

Electricity in Latin America, 2004

by

David Hall*

PSIRU, University of Greenwich d.j.hall@gre.ac.uk

July 2004

| | |
|--|-----------|
| 1. FOREWORD | 2 |
| 2. INTRODUCTION AND SUMMARY | 2 |
| 3. MULTINATIONALS ACTIVE IN LATIN AMERICA | 3 |
| 3.1. ENDESA (SPAIN/ESPANA) | 3 |
| 3.2. IBERDROLA (SPAIN/ESPANA) | 4 |
| 3.3. UNION FENOSA (SPAIN/ESPANA) | 4 |
| 3.4. EDP (PORTUGAL) | 5 |
| 3.5. EDF (FRANCE) | 5 |
| 3.6. TRACTEBEL –SUEZ (FRANCE) | 6 |
| 3.7. AES (USA) | 6 |
| 3.8. CMS ENERGY (USA) | 8 |
| 3.9. EL PASO (USA) | 8 |
| 3.10. PPL | 9 |
| 3.11. PSEG (USA) | 9 |
| 3.12. ALLIANT ENERGY (USA) | 10 |
| 3.12.1. <i>Others: Camuzzi-Enel (Italy); Hydro-Québec (Canada)</i> | 10 |
| 3.13. FINANCIAL INVESTORS | 10 |
| 3.13.1. <i>CDC (UK)</i> | 10 |
| 3.14. LATIN AMERICAN ENERGY COMPANIES | 11 |
| 3.14.1. <i>Petrobras (Brasil)</i> | 11 |
| 3.14.2. <i>Others</i> | 11 |
| 3.15. EXITS | 11 |
| 4. ISSUES | 11 |
| 4.1. WITHDRAWALS BY MNCs | 11 |
| 4.2. BRAZIL AND THE PT GOVERNMENT | 12 |
| 4.3. ARGENTINA AND ECONOMIC CRISIS | 13 |
| 4.4. RESISTANCE TO PRIVATISATION | 13 |
| 4.5. IMF CHANGES RULES, WORLD BANK ADMITS ‘IRRATIONAL EXUBERANCE’ | 14 |
| 5. NOTES | 15 |

* The section on Brazil is based on an account by Steve Thomas of PSIRU.

Public Services International Research Unit (PSIRU),

Business School, University of Greenwich, Park Row, London SE10 9LS, U.K.

Email: psiru@psiru.org *Website:* www.psiru.org *Tel:* +44-(0)208-331-9933 *Fax:* +44 (0)208-331-8665

Director: David Hall *Researchers:* Robin de la Motte, Jane Lethbridge, Emanuele Lobina, Steve Thomas

PSIRU's research is centred around the maintenance of an extensive database on the economic, political, financial, social and technical experience with privatisation and restructuring of public services worldwide, and on the multinational companies involved. This core database is financed by Public Services International (www.world-psi.org), the worldwide confederation of public service trade unions. PSIRU's research is published on its website, www.psiru.org.

1. Foreword

PSI has commissioned this paper in order to help unions develop coordinated strategies to protect their members' rights and interests. In the energy sector, there are many developments that unions must consider as they plan for the next few years.

The most important trend is the complex and deep problems with the privatisation and deregulation model imposed by the international financial institutions. This neo-liberal approach to the serious challenges of supplying safe and reliable energy to citizens, to industry and to agriculture has proven to be weaker even than the public service model that it sought to replace.

The report indicates that many of the multinational corporations that rushed in as agents of the IFIs have run away or are looking for the first opportunity to get out. This may mean that unions will have a difficult time negotiating long-term collective agreements with them, that no money will be available for salary increases, or that these MNCs will attempt to cut jobs in order to squeeze last-minute profits. However, it also means that the unions can put pressure on the companies by letting the communities and the politicians know of the corporate plans to leave.

We can conclude from this research that unions will find it easier to resist energy privatisation, at least for the short term. However, in the long term, it is safe to assume that the IFIs will return to their neo-liberal, market-based attacks on the public sector. Thus, unions must develop long term solutions to protect public services.

Possibly the best way to resist privatisation is to ensure that the public services are of a high quality, and that they meet the needs of the public. This can perhaps be achieved through a variety of tools: labour-management cooperation to reform and improve public services; workers and users taking a greater role in decision-making; governments investing in public infrastructure. Such an approach will require new strategies and new alliances. The unions are in a good position to lead, if they are willing to innovate and to take advantage of the particular conjuncture. PSI stands ready to assist in this process.

In Unity,

David Boys
PSI Utilities Officer

2. Introduction and summary

This paper aims to present the activities of the multinational companies in privatised electricity operations in Latin America, and to identify some of the key issues which affect the development of the sector. It accompanies the separate PSIRU overview of electricity privatisation and liberalisation globally.

The next section covers the multinationals, with brief information on their origins and their current policies towards Latin America where known. It also lists the multinationals which have formerly invested in Latin America but have now left.

The third section looks at key issues and trends, including the development of the policies of the governments of Argentina and Brazil; the scale of resistance to privatisation in Latin America, and the new statements of position from the IMF and the World Bank.

The evidence presented here has implications for trade union policies and strategies, both in relation to the multinational companies and in relation to national governments. Some key points are in the foreword from Public Services International (PSI).

3. MULTINATIONALS ACTIVE IN LATIN AMERICA

The data in this section is based on information maintained in the PSIRU database for PSI.

3.1. Endesa (Spain/Espana)

This is the largest Spanish electricity company, which has been active in Latin America from the early 1990s. Endesa has stated that it will stop expanding operations in **Latin America** as it tries to obtain returns on recent investments that have brought it control of 10% of the continent's **electricity** sector, CEO Rafael Miranda told reporters. The company is insisting on higher returns than it obtains in Europe, to justify the risks on Latin American investments and to recoup previous losses: "returns on investment will have to compensate for foreign currency volatility risk and capital costs the returns would have to cover the company's losses in the region from the 2001-2002 economic crisis that led to an **electricity** consumption trough".¹ Although Endesa plans to invest \$2.9bn in Latin America over the next few years, this will be to maintain its existing assets rather than new investment. Endesa is actively seeking more local partners, so that investment will come from local sources rather than Spain².

