

UNCLASSIFIED

Type of Document	Content	Comments
eGram	<p>eGram 5089/10</p> <p>From LA PAZ Date Created 04/05/2010 22:39:00</p> <p>BOLIVIA: ELECTRICITY SECTOR NATIONALISATIONS</p> <p>They [Rurelec] are now considering arbitration for the \$70m book value of the company, under the UK-Bolivia IPPA ratified in 1990.</p> <p>Sign Off Baker Contact Name Nigel Baker</p>	<p>eGrams were the formal name for reports from British Embassy's and other posts to the FCO in London.</p> <p>Nigel Baker was Her Majesty's Ambassador in La Paz.</p>
eGram	<p>eGram 6388/10 From LA PAZ Date Created 31/05/2010 21:34:00</p> <p>Subject BOLIVIA: WHAT IS THE PLURINATIONAL STATE?</p> <p>[redacted]</p>	

UNCLASSIFIED

	<p>the electricity firm Rurelec plc have all had assets nationalised, and are in or considering arbitration.</p> <p>Sign Off Baker Contact Name Nigel Baker</p>	
<p>Briefing for House of Lords debate – June 2010</p>	<p>Bolivia: Expropriations What is the UK doing to help British investors in the wake of the recent nationalisations of UK companies?</p> <p>The Bolivian government nationalised the interests of [redacted], and the electricity company Rurelec plc on 1 May 2010. We are supporting the companies in their ongoing compensation negotiations with the Bolivian authorities. The 1990 Britain-Bolivia Agreement for the Promotion and Protection of Investments offers companies the option of recourse to arbitration if they believe the compensation offered to be inadequate.</p>	
<p>email</p>	<p>From: [redacted] Sent: 16 July 2010 11:43 To: [redacted] Cc: [redacted] Nigel Baker; John Rankin Subject: Bolivian Ambassadors call on Director Americas</p> <p>Dear [redacted]</p> <p>The Bolivian Ambassador, Beatrice Souviron and Ruben Andrade (Counsellor) called on John Rankin on Tuesday 13 July.</p> <p>Rankin raised the issue of Rurelec and said that we recognised that it was a country's right to run it's industries as it saw fit, however we needed to come to a fair and amicable settlement as soon as possible to stop the company from taking the issue to arbitration. [redacted]</p> <p>I'll update Peter Earl on the Rurelec point [redacted]</p>	

UNCLASSIFIED

	<p>Thanks and all best,</p> <p>[redacted] South America Group, Foreign and Commonwealth Office</p>	
Briefing document	<p>BOLIVIA – INAUGURATION OF PRESIDENT SANTOS</p> <p>Background</p> <p>Rurelec: The nationalisation decrees promise compensation, but on the basis of valuations to be carried out by a government-appointed official within 120 days. At a meeting with the Ministers of Hydrocarbons and Legal Defence on 4 July, Rurelec expressed its desire for a transparent process and a rapid conclusion. They are under pressure from shareholders to launch early arbitration proceedings. [redacted]</p>	Briefing for UK representative attending Colombian President's inauguration.
Text of speech by British Ambassador to Bolivia – Sept 2010	<p>The United Kingdom: what is it, and what are we doing in Bolivia?</p> <p>The last few years have been difficult. Important British companies, such as Rurelec plc in the electricity business, have been nationalised, and the companies are considering compensation and arbitration options. [redacted]</p>	
Email chain	<p>From: Nigel Baker</p> <p>Sent: 17 September 2010 14:12</p> <p>To: [redacted]</p> <p>Cc: [redacted]</p> <p>Subject:RE: Visit of VP Linera</p> <p>[redacted]</p> <p>Linera has been out of town all week. His Head of Office tell us that we should get a meeting next week. So I can explore more then.</p> <p>Key issues for any meeting would be:</p> <p>nationalisations, impact on British companies, how to reach resolution of Rurelec without the need for recourse to</p>	

UNCLASSIFIED

	<p>arbitration (we may be able to make specific proposals to find way through in consultation with the companies, [redacted])</p> <p>Nigel Nigel Baker Ambassador / Embajador British Embassy / Embajada Británica La Paz</p>	
<p>Agenda for bilateral talks</p>	<p>Bilateral Consultation Mechanism talks, 24 September Annotated Agenda</p> <p>Bilateral Relations</p> <p>* Investment-Commerce Nationalisations: Rurelec in May 2010. Compensation / arbitration and message.</p>	
<p>Email</p>	<p>From: Nigel Baker Sent: 27 September 2010 17:01 To: [redacted] Cc: [redacted] Subject: UK-Bolivia Bilateral talks, 24 September, La Paz</p> <p>[redacted]</p> <p>I represented the UK in the "Second Bilateral Consultation Mechanism Talks" with Bolivia on 24 September. The Director General for Bilateral Affairs at the MFA, Guadelupe Palomeque, led on the Bolivian side, supported by Bolivian Ambassador to the UK Beatriz Souviron [redacted] from the MFA, Vice Ministry for Tourism, Vice Ministry for International Development and Investment and other agencies.</p> <p>[Redacted] Rapid resolution of these cases, avoiding</p>	

