

Xayaburi Hydroelectric Power Project

Practice Area: Project Finance

Deal Value: US\$2.87 billion/US\$3.5 billion

Firms and their clients:

- **Chandler & Thong-ek Law Offices** advised the lenders
- **The Legists** advised the Borrower, EPC Contractor and sponsors
- **DFDL** acted for the lenders
- **Latham & Watkins** advised the lenders as international counsel

Despite the moratorium imposed on the construction of the Xayaburi dam – shortly after development got under way – this deal succeeded in getting across the finishing line, at least on paper. The team of lawyers working behind the scenes on this deal broke ground as it was the first transaction of its kind to complete the compliance process under the 1995 Mekong River Agreement.

This deal won acclaim for the ingenuity and perseverance that was needed to bring it to its conclusion.

The Xayaburi dam is a hydroelectric dam and is the first of its kind to be built on the mainstream of the lower Mekong. The project involves the construction of a 1,285 MW hydro-power station along Laos, on one of the largest rivers in the world. Following the finalisation of this project, Laos was hoping to become the “battery of South East Asia.” The idea was to generate income to develop the country by using the rivers to produce sufficient electricity to export to Thailand. Though the Xayaburi Power Company Ltd was granted a BOT (build operate transfer) concession to design, construct and own the facility for 29 years, this deal was imbued with environmental concerns which led to the suspension of the project. Complaints lodged by downstream riparians and environmentalists led to the project being halted. (Not only would the construction have an effect on the biodiversity of the river ecosystem, it is believed that numerous people living in and around the dam’s area would have to be resettled as well.)