Endesa's Chilean subsidiary, Enersis, had to carry out a major financial restructuring in 2002, arranging an extra \$2.3 billion loans to avoid having to repay existing loans. Despite this, the credit rating of Enersis has been reduced to BBB-.³ In Brazil however Endesa decided to reinvest in its distribution companies rather than agree to a refinancing arrangement with Brazilian bank BNDES (as was done by other companies, eg AES). In Argentina Endesa is centrally involved in negotiations with the government to try and retain its investments, reclaim the dollarisation agreement (see section 3.4 below on Argentina) and increase electricity prices to improve profits. The Argentinean president at one stage accused Endesa's subsidiary Edesur of deliberately creating a blackout to increase pressure for price rises.⁴

| Group | Country | Company | Sector | % | Indirect % | IndirectVia |
|--------|-------------------|-------------------|--------------------------|-------|------------|-------------|
| Endesa | Argentina | CBA | Electricity generation | | 11.9 | Enersis |
| Endesa | Argentina | Costanera | Electricity generation | | 23.4 | Enersis |
| Endesa | Argentina | Distrilec | Electricity | | 13.9 | Enersis |
| Endesa | Argentina | Dock Sud | Electricity generation | | | |
| Endesa | Argentina | EASA | Energy | | | |
| Endesa | Argentina | Edenor | Electricity | | | EASA |
| Endesa | Argentina | Edesur | Electricity distribution | | 9.6 | Enersis |
| Endesa | Argentina | El Chocon | Electricity generation | | | Enersis |
| Endesa | Argentina | Yacylec | Electricity transmission | 22.2 | | |
| Endesa | Bolivia | Elfec | Energy | | 34.9 | Enersis |
| Endesa | Brazil | Cachoeira Dourada | Electricity generation | | 60.6 | Enersis |
| Endesa | Brazil | CERJ | Electricity distribution | | 25.5 | Enersis |
| Endesa | Brazil | Cien | Electricity transmission | | | |
| Endesa | Brazil | COELCE | Electricity distribution | 33.06 | | |
| Endesa | Brazil | Fortaleza | Electricity generation | | 60.6 | Enersis |
| Endesa | Chile | Celta | Electricity generation | | | Enersis |
| Endesa | Chile | CHILECTRA | Electricity distribution | | 59.5 | Enersis |
| Endesa | Chile | Endesa Chile | Electricity generation | | 36.4 | Enersis |
| Endesa | Chile | Enersis | Electricity | 60.62 | | |
| Endesa | Chile | Pangue | Electricity generation | | | Enersis |
| Endesa | Chile | Pehuenche | Electricity generation | | | Enersis |
| Endesa | Chile | San Isidro | Electricity generation | | 27.3 | Enersis |
| Endesa | Chile | Taltal Power | Electricity generation | | 18.2 | Enersis |
| Endesa | Colombia | Betania | Electricity generation | | | |
| Endesa | Colombia | CODENSA | Electricity distribution | | 12.6 | Enersis |
| Endesa | Colombia | EMGESA | Electricity generation | | | Enersis |
| Endesa | DominicanRepublic | CEPM | Electricity | 40 | | |

| Group | Country | Company | Sector | % | Indirect % | IndirectVia |
|--------|---------|-----------------|--------------------------|----|------------|-------------|
| Endesa | Peru | Edegel | Electricity generation | | 13.8 | Energis |
| Endesa | Peru | EDELNOR | Electricity distribution | 18 | | |
| Endesa | Peru | EEP | Electricity generation | 60 | | |
| Endesa | Peru | Etevensa | Electricity generation | 60 | | |
| Endesa | Peru | Generandes Peru | Electricity generation | | 21.7 | Energis |
| Endesa | Peru | Piura | Electricity generation | | | |

3.2. Iberdrola (Spain/Espana)

Iberdrola is a Spanish company with investments in Brazil, Bolivia, Guatemala and Mexico. Its main presence is in a group of distribution companies in the northeast of Brazil. It has recently invested in a 520MW gas-fired generator in the region, all of the output from which will be bought by Iberdrola's distribution companies.⁵ The cost of this investment is all derived from the surplus of the Brazilian energy operations, not from capital from Spain. Two of Iberdrola's Brazilian distribution companies, Coelba and Cosern, have recently decided to issue bonds worth \$143m and \$40m respectively: again, this is local money borrowed by the local operators, who all (including the third one, Celpe⁶) have their own independent credit ratings, not funds from Iberdrola.^{7 8}

Along with Endesa, Iberdrola has attacked the Chilean government for excessive regulation of the industry.⁹

| Group | Country | Company | Sector | % | Indirect % | IndirectVia |
|-----------|-----------|-----------------|--------------------------|------|------------|-------------|
| Iberdrola | Bolivia | Cade | Energy | | | |
| Iberdrola | Bolivia | Electropaz | Electricity distribution | | | |
| Iberdrola | Brazil | Celpe | Electricity distribution | | 31.0 | Guaraniana |
| Iberdrola | Brazil | Coelba | Electricity distribution | | 22.4 | Guaraniana |
| Iberdrola | Brazil | Cosern | Electricity distribution | | 9.5 | Guaraniana |
| Iberdrola | Brazil | Guaraniana | Electricity | 39 | | |
| Iberdrola | Brazil | Itapebi | Electricity | 40.5 | | |
| Iberdrola | Guatemala | Eegsa | Electricity | 49 | | |
| Iberdrola | Mexico | Altamira III/IV | Electricity generation | | | |
| Iberdrola | Mexico | Enertek | Electricity generation | | | |
| Iberdrola | Mexico | Femsa-Titan | Electricity generation | | | |
| Iberdrola | Mexico | Monterrey | Electricity generation | | | |

3.3. Union Fenosa (Spain/Espana)

Union Fenosa is present in a number of countries, including a number of operations in central America: Guatemala, Mexico, Panama, Nicaragua, and is constructing a plant in Costa Rica. Union Fenosa's profits in Latin America increased in 2003, but the company strategy is to reduce its investments in the area if they cannot produce higher returns: "Fenosa said it was willing to sell assets in Latin America currently considered strategic if they did not generate sufficient profits".¹⁰

Its distribution operations in Dominican Republic were re-nationalised in 2003 (with compensation).¹¹ Union Fenosa itself is expected to be the subject of a takeover bid soon from a bigger European company.¹²

| Group | Country | Company | Sector | % | Indirect % | IndirectVia |
|--------------|-----------|---------------|------------------------|------|------------|-------------|
| Union Fenosa | Colombia | Electricaribe | Electricity | 69.3 | | |
| Union Fenosa | Colombia | Electrocosta | Electricity | 70.4 | | |
| Union Fenosa | Colombia | EPSA | Electricity | 64 | | |
| Union Fenosa | CostaRica | La Joya | Electricity generation | 65 | | |

| Group | Country | Company | Sector | % | Indirect % | IndirectVia |
|--------------|-----------|--------------------------|--------------------------|------|------------|-------------|
| Union Fenosa | Guatemala | Guatemala Distribuidores | Electricity distribution | 80 | | |
| Union Fenosa | Mexico | Union Fenosa (Mexico) | Electricity generation | 100 | | |
| Union Fenosa | Nicaragua | Disnorte | Electricity distribution | 79.5 | | |
| Union Fenosa | Nicaragua | Dissur | Electricity distribution | 79.5 | | |
| Union Fenosa | Panama | Chiriqui | Electricity distribution | 51 | | |
| Union Fenosa | Panama | Metro-oeste | Electricity distribution | 51 | | |

3.4. EdP (Portugal)

EdP (Electricidade do Portugal) is the mainly state-owned electricity company of Portugal.. It is active internationally principally in areas of former Portuguese influence, most especially Brazil.