UNCLASSIFIED

	<p>arbitration, was important.</p> <p>Nigel</p> <p>Nigel Baker Ambassador / Embajador British Embassy / Embajada Británica La Paz</p>	
Briefing document – November 2010	<p>VICE PRESIDENT ALVARO GARCIA LINERA</p> <p>POINTS TO MAKE</p> <p>Trade</p> <p>A quick agreement, rather than international arbitration, is in everyone's interests.</p> <p>BACKGROUND</p>	
	<p>Nationalisations:</p> <p>Rurelec</p> <p>[redacted]</p> <p>Rurelec will now pursue formal arbitration proceedings under the Bilateral Treaty between the UK and Bolivia.</p>	
Email chain	<p>From: Nigel Baker</p> <p>Sent: 16 November 2010 15:22</p> <p>To: [redacted]</p> <p>Cc: [redacted]</p> <p>Subject:FW: La Paz</p>	

UNCLASSIFIED

	<p>[redacted],</p> <p>The BBC World interview on the website was very clear.</p> <p>I see little chance now of the two sides coming to agreement - their was a tough interview given by Arismendi in La Razon today. So arbitration it seems to be.</p> <p>How did your chat go with Garcia Linera last week? [redacted]</p>	
	<p>Nigel</p> <p>Nigel Baker Ambassador / Embajador British Embassy / Embajada Británica La Paz</p> <p>[redacted]</p>	
<p>Letter</p>	<p>16 noviembre, 2010</p> <p>Excmo. Señor D. Alvaro García Linera Vicepresidente Estado Plurinacional de Bolivia La Paz</p> <p>Excmo. Señor Vicepresidente:</p> <p>Espero que esto sea algo que pueda resolverse en forma amigable y rápida, sin la necesidad de que la compañía llegue al arbitraje - algo que quizás requiera de una intervención política a nivel superior para llegar a buen fin.</p>	

	<p>NIGEL BAKER Embajador de Su Majestad Británica</p>	
<p>eGram</p>	<p>eGram 16703/10 From LA PAZ Date Created 03/12/2010 14:41:00</p> <p>Subject Rurelec plc launches arbitration against Bolivian government</p> <p>Summary AIM-quoted Rurelec plc launches arbitration proceedings against the Bolivian government for the 1 May nationalisation of its assets in electricity generator Guaracachi S.A.. Action launched under UK and US-Bolivia IPPAs. Bolivian government says it is prepared to fight Rurelec's claim for minimum book value compensation of just over \$70m. But the action may bring the government back to the negotiating table.</p> <p>Rurelec plc, the AIM-quoted British power plant developer and operator of power generation assets in Latin America, announced on 1 December that together with its US subsidiary Guaracachi America it has commenced arbitration proceedings to secure compensation from the Government of Bolivia. The decision follows the nationalisation on 1 May 2010 of Rurelec's 50.001% interest in Bolivia's largest private electricity generating company, Guaracachi S.A..</p> <p>The arbitration, to be taken forward under UK-Bolivia IPPA signed in 1988 and the US-Bolivia IPPA signed in 1998, will proceed in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL rules), as provided for under both treaties. Rurelec propose New York as the arbitration venue.</p> <p>Rurelec claims that the Bolivian government has failed to provide prompt, effective and adequate compensation in violation of the Treaties and international law.</p>	

UNCLASSIFIED

	<p>Bolivian Minister of Legal Defence Elizabeth Arismendi characterised Rurelec's \$72.5m claim as "excessive and unreal", although under arbitration Rurelec is likely to pursue a figure considerably in excess of that amount. [redacted] We have been in close touch with the Bolivian government before and after the nationalisation decision, seeking a solution with compensation that would not require arbitration to proceed. But the negative valuation announced on 8 November gave Rurelec plc little choice.</p> <p>COMMENT</p> <p>Rurelec had hoped to avoid arbitration. Negotiations have continued since then with the support of this Embassy to secure just compensation without the need for arbitration, but the negative valuation presented to Rurelec plc on 8 November killed off chances for an amicable solution.</p> <p>Rurelec's launching of arbitration may still bring the government back to the negotiating table. For the moment, though, the government says it is confident in its case, and will defend itself in the courts against Rurelec's claims.</p> <p>[redacted]</p> <p>Sign Off Baker Contact Name Nigel Baker</p>	
<p>Letter</p>	<p>9 de marzo 2011</p> <p>Señor Hugo Montero Procurador General del Estado Procuraduría General del Estado El Alto</p>	

