

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: Hotel services and related activities in the 'Maya Riviera' (Mexico)

Sector(s) in which it works:. TOURISM – MAYAN CARIBBEAN, Mexico

Name(s) of the Association(s) presenting the case: The *GCM (Grassroots Cultural Movement)* is a Civil Society Organization on the Mexican Yucatán Peninsula.

Name of the accused Multinationals: The European multinationals that operate in the Mexican Caribbean include the Spanish hotel chains *Riu Resorts, IberoStar, Meliá, Oasis, Gala* and the Italian chain *VIVA*.

Synthesis

These multinationals operate an abusive monopoly ("All Inclusive" system) that is both legal and illegal, to the detriment of the local economy and small and middle-sized local businesses such as hotel services and related activities including travel agencies, restaurants, bars, diving shops, night centers, souvenir and clothing shops, etc, tour organization, car rental and other aquatic and land vehicles, the purchase and sale of property and time shares, apartment rental, etc.

Its implication in Latin America and the Caribbean:

This case involves the tourism corridor that runs from the northern border of the Federal State of Quintana Roo in the Mexican Mayan Caribbean, commercially known as "**The Maya Riviera**" (60,000 hotel rooms), which is a strip of 160 kilometers of Caribbean coast that runs from the city of Cancún, to the city of Playa del Carmen to the City of Tulum. The European Multinationals far outnumber the North America and national ones (around 89%) and are the leaders in these monopolies.

Among other things, they systematically violate labor regulations to the detriment of construction workers who are contracted by supposed Mexican "sub-contractors" to build hotel and commercial complexes for the European, North America and Mexican Multinationals, without any respect for individual or collective labor or human rights, or Mexican and international labor laws.

They strip people of community land (known locally as Ejidales) and national land (owned by the state) to build hotel complexes, destroying the environment for tourism, illegally privatizing the land and enormous stretches of beaches, to the detriment of the Mexican people who are then deprived of their use.

How does the presented case illustrate the systemic dimension of corporate power?

The case is highly representative of systemic corporate power as, given that these companies representative a majority and given their specific economic weight in the described area they bend the will of private individuals and municipal, state and federal authorities to their interests, they distort the application of laws and they systematically fail to fulfill national laws related to commercial and anti-monopoly competition, labor, agrarian, land ownership and environmental laws to the detriment of all of Mexican society.

What international instruments and UN Declarations, Conventions, Regulations, Guidelines, National Constitutions are being ignored or violated by the Multinationals?

The described case constitutes a systematic violation of the Universal Declaration of Human Rights and related international conventions as the Multinationals illegitimately deprives local populations of a means to subsist, using monopoly-based practices that are prohibited in their countries of origin and in all conventions on free competition. Moreover, they violate international and national labor, environmental, agrarian and free competition legislation.

Countries of intervention:

The Mexican Caribbean shore in particular, although these chains operate throughout the country as well as in the Caribbean in general and part of continental Latin America.

Argument:

The local population of all the Mexican Caribbean seeks to put a stop to legal and illegal abuse and the increasing monopoly-based practices of the Multinationals. While the majority is European, those from North America and even Mexico itself use these practices in order to compete in a market that is increasingly closed to small and middle sized firms that generate 80% of employment and to the initiative of the local population.

This population is increasingly unemployed. This leads to pauperization, social breakdown and marginalization. As a result, vast sectors of the population turn to the informal, precarious and illegal economy or to organized crime and gangs in order to survive and to find a social identity. Moreover, the growing marginalization provoked by the above described monopoly-based practices (not permitted in the countries of origin of the Transnationals) encourages and feeds the phenomenon of prostitution (in many cases child prostitution) and drug trafficking, which are already linked to areas of tourist development.

This makes it imperative to regulate the abusive activities of the Multinationals to revert the serious damages caused to native indigenous populations and Mexican society in general, as these practices are swiftly converting Mexicans into strangers in their own land and simple employees of neo colonial masters who behave as if they were in the land of conquest.

Moreover, it is also important to emphasize that the Multinationals essentially take all of the wealth generated by their exploitation of natural resources out of the country (around 92% of the money generated by the offered services never even touches national territory) at a cost of:

1.-Destroying nature by continuously over exploiting and even destroying the beaches, the coastal dunes, the lagoon and reef systems, causing irreparable damages.

2.-Generating the disintegration of traditional communities, depriving them of their basic means for survival by stripping them, through diverse legal and illegal abusive and even violent practices of the coastal lands and lagoon systems.

3.- To later under-employ hundreds of thousands of members of these communities as construction workers under conditions of "internal refugees" without labor rights and in inhuman conditions, or as workers of diverse services with salaries and benefits that are 6 or 8 times less than what they pay employees of the same Multinationals in their countries of origin, with greater work loads, longer days and without overtime.

4.-The constant and increasing displacement of the local and regional Mexican population, of all the commercial activities and services in general, as well as transport, construction and related industries, before the monopoly-based practices of major multinational capital that buy and corrupt the wills of the authorities in three levels of government, of institutional political parties

and business chambers, allowing them to modify, adapt and twist the law in their favor or to violate it with impunity.

In use, enjoyment and abuse (*uti fruti and abuti*) of the neoliberal de-regulation of the economy and the “pragmatic” non fulfillment of local and national laws (an elegant way to try attempt to legitimize the cynicism of impunity and plunder) in the name of capitalist efficiency, considered the only factor above any other juridical, ethical, social, political or economy consideration.