

**Report**

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# “Linking Alternatives 2”

Civil Society Summit against European TNCs and  
Neoliberal Policies in Latin America and the  
Caribbean 10-13 May 2006

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## **EXECUTIVE SUMMARY**

“Linking Alternatives 2”, a social encounter of civil society organizations from the European Union (EU) and Latin America and the Caribbean (LAC), took place in Vienna from 10-13 May 2006 on the occasion of the Fourth EU-LAC Summit of Heads of State and Government. It was organized by a group of more than 200 social movements and non-governmental organizations from both regions. Its main objective was to create a platform for cross-fertilization and networking, and to enhance the visibility of social discontent about prevailing EU-LAC relations.

There were two main events at EA2. The first two days of the summit were devoted to a session of the Permanent People’s Tribunal on “Neoliberal Policies and European Transnational Corporations in LAC”. Case studies concerning human rights violations and environmental pollution caused by several dozen European transnational corporations in five different economic sectors were presented. Based on these case studies, the jury formulated an “indictment” that is supposed to serve as the starting point of a longer process aimed at exposing malpractices of transnational corporations.

The second part of the alternative summit consisted of a number of panel discussions, seminars, and workshops. Participating organizations had the chance to critically analyze the topics discussed at the official summit, to develop alternative proposals to current EU-LAC relations, and to build links with other civil society organizations. The panel discussions were built around five key themes: the effects of neoliberal globalization, militarization and human rights, alternative regional integration strategies, development cooperation, and political dialogue.

## INTRODUCTION

“Linking Alternatives 2” (Enlazando Alternativas 2, EA2), a social encounter of civil society organizations from the European Union (EU) and Latin America and the Caribbean (LAC), took place in Vienna from 10-13 May 2006 on the occasion of the Fourth EU-LAC Summit of Heads of State and Government. Carrying the overall theme “Social Alternatives in a New Era of Europe-Latin America Relations”, the alternative summit shared the spirit of similar events such as the World Social Forum in Caracas in January 2006 and the European Social Forum in Athens in April 2006.

EA2 was organized by the “Europe-Latin America bi-regional network”, a group of more than 200 social movements and non-governmental organizations (NGOs), including human rights organizations, religious groups, trade unions, unemployed groups, rural landless workers’ movements, environmentalists, farmers, students, indigenous people, as well as migrant and refugee organizations from Europe and LAC. In a document termed “Call to Vienna”<sup>1</sup>, these organizations set out the rationale and main objectives of the alternative summit<sup>2</sup>.

As expressed in the title of EA2, the main objective was to “link alternatives” by creating a “political and mobilizing space”, i.e. to bring together civil society organizations from Europe and LAC in order to enable them to get to know each others’ aims and activities, to learn from each other, and to find ways of working together. According to Alexandra Strickner, a representative of attac Austria who was part of the organizing committee, cross-fertilization through the creation of networks between civil society organizations from both regions was the primary goal of the encounter. At the inauguration of EA2, she pointed out that the event was conceived as the starting point of a new process of cooperation between NGOs and social movements in both regions. It was the first time since the first “Enlazando Alternativas” summit in Guadalajara in 2004 that civil society organizations from Europe and LAC organized such a networking event outside the framework of the World Social Forum.

In addition, EA2 was supposed to “enhance the visibility of social discontent” by acting as public expression of popular pressure. Much of the criticism of civil society organizations was directed at neoliberal policies pursued in both continents. Susan George (attac France) pointed out that European and LAC countries shared a similar history in the last 25 years with regard to the implementation of the neoliberal concept. She argued that while neoliberal policies had been imposed brutally on LAC countries by the World Bank and the International Monetary Fund (IMF) through structural adjustment programs, they had been implemented gradually in Europe through the creation of the Single Market and the Monetary Union.

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<sup>1</sup> See Annex 1.

<sup>2</sup> For the list of signatories, see Annex 2.

Free trade agreements (FTAs) between the EU and regional groups or single states in LAC were the main objects of criticism at the alternative summit. Blanca Chancoso, representative of the Confederation of Indigenous People in Ecuador, expressed the widespread view that the US and EU had been imposing FTAs on LAC countries in recent years. She argued that FTAs were pushed by industrialized states not only due to economic and commercial interests, but also for geopolitical reasons: *“The planned FTA between the US and Ecuador undermines the sovereignty of Ecuador. FTAs are not agreements between equal partners”*. Therefore, one of the goals of the alternative event was to send a message to the heads of state and government to stop promoting a bi-regional free trade agenda.

