

Bolivia moves closer to nationalization

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LA PAZ, Bolivia - The Bolivian government pressed ahead with its moves to re-nationalize its energy industry on Monday, ordering foreign financial companies to surrender control over shares they administer for a public pension fund.

The move would immediately give the government control over a large, but minority block of shares in three energy companies. The shares are worth an estimated \$1.5 billion, according to Andres Soliz, Bolivia's hydrocarbons minister.

Vice President Alvaro Garcia Linera said attempts to negotiate with the financial institutions had been unsuccessful and the government was forced to issue a decree demanding the shares.

"Nobody is going to stop the nationalization, no external force, and much less any conservative internal force that has tried to block this," Garcia Linera said after signing the decree.

Garcia Linera was apparently referring to a company official who said last week that the law would not allow the government to take the shares without paying compensation.

The three local energy companies involved are Andina SA, a subsidiary of the Spanish-Argentine Repsol YPF; Chaco SA, a unit of Britain's BG Group PLC and BP PLC, and Transredes SA, of British-Dutch owned Shell Corp.

All three were once Bolivian state-run companies that were privatized in the 1990s. Foreign shareholders took majority control, while a little less than half the shares of each were put in a trust for the Bolivian people. The trust is used to pay a pension to all Bolivians over 65.

The government insists it will continue to pay the pension, but said it will also use the funds to boost its cash-strapped state energy company.

On May 1, President Evo Morales ordered the takeover of his country's 53 foreign-owned natural gas installations, sending white-helmeted military police with semiautomatic rifles to guard the continent's second-largest gas reserves.

He gave the companies six months to negotiate new contracts or leave.

Speaking Monday to the European Parliament, Morales said that foreign companies could profit from their investments in the country - but that the state would control the oil and gas resources.

Meanwhile at the United Nations, Bolivia's foreign minister vowed Monday to push ahead with plans to nationalize the timber and silver industries, but promised that foreign investors could still make a profit in his country.

"We do not wish to stand by to any looting or pillaging of our natural resources," David Choquehuanca said. "We have laws and foreign investment has to abide by these laws and rules."

He said new rules governing foreign ownership and investment are meant to provide "legal security."

"The multinational companies are not about to leave Bolivia, they will continue to make a profit, and in no way are we impacting on their profit," Choquehuanca said. "We are simply changing the rules of the game, the rules of the game which up until then were to their benefit."