In Brazil it owns stakes in distribution and generation companies, notably Bandeirante (Sao Paulo), and a minority 15% stake in Cerj (Rio). It also owns a minority stake in a distributor in Guatemala.

| Group | Country | Company | Sector | Percent | Indirect % | IndirectVia |
|-------|-----------|-----------------|--------------------------|---------|------------|-------------------|
| EdP | Brazil | Aguas do Brasil | Water | | 10 | Aguas de Portugal |
| EdP | Brazil | Bandeirante | Energy | 96.5 | | |
| EdP | Brazil | CERJ | Electricity distribution | 15 | | |
| EdP | Brazil | COELCE | Electricity distribution | | 4.48 | CERJ |
| EdP | Brazil | EBAL | Water | | 10 | Aguas de Portugal |
| EdP | Brazil | Enerpeixe | Electricity generation | 59 | | |
| EdP | Brazil | Enersul | Electricity distribution | | 21.0 | Iven |
| EdP | Brazil | Escelsa | Energy | | 38.2 | Iven |
| EdP | Brazil | INVESTCO | Electricity generation | 25 | | |
| EdP | Brazil | Iven | Finance | 73.1 | | |
| EdP | Brazil | Prolagos | Water | | 9.35 | Aguas de Portugal |
| EdP | Guatemala | Eegsa | Electricity distribution | 17 | | |

3.5. EdF (France)

EdF (Electricite de France) is the French electricity company, which is 100% state-owned. It is active internationally in all continents. In Latin America it has invested in operations in electricity generation and distribution in Argentina and Brazil, and also in generation in Mexico. Its total business in Latin America in 2003 was €1,763 million, about 4% of its total business. In 2003 operations in Mexico were profitable and profitability improved in its operations in Argentina and Brazil, but it lost nearly €1 billion with its Brazilian distributor Light. EDF's strategy is now to concentrate on Europe.¹³

In 2003 EDF brought arbitration cases to the World Bank's International Centre for Settlement of Investment Disputes (ICSID) against the Argentinean government against the ending of dollarisation. EDF has also approached banks to begin restructuring the financial liabilities of its subsidiaries.¹⁴ It has demanded price rises for its distribution companies, but the Argentinean government has not conceded them¹⁵, but has instead imposed fines because of blackouts that have occurred since 2001¹⁶. In July 2004 EDF announced it is selling its stake in one Argentinean distributor Edemsa (Mendoza province) to a local business group.¹⁷

Its distribution company in Buenos Aires, Edenor, is aiming to install pre-payment meters as a 'proactive strategy on unpaid bills'.¹⁸

| Group | Country | Company | Sector | % | Indirect % | IndirectVia |
|-------|-----------|------------|--------|----|------------|-------------|
| EdF | Argentina | Distrocuyo | Energy | 20 | | |

| Group | Country | Company | Sector | % | Indirect % | IndirectVia |
|-------|-----------|-------------------------|------------------------|------|------------|-------------|
| EdF | Argentina | EASA | Energy | 100 | | |
| EDF | Argentina | Edemsa | Energy | 45 | | |
| EdF | Argentina | Edenor | Electricity | 90 | | |
| EdF | Argentina | Inversora Diamante | Energy | 55 | | |
| EdF | Argentina | Inversora Nihuiles | Energy | 64.9 | | |
| EdF | Brazil | Light | Energy | 95 | | |
| EDF | Brazil | Norte Fluminense | Electricity generation | 90 | | |
| EDF | Mexico | Altamira | Electricity | 51 | | |
| EDF | Mexico | Central Anahuac | Electricity generation | 100 | | |
| EDF | Mexico | Central Lomas Del Realµ | Electricity generation | 100 | | |
| EDF | Mexico | Central Saltillo | Electricity generation | 100 | | |
| EDF | Mexico | Controladora Del Golfo | Electricity generation | 100 | | |
| EdF | Mexico | Tecate | Energy | | | |
| EDF | Mexico | Valle Hermosofid | Electricity generation | 100 | | |

3.6. Tractebel -Suez (France)

Tractebel is the energy division of Suez, and an active energy multinational company. It has major stakes in generating companies in Brazil, Chile, and Peru and Mexico (as well as some gas distribution companies in Mexico).

It has suspended investment in Brazil for the last two years and will not invest further until it is satisfied on government policies.¹⁹ Tractebel complains that the current policies put Tractebel “in an unfair position by forcing it to compete with state-controlled generators”²⁰

| Group | Country | Company | Sector | Percent | Indirect % | Indirect Via |
|-----------|-----------|----------------------------------|------------------------|---------|------------|------------------|
| Tractebel | Argentina | Energy Consulting Services (ECS) | Energy | 46.67 | | |
| Tractebel | Brazil | Cana Brava | Electricity | | | |
| Tractebel | Brazil | Gerasul | Electricity | 68 | | |
| Tractebel | Brazil | Itasa | Energy | | 38 | Tractebel Brasil |
| Tractebel | Brazil | Ocirala Participacoes | Energy | | 100 | Tractebel Brasil |
| Tractebel | Brazil | Tractebel Brasil | Energy | 100 | | |
| Tractebel | Brazil | Tractebel Energia | Energy | 78.3 | | |
| Tractebel | Chile | Colbun | Electricity | | 37.5 | Tractebel Andes |
| Tractebel | Chile | Electroandina | Electricity | | 33.3 | Tractebel Andes |
| Tractebel | Chile | Inversora Electrica Andina | Electricity | 62.5 | | |
| Tractebel | Mexico | Tractebel (Monterey) | Electricity generation | 80 | | |
| Tractebel | Peru | Enersur | Electricity generation | 78.95 | | |
| Tractebel | Peru | Yuncan | Electricity generation | | | Enersur |

3.7. AES (USA)

AES is a global multinational electricity company. It is based in the USA, but has a relatively small proportion of its business there; it also operates in Europe, Asia and Africa. Half its total business is in Latin America, with investments in Argentina, Brazil, Chile, Colombia and Venezuela; and in Dominican republic, El Salvador, Honduras, Mexico, and Panama.