Furthermore, the organizers wanted to expose and criticize human rights violations and environmental pollution committed by European transnational corporations (TNCs) in LAC countries. To this end, they prepared a session on “Neoliberal Policies and European Transnational Corporations in LAC” under the auspices of the Permanent Peoples’ Tribunal (PPT) in which several dozen TNCs and banks were denounced.

It is important to note that the purpose of EA2 was not only to critically debate the topics discussed at the official summit by exposing existing neoliberal policies of governments and TNCs in Europe and LAC, but also to voice alternative proposals to current EU-LAC relations. This point is highlighted in the “Call to Vienna”, and was also stressed during the inauguration ceremony by several speakers, including Alexandra Strickner and Blanca Chancoso. The criticism and alternative proposals were voiced in panel discussions, self-organized seminars, and workshops during the last two days of the encounter.

The objective of this report is to provide a documentation of events and discussions at EA2 focusing on the PPT session on the power of European TNCs in LAC and the panel discussions. Unfortunately, given the large number of self-organized seminars and workshops and the fact that they took place parallel to the panel discussions in Vienna, they are not included here. Before we turn to the debates at EA2, let me provide some background information on the prevailing relations between LAC countries and Europe.

## **BACKGROUND ON EU-LAC RELATIONS**

The relations between the EU and LAC countries are very diverse. As former colonies, many countries in LAC have close cultural and historical ties with European states, especially Spain and Portugal. Building upon these long-existing bilateral connections, the current political and economic relations between the two regions have evolved gradually since the 1960s. The last decade in particular has been marked by a consolidation of official EU-LAC relations. Today the EU as a group of 25 states is a crucial economic and

political partner for Latin America and the Caribbean: it is the leading donor of development aid in the region, one of the leading foreign investors, and the second most important trade partner.

In order to better understand the issues and problems addressed by civil society organizations at EA2, it is necessary to take a look at the prevailing economic and political relations between EU and LAC. To this end, this chapter gives a broad overview of the most important issues of the relationship. While the bi-regional links between the EU and LAC as blocks of countries play a crucial role, sub-regional and bilateral relationships are equally important. Therefore, the cooperation between the EU and specific groups of countries as well as between the EU and single states in LAC are briefly reviewed. In the remainder of the chapter, the three main pillars of the bi-regional relationship between the EU and LAC are presented: development cooperation, trade and investment, and institutionalized political dialogue.

### **Sub-regional and bilateral relations**

In addition to the bi-regional institutionalized political dialogue discussed below, certain groups of countries in LAC, particularly MERCOSUR, the Andean Community, Central America, and the Caribbean, have developed specific links with the EU. In addition, since neither Mexico nor Chile belong to any Latin American regional grouping<sup>3</sup>, they have concluded bilateral cooperation agreements with the EU<sup>4</sup>.

#### ***The EU and MERCOSUR***

The “Common Market of the South” (MERCOSUR) is a free trade area and customs union launched by Argentina, Brazil, Paraguay, and Uruguay<sup>5</sup> in 1991. It is the fourth largest economic group in the world, with a population of 221 million and a total gross domestic product (GDP) of €771 billion. In 1999, the EU and MERCOSUR decided to launch association negotiations aimed at creating a free trade area between the two regions covering both goods and services. From April 2000 to January 2006, thirteen rounds of negotiation have taken place. The participating countries had originally planned to finish negotiations in 2004. However, it was not possible to reach an agreement between the EU and MERCOSUR mainly due to divergent positions with regard to the reduction of EU agricultural tariffs. Since then, negotiations have not made considerable progress.

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<sup>3</sup> Mexico is a member of the “North American Free Trade Agreement” (NAFTA) with the US and Canada. Chile is an associated member of MERCOSUR.

<sup>4</sup> The presentation of sub-regional and bilateral relations in this section is based on: „The European Union, Latin America and the Caribbean: a strategic partnership“, European Commission Directorate-General for External Relations, pp. 29-56, accessed 20/05/2006 at [[http://ec.europa.eu/comm/world/lac-guadal/docs/info\\_pack\\_en.pdf](http://ec.europa.eu/comm/world/lac-guadal/docs/info_pack_en.pdf)].

