water investment", *San Francisco Bay Guardian*, 13 December 2000, <<http://www.sfbg.com/News/35/11/11becht.html>>

12 December 2001

International and local owners of Aguas del Tunari have requested arbitration to settle their dispute with the Government of Bolivia. The dispute arose from the Government's unilateral termination of Aguas del Tunari's 30-years' concession contract signed in 1999 for water services to the City of Cochabamba.

After several months of negotiation, the Government of Bolivia has been unable to compensate Aguas del Tunari for the losses that the Company suffered.

Aguas del Tunari applied (in November 2001) for arbitration by the International Centre for Settlement of Investment Disputes (ICSID). ICSID is one of the most respected independent international courts of arbitration. Complying with ICSID guidelines, Aguas del Tunari quantified the size of its damages as more than \$25 million.

Individuals mentioned:

Keith Donald, General Counsel for International Water

Contact details:

Tim Lowe on + 31 (0) 20 654 1817, E-Mail: [timclowe@inwat.com](mailto:timclowe@inwat.com)

Source

International Water Holdings BV, *Water Company Requests ICSID to Arbitrate Dispute with Bolivian Government*, Press Release, 12 December 2001, <<http://www.newswire.ca/releases/December2001/12/c6433.html>>

25 February 2002

Case registered at the International Centre for Settlement of Investment Disputes:

Aguas del Tunari S.A. v. Republic of Bolivia (Case No. ARB/02/3)

Subject Matter: Water and sewer services concession  
Date Registered: February 25, 2002  
Status of Proceeding: Pending (Tribunal not yet constituted)

Source: ICSID web site <<http://www.worldbank.org/icsid/cases/pending.htm>>