The AES board of directors includes former senior staff of the USA government and the World Bank. AES is the subject of investigations relating to its role in the California energy crisis of 2001, and of litigation over its exit from Orissa.²¹

AES has restructured globally in 2002 and 2003, including the sale of 14 subsidiaries (all in regions other than Latin America). It has abandoned major investments in the UK (Drax), India (Orissa) and Uganda (a major hydro project, where there were allegations of corruption²²); it has sold controversial operations in Georgia²³ (where its finance director was murdered)²⁴ and Kazakhstan, and plans to do so in Ukraine²⁵.

In Latin America it has increased its stake in many companies, buying shares from other multinationals who are leaving: it was effectively forced to take over the shares in four companies abandoned by its partner PSEG²⁶. It has systematically renegotiated the debts of all its subsidiaries in Brazil²⁷ - after defaulting on the loans due from its subsidiary Eletrobras - and in Chile²⁸. In Dominican Republic, where it owns both generators and distributors, it has been involved in bitter disputes with the government: AES shut down its generators to force the government to make payments, and is now planning to sell the distributor.²⁹ In Venezuela, AES promised Union Fenosa the right to buy some assets in Colombia in return for its agreement not to enter a bidding war for the Venezuelan utility.³⁰ It has been accused by Enron of proposing collusion over the bidding for the shares of Eletropaulo in Brazil.³¹

In Argentina, AES notes that "In 2003, the political and social situation in Argentina showed signs of stabilization, the Argentine peso appreciated to the U.S. dollar, and the economy and electricity demand started to recover" and that renegotiation of utilities concessions remains open until the end of 2004.³² AES does not appear to be taking arbitration cases, except in respect of some gas transmission business. In 2004 Buenos Aires province introduced a law obliging distributors, including AES-owned Eden and Edes, to provide a minimum of electricity to consumers³³.

| Group | Country | Company | Sector | % | Indirect % | Indirect Via |
|-------|--------------------|------------------------|--------------------------|------|------------|--------------|
| AES | Argentina | AES (Argentina) | Energy | | | |
| AES | Argentina | AES (San Nicolás) | Electricity generation | 88 | | |
| AES | Argentina | AES Parana | Electricity generation | 100 | | |
| AES | Argentina | Central Dique | Electricity generation | | | |
| AES | Argentina | Edelap | Electricity distribution | 90 | | |
| AES | Argentina | Eden | Electricity distribution | 90 | | |
| AES | Argentina | Edes | Electricity distribution | 90 | | |
| AES | Argentina | Gener-TermoAndes | Electricity generation | 99 | | |
| AES | Argentina | Hidroelectrica Alicura | Electricity generation | 100 | | |
| AES | Argentina | Quebrada de Ullum | Electricity generation | 100 | | |
| AES | Argentina | Rio Juramento | Electricity generation | 98 | | |
| AES | Argentina | San Juan (Argentina) | Electricity generation | 98 | | |
| AES | Australia | Destec (Australia) | Electricity generation | 20 | | |
| AES | Brazil | AES Sul | Electricity | 98 | | |
| AES | Brazil | CEMIG | Electricity | 21.6 | | |
| AES | Brazil | Eletonet | Telecomms | 51 | | |
| AES | Brazil | Eletropaulo | Electricity distribution | 68 | | |
| AES | Brazil | Tiete | Electricity generation | 52 | | |
| AES | Brazil | Uruguaiana | Electricity generation | 100 | | |
| AES | Chile | Gener | Electricity generation | 99 | | |
| AES | Colombia | Colombia I | Electricity generation | 69 | | |
| AES | Dominican Republic | AES Andres | Electricity generation | 100 | | |
| AES | Dominican Republic | EDEES | Electricity distribution | 50 | | |
| AES | Dominican Republic | Itabo | Electricity generation | 25 | | |

| Group | Country | Company | Sector | % | Indirect % | Indirect Via |
|-------|--------------------|-------------------|--------------------------|-----|------------|--------------|
| AES | Dominican Republic | Los Mina | Electricity generation | 100 | | |
| AES | El Salvador | CAESS | Electricity distribution | 75 | | |
| AES | El Salvador | CLESA | Electricity distribution | 64 | | |
| AES | El Salvador | Deusem | Electricity distribution | 74 | | |
| AES | El Salvador | EEO | Electricity distribution | 89 | | |
| AES | Honduras | AES Honduras | Electricity generation | | | |
| AES | Mexico | Merida III | Electricity generation | 55 | | |
| AES | Panama | AES Panama | Electricity generation | 100 | | |
| AES | Panama | Chiriqui hydro | Electricity generation | 49 | | |
| AES | Panama | EGE Bayano | Electricity generation | | 49 | AES Panama |
| AES | Panama | EGE Chiriqui | Electricity generation | | 49 | AES Panama |
| AES | Puerto Rico | AES (Puerto Rico) | Electricity generation | 100 | | |
| AES | Venezuela | EDC | Energy | 86 | | |

3.8. CMS Energy (USA)

CMS is a USA energy company with 6m customers in Michigan. It has expanded to operate internationally, on all continents. Its investments in Latin America have included electricity generating and distribution companies, in Argentina, Brazil, Chile and Venezuela.

In 2004 CMS announced a loss of \$400m on its Argentinean operations.³⁴ It has taken court cases against the government of Argentina's devaluation of the Peso and ending of 'dollarise' contracts.³⁵ In October 2001, CMS Energy decided to discontinue the operations of its international energy distribution business (including CPEE, which it had bought in 1999), but in 2003, it reclassified as continuing operations SENECA, which is its energy distribution business in Venezuela, and CPEE, which is its energy distribution business in Brazil, due to its inability to sell these assets.³⁶ If these sales succeeded CMS' only presence in electricity in Latin America, outside Argentina, would be its investment in the Taltal generating plant in Chile, which is linked to the Gasatacama pipeline - CMS owns 50% of Gasatacama. CMS was investigated for accounting fraud following the Enron scandal.³⁷ In March 2004 CMS agreed to pay fines for fraudulent exaggeration of their sales by over \$5 billion in energy trading.³⁸

| Group | Country | Company | Sector | % |
|------------|-----------|-----------------------|--------------------------|------|
| CMS Energy | Argentina | Arroyito | Electricity generation | 30 |
| CMS Energy | Argentina | CT Mendoza | Electricity generation | 90 |
| CMS Energy | Argentina | EDEERSA | Electricity distribution | 90 |
| CMS Energy | Argentina | El Chocon | Electricity generation | 17.2 |
| CMS Energy | Argentina | Ensenada | Electricity generation | 100 |
| CMS Energy | Argentina | GasAtacama | Gas transmission | 50 |
| CMS Energy | Argentina | TGM | Gas transmission | 20 |
| CMS Energy | Argentina | TGN | Gas transmission | 30 |
| CMS Energy | Argentina | YPF-La Plata | Electricity generation | 100 |
| CMS Energy | Brazil | CPEE | Electricity distribution | 82 |
| CMS Energy | Chile | Taltal Power | Electricity generation | |
| CMS Energy | Jamaica | Jamaica Private Power | Electricity generation | 43 |
| CMS Energy | Venezuela | SENECA | Electricity distribution | 49 |

3.9. El Paso (USA)

El Paso owns two generating companies in Brazil and has minority stakes in generating companies in Argentina, Mexico, and Peru. During 2003 El Paso abandoned its investments in, in the generating companies CAPSA and CAPEX in Argentina. The companies defaulted on their loans in 2002, El Paso

recorded a loss of \$342m.³⁹, and the World Bank's private sector investment division, the IFC, was forced to agree a debt restructuring, partly because the owners, including El Paso, were "in financial difficulties themselves"⁴⁰.