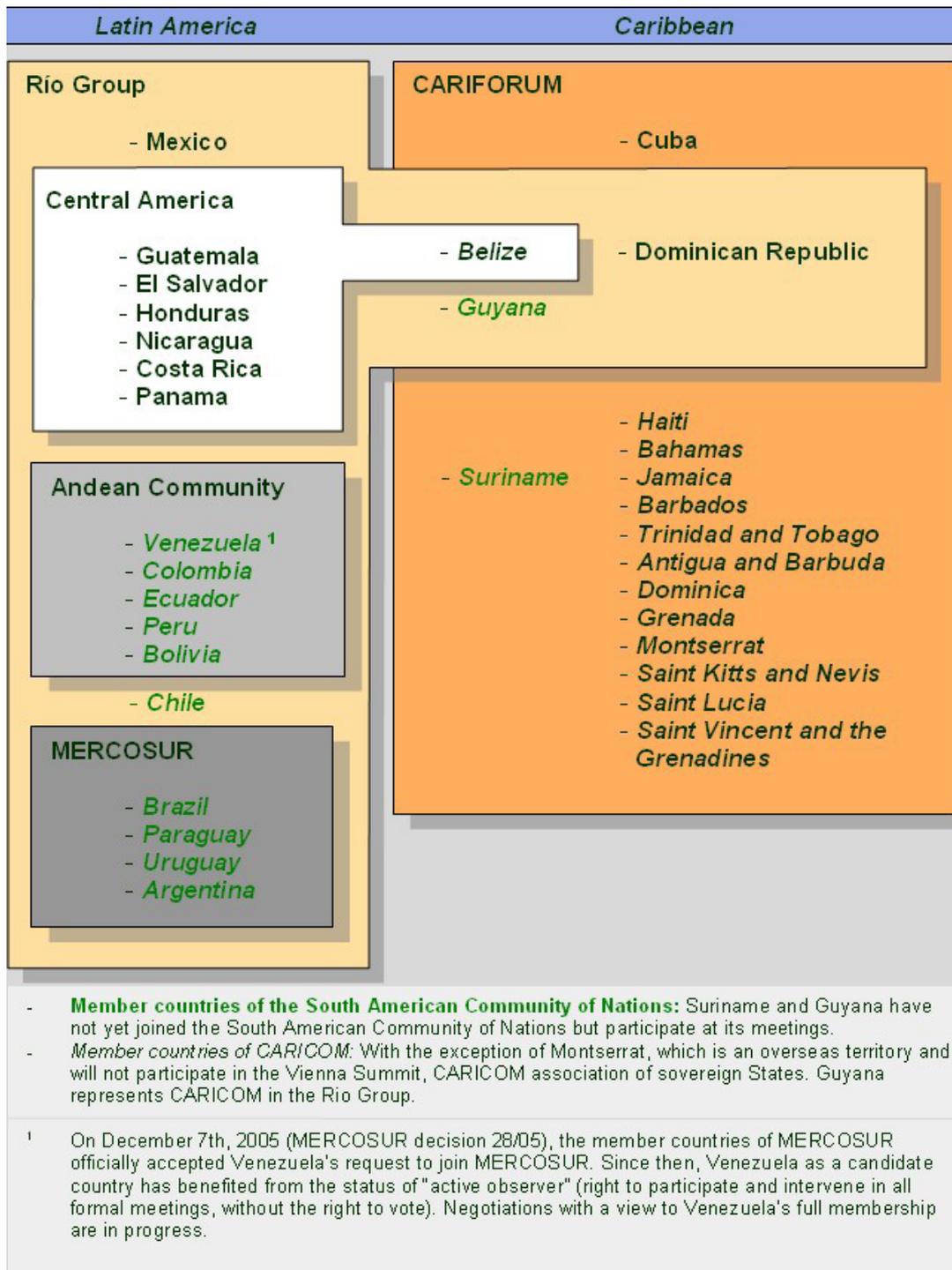
<sup>5</sup> Chile and Bolivia are associated members of MERCOSUR. They belong to the free trade area, but they are not members of the customs union. Venezuela’s request to join the MERCOSUR has been officially accepted by member states in December 2005. Accession negotiations are in progress, and in the meantime Venezuela as a candidate country enjoys the right to participate in all formal meetings, without the right to vote.

