

PERMANENT PEOPLES TRIBUNAL

Hearing on

Neo-liberal Politics and European Transnational Corporations in Latin America and the Caribbean

10-12 May 2006 - Vienna, Austria

Case: The case of Repsol YPF - Bolivia

Sector(s) in which it works: Hydrocarbons

Name(s) of the Association(s) presenting the case: CEDIB-Centro de Documentación (Bolivia)
Ecologistas en Acción Madrid (Spain), Observatorio de la Deuda (Spain)

Synthesis

Bolivia is a country with a backward economy, without much in the way of an industry which can generate surpluses and internal accumulation. This highly dependent economy has historically been based on the extraction of raw materials, due to its wealth of natural resources and low labour costs.

This historical situation has been reinforced by a planetary phenomenon which has attacked specially the weak and peripheric economies of the region. The implementation of neoliberal policies has transformed the model of accumulation in Latin America, transferring to international capital, in the shape of large corporations, those few strategic sectors over which the states used to have control, and which were the base of their economies and social re-investment.

Bolivia can only be understood as one more case in the process of expropriation of surpluses and natural resources carried out in the region, as a goal of the neoliberal reform programs driven by international capital.

Repsol YPF, one of the largest private oil companies in the world, is a perfect example of this process, not only in Bolivia but also on a regional level. In the 1990s the company expanded thanks to the process of neoliberal reforms, in accordance with which several states privatised the most important companies in this sector and granted concessions on their oil and gas resources. The gravest cases of such transfers are the case of YPF in Argentina and the Bolivian case.

The problem of the interference of capital through its corporate power in Latin America is not limited to specific (and extremely serious) cases of violation of concrete rights. The consequences of this process have gone so far that they raise the question of the very survival of societies and states, as capital dominates them and imposes its own rules. Currently the whole oil and gas industry in the region is monopolised by international private companies. Repsol has managed to consolidate as one of these international monopolistic companies thanks to its control of the regional market and of the most important reserves in Argentina and Bolivia.

The process which has made this company an oil giant with power over the region's states contains elements which show clearly the way large corporations act in detriment of peoples.

In Bolivia the laws that deal with natural resources declare them inalienable property of the national state, so before the implementation of neoliberal policies their extraction and commercialisation were a state monopoly. This policy allowed the country to exploit its resources according to national interests, with the central aim of supporting social programs, and creating domestic reserves and a large amount of employment.

In the 1980s and 1990s the national economy is opened, and all strategic sectors are transferred to private corporations. This is the main objective of the reforms imposed by the World Bank and the Inter-American Development Bank, and the conditionalities on cooperation from European countries and the US. This whole process is linked to the pressure mechanism that is the country's foreign debt. This is one of the most telling examples of the instruments that corporations use to intervene in poor countries.

The appropriation of national companies and resources goes hand in hand with a whole series of processes that further hurt the country's situation.

An oil power is created, overlaid on the national state. Successive governments answer to and are subordinated to this power. It operates in Bolivia through company executives, internal oligarchies, civil servants and a series of civil and corporate national entities.

There is a process of corruption of civil servants who will in fact become--formally and informally--part of the executive team of Repsol itself. There is corruption of civil society actors, such as trade union leaders, civic movement leaders, media, and specially the political parties which control the state apparatus.

National policies are defined by multilateral organisations, oil company agents and the pressure from governments such as the Spanish, which defends Repsol's interests. In this way legal instruments are created to legalise the company's plundering. The instruments are laws and national regulations which are anti-constitutional, ratification of international agreements for the protection of investments, advances in free-trade negotiations, bilateral cooperation agreements with conditionalities for the protection of corporations etc.

Bolivia's rights to self-determination and sovereignty are violated, an oil super-state controls decisions in the country at all levels.

The state is now more deeply dependent than ever, more than 50% of public spending is financed through cooperation agreements or loans which increase foreign debt, unemployment has reached its highest levels and the state has no capacity to guarantee even the most necessary public services, such as health or education.

Repsol YPF currently controls 37.5% of oil reserves and 26% of gas reserves in Bolivia. These recent years it has been paying the country royalties of 18% on the price of exploited volumes, which are determined by the company¹. This has been legalised by the political operatives of the company in the country. There is a long series of illegal actions which Repsol carries out against the interests of the country, for example:

Diesel oil smuggling which costs Bolivia a loss of income of \$US 600 million. Tax evasion of about \$US 400 million. Non-investment of the amounts committed to in its contracts etc.

It is clear that the benefits the country should see from the exploitation of its resources do not exist. Instead of this the company enjoys a concession of 1,473,800 hectares for exploration, i.e. 44.1% of the total surface granted for this, and 97,875 hectares in exploitation, i.e. 34.55% of the total. These concessions are mostly in natural reserves which are protected by law, and in indigenous peoples' lands. Repsol affects directly the following protected areas: Isiboro Sécure National Park, Amboró National Park, Carrasco National Park, Serranía de Aguaragüe National Park, Sama National Park. It also affects others in a more indirect way, provoking untold damage to the environment and the ecosystems. Environmental impact studies have shown in all cases that permanent damage has been caused to these areas, and that national environment legislation has been ignored. Repsol's activities are similarly affecting directly the following indigenous territories and communities (most of them protected by law): Tacana Indigenous Territory, Chimás IT, Multiethnic IT, TIPNIS (Isiboro Sécure Indigenous Territory National Park), Yuracaré y Yuki IT, Isoso IT (Guarani), Kaaguasu IT (Guarani), Kaami IT (Guarani), Takovo Mora IT (Guarani), Tapiete IT, Weenhayek IT, as well as others in a more indirect way. The company's operations in these territories has brought about the violent destruction of pre-hispanic societies which for centuries have resisted cultural and economic war from modern societies and which today face extinction by being expelled from their lands by Repsol.

Faced with this reality, in these last few years the most marginalised urban sectors and the indigenous peoples have challenged oil power and its domestic agents. Since the so-called Gas War--in which the government acted as Repsol's military wing, murdering 74 people and wounding five hundred who opposed the export of gas--the country's social movements have regrouped and are organising against transnational companies, with the objective of recovering the country's natural resources for the country, and specially to give control back to the indigenous peoples.

¹ This shows the fraudulent logic and the monopolistic power of the company. Repsol fixes a price of \$US 0.17 MPC for the sale of gas to Argentina (paying 18% royalties on this price). The buyer is the Argentinian subsidiary of Repsol itself, whose sale price reaches approximately \$US 5 MPC.