The company's share price fell 77% in 2002 after press reports highlighted the company's reliance on off-balance-sheet accounting, following the Enron scandal.⁴¹ The company announced plans at the end of 2003 to reduce its debts, partly by selling unprofitable overseas ventures, but after it announced its plans Standard & Poor's lowered its corporate credit rating to 'junk' status of B, from B+, with a 'negative outlook'.⁴² El Paso has also been exposed as having exaggerated the size of its oil and gas reserves,⁴³ and was prosecuted for its role in contributing to the California power crisis, and had to pay \$1.7 billion in settlement of these claims.⁴⁴

El Paso also has significant operations in gas transmission pipelines in Latin America, including Argentina, Bolivia, Brazil, Chile, Mexico and Venezuela. Its other business includes consultancy operations: in June 2002 it refused to accept a Dominican republic court ruling against its claim for compensation, and instead OPIC, a U.S. agency that finances exports, told the government of the Dominican Republic it would lose eligibility for agency funding unless it backed down.⁴⁵ El Paso has still not produced a report for its activities in 2003.

| Group | Country | Company | Sector | % | Indirect % | Indirect Via |
|---------|-----------|-----------------------------|------------------------|-------|------------|--------------|
| El Paso | Argentina | CBA | Electricity generation | 7.8 | | |
| El Paso | Argentina | CBA | Electricity generation | | 6.12 | Costanera |
| El Paso | Argentina | Costanera | Electricity generation | 12 | | |
| El Paso | Brazil | Manaus Power | Electricity generation | 100 | | |
| El Paso | Brazil | Rio Negro Power | Electricity generation | 100 | | |
| El Paso | Mexico | Samalayuca Power | Electricity generation | 40 | | |
| El Paso | Peru | Aguaytia | Electricity generation | | | |
| El Paso | Peru | Aguaytia Pipeline and Power | Energy | 24.04 | | |

3.10. PPL

PPL (Pennsylvania Power and Light) is a USA energy company based in Pennsylvania. It has electricity distribution operations in the UK, Bolivia, Chile and El Salvador (and a minority stake in a gas-linked electricity generating business in Peru). It abandoned its investment in Brazilian company Cemar.

In the USA PPL is still subject to legal claims alleging PPL's collusion in price-fixing in both California and Montana.

| Group | Country | Company | Sector | % |
|-------|-------------|----------|--------------------------|------|
| PPL | Chile | Emel | Electricity distribution | 95 |
| PPL | El Salvador | Delsur | Electricity distribution | 80.5 |
| PPL | Bolivia | Elfec | Electricity distribution | 92 |
| PPL | Peru | Aguaytia | Electricity generation | 11.4 |

3.11. PSEG (USA)

PSEG is a USA-based multinational which expanded internationally in the 1990s, under the name of PSEG Global. It developed activities in a number of Latin American countries, often in partnership with AES. It also has subsidiaries in Europe (Poland), north Africa (Tunisia) and Asia (China, Hong Kong and India). The Polish government is currently trying to buy out PSEG Global's IPPs in that country because they are too expensive.

Up to 2002 PSEG's global investments were profitable but have since been affected by general resistance to privatisation and political, economic and social crises especially in Argentina, Brazil and Venezuela. PSEG Global is now reviewing all its international investments and is trying to sell many of its investments. In 2003 it simply abandoned its investments in Argentina, by giving its shares to its partner AES.

Its remaining activities are in electricity distribution companies in Brazil, Chile, and Peru; and a combined generation and distribution company in Venezuela. These are now profitable but PSEG Global but still fears that "adverse political and economic risks associated with this region could have a material adverse impact on its remaining investments in the region".⁴⁶

| Group | Country | Company | Sector | % | Indirect % | Indirect Via |
|-------|-----------|--------------------|--------------------------|-------|------------|--------------------|
| PSEG | Brazil | RGE | Electricity distribution | 30.25 | | |
| PSEG | Chile | Aguas Quinta | Water | | 13.5 | Chilquinta Energia |
| PSEG | Chile | Chilquinta Energia | Electricity distribution | 49.9 | | |
| PSEG | Chile | Energas | Gas distribution | | 45 | Chilquinta Energia |
| PSEG | Chile | Frontel | Electricity | 81.5 | 100 | Saesa |
| PSEG | Chile | Saesa | Electricity | 100 | | |
| PSEG | Peru | Luz del Sur | Electricity | 38 | | |
| PSEG | Venezuela | Turboven | Electricity | 50 | | |

3.12. Alliant Energy (USA)

Alliant owns three utilities in the USA and international investments in China, New Zealand and Brazil, where it owns a significant stake in five distributors in the northeast region of Brazil, through a 40% stake in Companhia Forca e Luz Cataguazes-Leopoldina and Energisa S.A.

It also invests in the Renewable Energy and Energy Efficiency Fund for Emerging Markets (REEF), initiated by the International Finance Corporation (IFC), part of the World Bank.

| Group | Country | Company | Sector | Percent | Indirect % | Indirect Via |
|----------------|---------|----------|--------------------------|---------|------------|--------------|
| Alliant Energy | Brazil | CELB | Electricity distribution | | 37.02792 | CFLCL |
| Alliant Energy | Brazil | CFLCL | Electricity distribution | 49.2 | | |
| Alliant Energy | Brazil | Energipe | Electricity distribution | | 42.5088 | CFLCL |
| Alliant Energy | Brazil | SAELPA | Electricity distribution | | 36.408 | CFLCL |

3.12.1. Others: Camuzzi-Enel (Italy); Hydro-Québec (Canada)

Camuzzi, an Italian company now mainly owned by the Italian electricity company Enel, has investments in both gas distribution and electricity distribution in Argentina. (These are excluded from the takeover by Enel).

Hydro-Québec is a state-owned Canadian electricity company, active internationally. It owns and runs Transelec, the transmission company in Chile.

