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THREE HUNDRED CITIZEN GROUPS CALL ON SECRET WORLD BANK TRADE COURT TO OPEN UP BECHTEL CASE AGAINST BOLIVIA: Case called a "Preview of the Free Trade of the Americas"

Washington, DC -- More than three hundred citizens groups from 41 countries presented a petition today to a World Bank-affiliated court, demanding that it allow public participation in a controversial case in which Bechtel Corporation is suing Bolivia for \$25 million.

(Documents and photos are available at:

<http://www.earthjustice.org/news/display.html?ID=435>)

Bechtel is suing South America's poorest country for a portion of the profits it wasn't able to earn after a public uprising in response to Bechtel's water rate hikes forced the company to depart from the country in April 2000. (See background story at PBS.org

<http://www.pbs.org/frontlineworld/stories/bolivia/>)

Bechtel's legal action is being heard by the International Centre for the Settlement of Investment Disputes (ICSID), an international tribunal housed at the World Bank that holds all of its meetings in secret.

"Bechtel is demanding \$25 million dollars from some of the poorest families in the world," said Oscar Olivera, a leader of the coalition of Bolivian peasants, workers and others that formed in opposition to Bechtel. "The fact that a World Bank court is preparing to hear this case behind closed doors, without any public scrutiny or participation, is a clear example of how global economic rules are being rigged to benefit large corporations at the expense of everyone else."

A wide range of groups joined in the demand to open up the process. They include trade union organizations (e.g., the 2.5 million-member Canadian Labour Congress and Public Services International, which represents services sector workers around the world); environmental groups (e.g., Friends of the Earth); consumer organizations (e.g., consumers associations of Canada, Japan and Zambia and U.S.-based Public Citizen); research groups (e.g., Institute for Policy Studies in Washington, Transnational Institute in Amsterdam, and the Integrated Social Development Centre in Accra); and numerous religious institutions (e.g., Maryknoll Fathers and Brothers in Peru and the American Friends Service Committee); as well as noted authors Naomi Klein, Maude Barlow and Vandana Shiva.

Ralph Nader, Founder

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The groups called on the panel to make all of the documents and meetings in the case public, to travel to Bolivia to receive public testimony, and to allow Bolivian civic leaders to be an equal party to the case.

The citizen's letter will be accompanied by a formal "petition to participate" by Olivera and other Bolivian civic leaders to the ICSID tribunal hearing the case. The tribunal is comprised of one member appointed by Bechtel, one appointed by the Bolivian government and a third, its president, appointed directly by World Bank President James Wolfensohn. The ICSID panel is scheduled to hold its first hearing sometime in early September (though Bank officials say they are barred from disclosing exactly when or where the hearing will take place).

The legal team representing the Bolivian petitioners includes Oakland, CA-based Earthjustice and the Washington, DC-based Center for International Environmental Law, both of which have been involved in attempts to intervene in similar investor-state lawsuits filed under the North American Free Trade Agreement.

AFTERMATH OF A REVOLT AGAINST WATER PRICE HIKES

In the late 1990s the World Bank forced Bolivia to privatize the public water system of its third-largest city, Cochabamba, by threatening to withhold debt relief and other development assistance. In 1999, in a process with just one bidder, Bechtel, the California-based engineering giant, was granted a 40-year lease to take over Cochabamba's water, through a subsidiary the corporation formed for just that purpose ("Aguas del Tunari").

Within weeks of taking over the water system, Bechtel imposed huge rate hikes on local water users. Families living on the local minimum wage of \$60 per month were given bills equal to as much as 25 percent of their monthly income. The rate hikes sparked massive citywide protests that the Bolivian government sought to end by declaring a state of martial law and the deployment of thousands of soldiers and police. More than a hundred people were injured and one 17-year-old boy was killed. In April 2000, as anti-Bechtel protests continued to grow, the company's managers abandoned the project.

Bechtel filed the legal action against Bolivia last November, demanding compensation of \$25 million, a figure that represents far more than Bechtel's investment in the few months it operated in Bolivia. Bechtel's action also aims to recoup a portion of the company's expected profits from the project. The company filed the case with ICSID under a bilateral investment treaty between the Netherlands and Bolivia. Although Bechtel is a U.S. corporation, it established a P.O. box presence in the Netherlands in order to make use of the treaty.

The rules in the Dutch-Bolivian treaty are similar to those in NAFTA and the proposed Free Trade Area of the Americas. According to Sarah Anderson, Director of the Global Economy Project at the Institute for Policy Studies in Washington, DC, "There's been an outpouring of international support for the Bolivian petitioners in this case. So many people have become familiar with such investor-state lawsuits from the NAFTA experience and they see them as one of the most extreme examples of excessive power granted to corporations." According to Anderson, "The Bechtel v Bolivia case could be a preview of what is to come if the FTAA is enacted. That agreement would give foreign investors throughout the hemisphere the right to sue governments directly over laws or regulations that might diminish their profits."

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