UNCLASSIFIED

	<p>Estimado Sr. Montero:</p> <p>REF: RURELEC PLC</p> <p>En el caso que no se presenten nuevas propuestas, la programación del arbitraje fijado por UNCITRAL continuará su procedimiento como está establecido.</p> <p>Nigel Baker Embajador de Su Majestad Británica</p>	
	<p>From: [redacted] Sent: 15 April 2011 20:53 To: [redacted] Cc: Nigel Baker; [redacted] Subject: Reasons to engage with Bolivia</p> <p>[redacted]</p> <p>Wider engagement with Bolivia</p> <p>* Protection of UK investments</p> <p>Arbitration proceedings are ongoing with electricity company Rurelec, which was nationalised on 1 May 2010.</p> <p>[redacted] British Embassy La Paz</p>	
eGram	eGram	

UNCLASSIFIED

	<p>8623/11 From LA PAZ Date Created 13/05/2011 20:01:00</p> <p>Subject BOLIVIA COMMERCIAL: ENERGY: OPPORTUNITIES FOR UK COMPANIES</p> <p>Summary UK nationalisation case (Rurelec plc) takes a step forward as Bolivia appoints an arbitrator.</p> <p>Comment</p> <p>Bolivia will need to cooperate fully with ongoing arbitration proceedings, including with Rurelec plc which saw its stake in Guaracachi nationalised on 1 May 2010. There are some encouraging signs in that Bolivia has this week appointed an arbitrator.</p> <p>[redacted]</p>	
<p>Briefing document</p>	<p>TRADE & INVESTMENT BRIEF FOR JEREMY BROWNE'S VISIT TO BOLIVIA - JULY 2011</p> <p>Background</p> <p>Rurelec plc has initiated formal arbitration proceedings against the Bolivian government following the forced nationalisation of their interest in Guaracachi on 1 May 2010. Following a Bolivian valuation of the company which concluded that Guaracachi was in negative equity, Rurelec is seeking compensation to the value of the book price of Guaracachi which it believes to be \$72.5 million.</p>	
<p>Mid-Year review of Country</p>	<p>Country Business Plan: Mid-Year Review for La Paz</p> <p>PROSPERITY: Build Britain's prosperity by increasing exports and investment, opening markets, ensuring access to</p>	<p>The mid-year review process is an</p>

UNCLASSIFIED

Business Plan	<p>resources and promoting sustainable global growth</p> <p>Risk: Rurelec arbitration case stalls [redacted]</p> <p>Signed: [redacted] Date: 09/09/11</p>	appraisal of a mission's achievements against their objectives.
Briefing document for Jeremy Browne – 27/01/2012	<p>BRIEFING FOR MEETING WITH APPG BOLIVIA/ANGLO BOLIVIAN SOCIETY</p> <p>Key messages</p> <p>We continue to work to protect British interests in Bolivia, including through support to nationalised interests. For example, during my visit I urged swift resolution of outstanding compensation disputes (including Rurelec) as the best route to confidence for investors.</p> <p>Background - Rurelec plc initiated formal arbitration proceedings against the Bolivian government following the forced nationalisation of their interest in electricity generator Guaracachi on 1 May 2010. Following a Bolivian valuation of the company which concluded that Guaracachi was in negative equity, Rurelec is seeking compensation to the value of the book price of Guaracachi which it believes to be \$72.5 million. Rurelec made a statement on 28 November to the effect that the arbitration process was now at an advanced stage and they were looking forward to a positive outcome in 2012.</p>	
Copy of external report by Muller & Toranzo	<p>INVESTMENT OPPORTUNITIES IN THE ENERGY SECTOR</p> <p>The British Transnational Rurelec PLC initiated a demand/claim of international arbitration against the State of Bolivia by demanding compensation of more than 70 million US Dollars for the 50.001 per cent of the shareholders' package in the generation of electricity in Guaracachi, nationalized on May 1 of last year by the Government of Evo Morales.</p>	
End of Year Review	<p>Country Business Plan: End-Year Review for La Paz</p> <p>PROSPERITY: Build Britain's prosperity by increasing exports and investment, opening markets, ensuring access to resources and promoting sustainable global growth</p>	The end of year review process is an appraisal of a