

PRESS RELEASE

The water war continues in Bolivia

The Spanish transnational company Abengoa asks \$25million from the Bolivian government

In a complaint lodged with the International Center for Settlement of Investment Related Disputes (ICSID)¹, the transnational corporation Abengoa is asking the Bolivian government for \$25million in damages for breach of the 2002 Cochabamba water privatization contract by the Bolivian government – a breach made under pressure from the inhabitants of the region, who have established grass-roots management of the water.

Summary of the facts²

In October 1999, following the passage of Law No 2029, the Bolivian government awarded a 40-year water concession, for the province of Cochabamba, to the international consortium *Agua del Tunari*, underwritten by International Water Limited (Bechtel and Edison), *Abengoa Servicios Urbanos* and a group of Bolivian companies.

Immediately following the privatization of the Cochabamba water, the *Aguas del Tunari* consortium raised the price of water 400% through a monthly indexing of the rates in relation to the United States dollar. This did not include installation costs billed to the customers (meters, connections to water mains and sewerage and systems), which came to several hundred dollars. For desperately poor people, it was equivalent to a death sentence.

The concession accorded to the consortium a total, overreaching monopoly, making it illegal for anyone to use water from natural springs or wells in the areas where *Agua de Tunari* supplied water.

These factors prompted a substantial mobilization, over several months, of the local population, both urban and rural, who demanded, in essence, the cancellation of the contract with *Agua del Tunari*, the amending of Law No 2029 and a rejection by the government of water privatization. In spite of severe repression by the authorities (who killed one adolescent and injured and arrested dozens of people), in April 2000, the Bolivian government was obliged to break the contract signed with the abovementioned transnational corporations.

The complaint to the ICSID is neither acceptable nor tolerable

The lodging of the complaint with the ICSID is neither acceptable nor tolerable given that this institution is heavily influenced by the private commercial sector and presided over by the president of the World Bank.

Given the Herculean efforts of the World Bank in pushing for privatization, including in the case in question, and given the bias that characterizes its actions, it is reasonable to expect a decision in favor of *Abengoa*. Moreover, the ICSID norms do not take account of these concerning human rights and environment.

¹ The ICSID was established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the Convention). Its headquarters are at the World Bank, and the president of the Bank chairs the ICSID Administrative Council. As of 15 December 2002, 136 countries had ratified the Convention (cf. www.worldbank.org).

² For additional information, cf. *Vía Campesina: une alternative paysanne à la mondialisation néolibérale*, Ed. CETIM, October 2002, and www.aguabolivia.org.

Further, the sum sought is disproportionate, for the consortium in question has invested, according to its own estimates, only somewhere between \$.5 million and \$2million, and *Abengoa* owns only a 25% share in the consortium.

It is also worth noting that the other members of the consortium (Bechtel and Edison) accepted the arrangement proposed by the Bolivian government.

This case demonstrates yet again – if need be – the profit driven motivation of transnational corporations. They have no interest in the vital needs and development of countries and regions in which they operate. It is intolerable that private interests should take precedence over the basic rights of human beings such as the right to life and its concomitant right to water, without which life is not possible. Moreover, numerous United Nations resolutions reflect the acknowledgement within the international community that human rights take precedence over commercial interests.

Thus, the American Association of Jurists and the Europe – Third World Centre maintain that litigation between governments and transnational corporations should be resolved by the courts of the country in question and, secondarily, by a permanent international jurisdiction at such a time as it may come into being, which will rule in accordance with existing international human rights standards.

The American Association of Jurists and the Europe – Third World Centre call upon the Bolivian government to reject the arbitration of the ICSID and acknowledge the right to food and, in particular, to water, and by so doing the right of its citizens to life, a right of which it is the guarantor.

The American Association of Jurists

The Europe – Third World Centre