### ***The EU and the Andean Community***

The Andean Community (CAN, formerly known as the “Andean Pact”) is a trade block established in 1969, comprising Bolivia, Colombia, Ecuador, Peru, and Venezuela. A first Framework Agreement on Cooperation between the EU and CAN was concluded in 1983 and replaced by a second one in 1993. In 1996, a political dialogue was initiated between the two regions, which takes the form of regular meetings at ministerial and presidential levels. In 2003, both regions institutionalized the process by signing a new Political Dialogue and Cooperation Agreement which still has to be ratified by all countries in order to enter into force. The fight against drug trafficking is one of the priority areas in the relations between EU members states and CAN countries. The Andean Community has recently been seriously weakened by the announcement of Venezuela and Bolivia to leave the group due to Colombia’s and Peru’s plans to conclude FTAs with the US.

### ***The EU and Central America***

The cooperation between EU and Central American countries (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, and Belize) started in 1984 with the inauguration of the “San José Dialogue”. Established in a context of regional conflict, this political forum was aimed at supporting the settlement of internal conflicts and at strengthening democracy. The cooperation was extended to new areas such as environment, natural disasters, sustainable development, and regional integration through the conclusion of a cooperation agreement in 1993. This agreement was superseded by a new Political Dialogue and Cooperation Agreement signed in 2003.



**Regional and institutional groups in the LAC region** (Source: [http://www.eu2006.at/includes/images/EULAC/klein\\_eu-lac\\_gruppen\\_en.jpg](http://www.eu2006.at/includes/images/EULAC/klein_eu-lac_gruppen_en.jpg))

### ***The EU and the Caribbean***

Since 1975, the successive conventions between the EU and the countries of the ACP group (Africa, Caribbean, and Pacific) have provided a framework for political dialogue, trade, and development cooperation. The ACP group consists of 79 countries, 15 of which are located in the Caribbean. In 1992, they established the Forum of the Caribbean ACP States (CARIFORUM) aimed at improving the coordination of support from the EU and at strengthening regional integration and cooperation. The political dialogue between the EU and Caribbean states takes place mainly in the context of the Joint ACP-EU Institutions. At regional level, there is an annual regional dialogue at ministerial level between CARIFORUM and the European Commission. The most recent EU-ACP convention, the Cotonou Agreement signed in 2003, provides for tariff- and quota-free imports of a wide range of products from the Caribbean ACP states to EU countries.

Cuba is the only Caribbean country which has not concluded a cooperation agreement with the EU. Although Cuba was admitted to the ACP group in 2000, it did not sign the Cotonou Agreement. Nevertheless, EU is Cuba's largest trading partner, with a third of all trade, almost half of foreign direct investment (FDI) and more than half of all tourists coming from Europe. Since August 2003, Cuba has refused all bilateral aid coming from EU member states and the European Commission.

### ***Bilateral relations with Mexico and Chile***

Mexico was the first Latin American country to sign a privileged partnership agreement with the EU. The "Economic Partnership, Political Coordination and Cooperation Agreement" was signed in 1997 and governs all relations between the EU and Mexico, including regular high-level political dialogue on bilateral and international issues. It also entails a free trade agreement which entered into force in 2000, providing for asymmetrical trade liberalization, whereby the EU reduces tariffs on imports from Mexico faster than Mexico reduces tariffs on imports from the EU.

The EU and Chile signed an Association Agreement in 2002 which entered into force in 2005 after ratification by all member states. The agreement is based on three pillars: political dialogue, trade, and development cooperation. The trade part of the agreement is quite far-reaching, covering trade in goods as well as trade in services. It establishes a free trade area involving the progressive and reciprocal liberalization of trade in goods over a maximum transitional period of 10 years, culminating in full liberalization for 97% of bilateral trade. The free trade area in services provides for the liberalization of investment, the reciprocal opening-up of government procurement, and for the protection of intellectual property rights.

### **Development Cooperation**

As noted above, the EU is the main donor to LAC countries, providing development aid in the form of grants. Different agreements govern the implementation of EU's development

cooperation with countries in the region. While development cooperation with Latin American countries fall under the “Asian and Latin American Developing Countries Regulation”, the Caribbean countries (with the exception of Cuba) belong to the ACP group and are therefore covered by the “Cotonou Agreement”.

The European Commission has allocated an amount of roughly €500 million in development grants to Latin America from 2001 to 2005. Within the framework of the Cotonou Agreement, Caribbean countries are expected to receive more than €1 billion in the period from 2002 to 2007<sup>6</sup>. In addition to grants funded from the EU budget and disbursed by the European Commission, several EU member states also provide development aid bilaterally through their national development agencies and multilaterally through regional and international institutions such as the Inter-American Development Bank (IADB), the Caribbean Development Bank, and the World Bank.