3.13. Financial investors

3.13.1. CDC (UK)

CDC Globoeq, is an investment company ultimately wholly owned by the UK government, and with its origins in the early 1950s, when the UK set up the Commonwealth Development Corporation to fund projects in British Commonwealth countries. It has expanded rapidly into energy in the last two years, mainly by buying assets being sold by USA companies exiting or selling selected operations.

| Group | Country | Company | Sector | % | Indirect % | Indirect Via |
|-------|--------------------|-----------------------------|------------------------|---|------------|--------------|
| CDC | Bolivia | Cobee | Electricity | | 98.9 | CDC Globeleq |
| CDC | Chile | San Isidro | Electricity generation | | 17 | CDC Globeleq |
| CDC | Dominican Republic | Empresa Generadora de Haina | Electricity | | 21 | CDC Globeleq |
| CDC | Guatemala | Puerto Quetzal | Electricity generation | | 25 | CDC Globeleq |
| CDC | Peru | Edegel | Electricity generation | | 16.47 | CDC Globeleq |
| CDC | Peru | Generandes Peru | Electricity generation | | 25.9 | CDC Globeleq |
| CDC | Peru | Southern Cone Power | Electricity | | 68 | CDC Globeleq |

3.14. Latin American energy companies

3.14.1. Petrobras (Brasil)

Petrobras Energía Participaciones is Petrobras' main international asset. It is an integrated energy company with operations in Argentina, Venezuela, Brazil, Peru, Bolivia and Ecuador. It is involved in oil exploration etc, and in electricity only in Argentina. It originated in a takeover in October 2002, when Petróleo Brasileiro (Petrobras) acquired a 58.62% interest in Perez Companc S.A., whose only asset was its 98.21% stake in Pecom Energía S.A..

3.14.2. Others

There are one or two cases of other Latin American electricity companies operating outside their own home country. The Chilean power company Enersis expanded into generation and distribution activities in a number of other countries during the 1990s. However, Endesa of Spain was always a minority shareholder, and in 1999 Endesa bought 60% of Enersis. It is therefore treated as a subsidiary of the Spanish multinational Endesa (see above), not as an independent Chilean energy company.

3.15. Exits

The companies which invested once but have now left include (from the USA): AEP/CSW; Enron (which still owns Brazilian distributor Elektro) ; Reliant; Entergy; Duke Power; First Energy/GPU; NRG/Xcel; Southern Company/Mirant – and from the UK United Utilities (which abandoned IEBA, its Argentine subsidiary, in September 2003 by allowing it to default on its debts⁴⁷ ; and National Grid (which sold its 42% stake in the transmission company of Argentina in March 2004) .

4. ISSUES

4.1. WITHDRAWALS BY MNCs

A wide range of MNCs have entered Latin America since 1990. Many have left altogether, and more are attempting to leave, and those that remain will not increase their investments in the near future. This is partly due to political opposition to energy privatisation in Latin America; partly to political and economic factors constraining the profitability of the firms (especially but not exclusively the Argentinean economic crisis); and partly due to weaknesses in the companies' business, especially the weakness of USA electricity companies after the California price-fixing episode, and the Enron fraudulent accounting scandal. These withdrawals are part of a global withdrawal by electricity (and water) multinationals from developing countries because the profits have not been high enough to compensate for the political and currency risks involved.

The remaining set of companies falls into five groups:

- the Spanish (and Portuguese) companies for whom Latin America represents a big former colonial market with linguistic links, consisting of the Spanish groups Endesa, Iberdrola and Union Fenosa, and the Portuguese company EdP
- the French groups which operate globally : EDF (state-owned) and Tractebel-Suez (private).
- AES, the one large USA firm which remains in Latin America and is likely to continue for the immediate future; as well as smaller operators such as Alliant and PPL. It seems unlikely that CMS, El Paso or PSEG will continue to be significant players in future, due either to their own problems or a commitment already made to exit these investments. Both AES and PPL have abandoned investments in Brazil.
- Finance capital companies, including the (state-owned) UK company CDC
- Latin American companies operating internationally - Petrobras Energia, which is owned by the Brazilian (state-owned) company Petrobras, but operates in and out of Argentina, seems to be the only example at present.

Some of the problems were summarised in a presentation on energy by the World Bank director of energy and water, Jamal Saghir,⁴⁸ who identified the key problems in the sector as: Declining interest of private sector; Decreasing faith in markets; High global energy costs; WSSD Energy Agenda; Delivery of energy services to the poor; Renewable Energy; Energy Security.

There is however a further set of problems with the economics of privatisation and liberalisation of electricity, which have been experienced in many countries. The tariff increases imposed by generators through unsustainable power purchase agreements (or through taking advantage of market power, as happened in California), or by distributors seeking higher rates of return, have proved to be unsustainable. Yet generators need the prospect of secure future demand to justify investments. As a result, the policy of attracting investment through privatisation now looks dubious.

The questions are now whether the political and economic developments are such as to provide the remaining companies with an adequate rate of return on their investments given the risks. None of them intend to expand their investments, and most of them would reduce them if it was politically and economically feasible to do so. Those which are most stable are the ones with local partners, where the finance raised and risked is local, not brought by the multinational – for example Iberdrola's stake in the north-eastern Brazilian distributors.

4.2. BRAZIL AND THE PT GOVERNMENT

By the time President Luiz Inacio da Silva (Lula) was elected in 2002, the policy of the previous government was in tatters. Power cuts in 2001 had only been prevented by a massive energy saving programme designed to reduce consumption by 20%. In addition, it was clear that many of the companies that had earlier invested in the Brazilian electricity sector had withdrawn or were trying to withdraw and new foreign investors to replace them were unlikely to materialise.

The government prioritised investment in new generation. Electricity demand is growing by 6-7% a year, leading to a requirement for about 6000MW of new capacity costing of the order US\$4bn each year. Many of the new power plants would need major new transmission lines and there was also considerable scope to use the resources available more efficiently by increasing interconnections between the regions.

The distribution sector was also in some disarray with some companies exiting, such as PPL which wrote off its investment in CEMAR in 2003 and AES, which defaulted in 2003 on its loan from the Brazilian development bank, BNDES, which lent money to AES to buy Brazilian assets in 2003. However, the Brazilian government has chosen to minimise disruption to this sector and CEMAR was taken over in 2004 by Brazilian investors while BNDES took a 49% stake in Eletropaulo in exchange for renegotiation of AES's debt.

Under the new policy, large new hydro-electric plants will again dominate (the Brazilian electricity system is still more than 90% hydro). There is still huge potential for large new plants, often in excess of 1000MW, that will be cheap to build compared to thermal options.

The emergency energy savings programmes implemented in 2001 have provided some breathing space as many of these provided permanent or long-term reductions in electricity demand, for example, the widespread use of energy efficient bulbs. The need for new generating capacity will be determined by a central planning authority. This authority will hold competitions to establish the lowest bidder for the required amount of capacity. It will also identify attractive hydro-electric sites and carry out the preliminary design and planning authorisation processes so the developer is able to proceed.

