

# 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 study: **Suez in Argentina**

Sector: **Potable water and sanitation services.**

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Summary:

Suez has operated in Argentina since 1993, when it became part of the consortium that won the concession for potable water and sanitation services for the city of Buenos Aires and part of the province of Buenos Aires, both directly and through its subsidiary, Aguas de Barcelona S.A.

Under the name Aguas Argentinas S.A., the concessionaire controlled the services from 1993 until 2006, when the Argentine government rescinded the concession.

During that period, Suez implemented a series of strategies mainly involving:

- Constant renegotiation of the concession contract, omitting procedures and guarantees that were included when the concession was granted; this amounted to changed the basic terms of the contract with no public oversight or participation;
- Serious non-compliance with the objectives of the concession as set out in the agreements;
- Constant human rights violations, mainly with regard to the population's access to water.

The Suez case is typical of the way transnational companies operate. With the support of international bodies (IMF, ICSID, World Bank) and the government of the company's country of origin (France), it pressured the Argentine government at various levels, using methods that were not entirely legitimate and transparent. This turned the concession of a public service into a business venture that was profitable only for the transnational and was far removed from the parameters for providing a service such as water, which is a basic human right.

Suez did not hesitate to take advantage of Bilateral Investment Protection Treaties (with France and Spain) to threaten the Argentine government with action before the World Bank's International Centre for the Settlement of Investment Disputes (ICSID). That action was finally taken, on the grounds that the devaluation of the peso harmed the company's investment. As the Argentine government has argued, however, that investment was far less than the original commitment and targeted the areas and sectors that would be most profitable for the company.

Principal incidents and regulations violated:

Throughout the time the company operated in the country, the following were recorded:

- a.) violation of international human rights norms, by excluding sectors of the population from access to water.
- b.) violation of international corporate social responsibility norms, Suez's own code of ethics and Argentine regulations.
- c.) great lobbying power and pressure brought to bear by the company on the various levels of Argentina's government, with support from international bodies.

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