It is expected that the new plants will be financed by a mixture of public money, mainly Eletrobras, the holding company for the five largest generating companies, and private, largely Brazilian money. The discovery of huge amounts of gas in off-shore Brazil may also make gas-fired generation attractive again. Petrobras, the publicly controlled oil and gas company, was a partner in most of the earlier gas-fired plants and may re-enter the market.

The contribution of public money has been restricted by the Brazil government's agreements with the IMF, which restrict public spending, but Brazil was a member of a group of countries that negotiated a loosening of controls for investment of public money in productive resources. Brazil's government argued that while there might be a case for restricting public expenditure going towards operating public agencies, there was no sense in preventing government from investing in productive assets. A deal concluded in April between the Brazilian government and the IMF has allowed Eletrobras to invest an additional R\$4bn (US\$1.2bn) per year and Petrobras R\$7bn for a test period. This could approximately double the amount Eletrobras is able to invest. The changes will also allow BNDES to increase its lending and this might result in a further R\$2.6bn going to electricity projects.

4.3. ARGENTINA AND ECONOMIC CRISIS

In Argentina, privatised utility contracts were 'dollarised', which guaranteed the companies the right to take revenue in dollars, so protecting them against currency fluctuations. However, in the wake of the economic collapse, the Argentine government cancelled the dollarisation clauses, and imposed a freeze on utility tariffs, thus passing the cost of devaluation on to the utility companies. The companies have since then been seeking to deal with issue either by abandoning their operations in Argentina, or by taking claims against the Argentine government to the World Bank's International Center for Settlement of Investment Disputes (60 cases pending), or hoping to negotiate easier terms. So far the government has maintained a hard position.⁴⁹

4.4. RESISTANCE TO PRIVATISATION

Apart from the dynamics of the response to crisis in Argentina, and the approach of the PT government in Brazil, there has been significant resistance to electricity privatisation in other Latin American countries.

In Ecuador, government attempts to privatise electricity assets have repeatedly encountered organised resistance including unions, provincial and local governments, indigenous organizations and others. In 2002, these campaigns forced the abandonment of proposals to sell electricity distributors, after Ecuador's Congress passed a resolution rejecting the privatisation, and a Constitutional Court ruling that the sales were unconstitutional. A further attempt at privatisation was abandoned in February 2004 when there was not a single tender for any of the companies.⁵⁰ The utility Emelec - which was in limbo after the former owner, businessman Fernando Aspiazu, was charged in 2000 for irregularities in the administration of his bank Progreso - is being taken into public control by the city of Guayaquil, rather than being sold.⁵¹

In Peru, the privatisation of generating companies, which began in 1995, has faced powerful opposition. In June 2002 there were riots in Arequipa after two electric power plants (Egasa and Egesur) were sold to Tractebel. The government was forced to suspend the sale, and Tractebel backed out of the deal.

In Colombia, there has also been resistance, notably in defence of the well-established municipal utilities. The campaign to prevent the privatisation of Emcali, the utility in Cali, has been led by the union SINTRAEMCALI and won worldwide support. (These campaigns have persisted despite the continued attacks on Colombian trade unionists - two trade unionists from SINTRAEMCALI, were critically injured in a letter bomb attack as recently as 7th June 2004).

In Mexico, successive attempts to privatise the electricity system have been defeated by strong campaigns led by the trade unions, resulting in court rulings and parliamentary decisions which have prevented the president from implementing privatisation plans.

There has also been powerful political resistance to energy privatisation globally. There have been a number of cases where policy has been reversed, especially in middle income countries: South Korea – which has now suspended its previous policy to develop liberalisation – and Thailand – which recently stalled its plans for privatisation of the electricity company as a result of a strong union-led campaign.

A presentation from the consulting firm Deloitte at the WB Energy Forum in March 2003 treated political opposition as one of two key factors for the fall in private energy investment worldwide (the other factor being the losses experienced by companies in both developing countries, including India, Pakistan, Indonesia and Argentina, and in developed countries, eg California). Deloitte noted *“Growing political opposition to privatisation in emerging markets due to widespread perception that it does not serve the interests of the population at large”*, which they attributed to a number of features of privatisation: *“Pressures to increase tariffs and cut off non-payers; loss of jobs of vocal union members that will be hard to retrain for the new economy; the perception that only special interests are served - privatisation is seen as serving oligarchic domestic and foreign interests that profit at the expense of the country...”*⁵²

4.5. IMF changes rules, World Bank admits ‘irrational exuberance’

The most important global financial institutions have changed their analyses in ways which enable governments to change their policies. In April 2004, the IMF published a report which conceded that its restrictions on government borrowing may have prevented necessary investments in infrastructure, and so proposed allowing public sector corporations to invest without infringing restrictions on government borrowing, under conditions.⁵³ The immediate effect of this was to free Brazil from some of the restraints of the previous regime and enable investment to take place through the public sector.

The World Bank has acknowledged in a series of papers and presentations since 2003 that its infrastructure strategy of relying on the private sector had not worked, and that it was not likely to work given the political and economic problems faced by the multinationals. In a report published in June 2004, the World Bank admits that it has promoted privatisation with *‘irrational exuberance’* and that *“There are cases where privatisation was undertaken without institutional safeguards and conducted in ways widely considered illegitimate.”*⁵⁴ The policies of the World Bank are now uncertain in respect to the public sector, but the bank and its advisors seem to expect that local, national and regional financing and operation will become much more important, whether public or private.

5. Notes

- ¹ Business News Americas-English February 2, 2004 Monday Endesa to halt LatAm expansion
- ² Business News Americas-English June 7, 2004 Monday Endesa seeks local partners in Argentina, Brazil
- ³ Business News Americas-English July 2, 2004 Friday Fitch affirms Endesa, Enersis BBB- ratings
- ⁴ Expansion August 8, 2003: Argentine president suggests Endesa may have deliberately caused power cut (un apogon enfrenta a Endesa con Kirchner)
- ⁵ Business News Americas-English May 28, 2004 Friday Iberdrola's Guaraniana starts Termopernambuco ops.
- ⁶ Business News Americas-English, May 5, 2004 Wednesday, S&P assigns BBB+ rating to Celp
- ⁷ Business News Americas-English June 3, 2004. Coelba files for US\$143mn bond offer
- ⁸ Business News Americas-English May 6 2004. Cosern to issue US\$40mn in local debt
- ⁹ Latin America News Digest May 20, 2004 Spanish Energy Giants Freeze Investments in Chile Until Energy Crisis Solution
- ¹⁰ Global Power Report October 2, 2003 Union Fenosa lays out 2004-2007 budget; includes continued pull back from overseas
- ¹¹ Utility Week March 5, 2004 Manana, manana; Spain's Union Fenosa is a prime takeover target but it won't sell until it feels the time is right.
- ¹² Utility Week March 5, 2004 Manana, manana; Spain's Union Fenosa is a prime takeover target but it won't sell until it feels the time is right.
- ¹³ Financial Times (London, England) March 12, 2004: EDF to boost Edison stake as it focuses on Europe
- ¹⁴ EDF Annual report 2003 http://www.edf.fr/html/ra_2003/uk/pdf/edf_ra2003_full_va.pdf
- ¹⁵ Financial Times (London, England) October 28, 2003: Argentina feels the heat as debt-ridden electricity companies warn of blackouts:
- ¹⁶ Le Figaro October 24, 2003: EDF INCURS WRATH OF ARGENTINIAN GOVERNMENT (EDF DANS LE COLLIMATEUR DE BUENOS AIRES)
- ¹⁷ July 8, 2004 Thursday EDF confirms Edemsa sale
- ¹⁸ EDF Annual report 2003 http://www.edf.fr/html/ra_2003/uk/pdf/edf_ra2003_full_va.pdf
- ¹⁹ Global Power Report March 18, 2004 : Tractebel's Brazilian business shows \$ 178-mil. 2003 profit, reversing loss
- ²⁰ Business News Americas-English December 24, 2003: Tractebel; New power model forces unfair competition
- ²¹ AES Annual report 2003
http://www.aes.com/sites/AES/content/live/90173031ce3fc50f983208c47005af8/1033/AES_AR03.pdf
- ²² Financial Times . 21/11/2002 - Ugandan project faces attack over cost of power. ALAN BEATTIE..
- ²³ IPR Strategic Business Information Database . 05/08/2003 - AES SELLS GEORGIAN POWER HOLDINGS TO RAO EES.
- ²⁴ World Markets Analysis . 19/08/2002 - AES Ups Security After Killing of Financial Director. Dr Tracey German.
- ²⁵ Zerkalo Nedeli № 15 (440). 19/04/2003 - THE STRATEGIC OUTCOME. Ihor MASKALEVICH.
<http://www.mirror-weekly.com/nn/show/440/38314/>
- ²⁶ Megawatt Daily . 30/06/2002 - PSEG asks court to force AES to buy Argentine holdings.
- ²⁷ . 28/06/2004 - AES Completes Remaining Brazil Debt Restructuring. AES; . 29/12/2003 - AES Completes Brazil Restructurings; BNDES Restructuring Agreement Completed; Eletropaulo Reaches Agreement with Private Creditors; Tiete Restructures Public Bonds. AES.
- ²⁸ . 04/01/2004 - AES Announces Completion of Chilean Subsidiary Debt Recapitalization. AES.
- ²⁹ Associated Press . 22/06/2004 - AES subsidiary leaves Dominicans in the dark. PETER PRENGAMAN; Business News Americas-English . 06/02/2004 - AES to sell EDE-Este by year-end. .
- ³⁰ Times of India, 6/6/00, AES bid for Venezuelan power firm hits new snag
- ³¹ Global Power Report . 29/05/2003 - Enron admits AES tried to persuade it not to bid for Brazilian utility in 1998.
- ³² AES Annual report 2003
http://www.aes.com/sites/AES/content/live/90173031ce3fc50f983208c47005af8/1033/AES_AR03.pdf
- ³³ Business News Americas-English . 19/02/2004 - BA governor proposes law to guarantee power supply.
- ³⁴ CMS Energy 10-Q filed on 05/07/2004. 07/05/2004 - CMS Energy take \$400m loss on Argentina devaluation. CMS. <http://www.hoovers.com/free/co/secdoc.xhtml?ipage=2779497&doc=1>
- ³⁵ Bloomberg News . 07/06/2002 - Energy Companies Pull Back From Poor Nations, World Bank Says. .
- ³⁶ CONSUMERS ENERGY CO 10-K filed on 03/12/2004
- ³⁷ Enron Watch . 01/01/2003 - CMS Energy is under increased scrutiny. .
<http://www.enronwatchdog.org/PDFs/badactors/CMS.pdf>
- ³⁸ SEC. (2004). SEC Charges CMS Energy Corp. and Three Former CMS Executives with Fraud. SEC. 2004-38.
<http://www.sec.gov/news/press/2004-38.htm>

³⁹ El Paso 10k for 2002 p.59 <http://www.shareholder.com/Common/Edgar/1066107/950129-03-1717/03-00.pdf>

⁴⁰ IFC Restructuring Case CAPSA June 4, 2003

http://www2.ifc.org/syndications/pdfs/2003Presentations/FakhouryDeema_CAPSA.pdf

⁴¹ Bloomberg News 23/7/02

⁴² FT . 16/12/2003 - El Paso sets out revamp plan. Sheila McNulty.

⁴³ El Paso PR 03/05/2004 - El Paso Corporation Announces Findings of Independent Review. .

⁴⁴ El Paso 10k for 2002 Note 2 p.105 <http://www.shareholder.com/Common/Edgar/1066107/950129-03-1717/03-00.pdf>

⁴⁵ Bloomberg News . 25/06/2002 U.S. USING LOAN LEVERAGE TO HELP COMPANIES IN ARBITRATION CASES. .

⁴⁶ PSEG 10k report to SEC for 2003 http://www.onlineproxy.com/pseg/2004/10k/pdf/2003_PSEG_10K.pdf

⁴⁷ UU AR 2003/4

⁴⁸ World Bank Energy Week presentation by Jamal Saghir

<http://www.worldbank.org/energy/week2003/Presentations/EnergyForum1/jsaghir.pdf>

⁴⁹ Latin American Economy & Business October 2003 Gerry-built privatisations collapse

⁵⁰ World Markets Analysis April 13, 2004: Energy Minister Replaced in Ecuador

⁵¹ Business News Americas-English April 14, 2004 Wednesday Conelec; Guayaquil assets must be state-owned

⁵² The Declining Role of Foreign Private Investment, Matthew Buresch, Deloitte Emerging Markets

World Bank Energy Forum 2003

<http://www.worldbank.org/energy/week2003/Presentations/EnergyForum1/BureschWBForumpresentation.pdf>

⁵³ INTERNATIONAL MONETARY FUND Public Investment and Fiscal Policy, Fiscal Affairs Department and the Policy Development and Review Department (In consultation with other departments and in cooperation with the World Bank and the Inter-American Development Bank) <http://www.imf.org/external/np/sec/pn/2004/pn0445.htm>

⁵⁴ Reforming Infrastructure: Privatisation, Regulation, and Competition . World Bank. June 2004

http://econ.worldbank.org/prt/reforming_infrastructure/text-36236/