The activities of the EU in the field of development cooperation with LAC countries cover a number of sectors: democracy and human rights, health, education, transport, food security, sustainable rural development, institutional capacity building, and the rule of law. For low-income and lower middle-income countries in LAC, development aid is primarily used to support the implementation of reforms aimed at reducing poverty and achieving the Millennium Development Goals (MDGs). Grants for middle-income countries mainly focus on areas such as economic cooperation and trade promotion<sup>7</sup>.

## **Trade and Investment**

Trade relations between EU and LAC have considerably strengthened in the last fifteen years: trade flows more than doubled between 1990 and 2004. However, trade relations are highly asymmetrical. The EU is currently the second-largest trading partner of LAC taken as a whole. For many Latin American countries such as the member states of MERCOSUR, the EU is even the number one trading partner. At the same time, LAC's position in total EU trade remains relatively low. Latin America's market share of total EU trade was around 5 percent in the period between 2000 and 2004.

The asymmetrical nature of trade relations between the EU and LAC gives the former a favorable bargaining position in sub-regional and bilateral trade negotiations. Nevertheless, it is worth mentioning that while the EU is an extremely important trading partner for LAC countries, other regions are rapidly gaining ground, most notably Asia. For example, in 2003 trade flows between Latin American countries and China rose by 50 percent, and Chinese imports from Latin America increased by 79 percent.

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<sup>6</sup> European Commission: „The European Union, Latin America and the Caribbean: a strategic partnership“, Directorate-General for External Relations, accessed 20/05/2006 at [[http://ec.europa.eu/comm/world/lac-guadal/docs/info\\_pack\\_en.pdf](http://ec.europa.eu/comm/world/lac-guadal/docs/info_pack_en.pdf)].

<sup>7</sup> European Commission: „Communication from the Commission to the Council and the European Parliament: A stronger partnership between the European Union and Latin America“, Brussels, accessed 20/05/2006 at [[http://ec.europa.eu/comm/external\\_relations/la/doc/com05\\_636\\_en.pdf](http://ec.europa.eu/comm/external_relations/la/doc/com05_636_en.pdf)].

In 2004, EU imports from LAC amounted to €63.1 billion, and exports to the region totaled €55.4 billion. The trade surplus for LAC countries of €7.7 billion results from the fact that EU imports from LAC grew faster than EU exports to the region over the past five years. The main exports from LAC countries to the EU are agricultural products, transport equipment, and energy. EU exports to LAC countries are more diversified, the main sectors being capital goods, transport equipment, and chemical products.

The liberalization and privatization policies adopted by many Latin American countries in the 1990s opened the door for foreign investors from industrialized countries. As a consequence, European business enterprises have invested heavily in LAC countries over the last twenty years. While the EU has traditionally been the leading investor in LAC countries, investments from the US slightly exceeded those from Europe in 2004. European investments in LAC peaked in 2000 and have since been in decline, particularly in the MERCOSUR region. In 2004, total European investment in LAC countries amounted to more than €124 billion<sup>8</sup>.

### **Institutionalized Political Dialogue**

As discussed above, the strengthening of EU-LAC relations has been reflected in the conclusion of a number of sub-regional and bilateral cooperation agreements in the past few years. The growing importance attached by both regions to the consolidation of their relationship has been further manifested in the establishment of an institutionalized political dialogue aimed at setting up a “bi-regional strategic partnership”. The overall objective of this partnership is to intensify cooperation between the EU and LAC countries in the political, economic, cultural, educational, scientific, technological, social, and human rights fields.

The biennial EU-LAC Summit between Heads of State and Government is the main intergovernmental forum for political dialogue and the key vehicle for the fortification of official EU-LAC relations at the bi-regional level. There have been four summits since 1999, the last of which took place in Vienna in May 2006.

### ***The EU-LAC Summits in Rio de Janeiro, Madrid, and Guadalajara***

The First EU-LAC Summit was held in Rio de Janeiro (Brazil) in 1999. The objective was to foster the political, economic, and cultural understanding between the two regions and to establish a set of priorities for future joint action as the starting point for the development of a strategic partnership<sup>9</sup>. At the second EU-LAC Summit in Madrid (Spain) in 2002, negotiations on the association agreement between the EU and Chile were concluded<sup>10</sup>.

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<sup>8</sup> European Commission: „The European Union, Latin America and the Caribbean: a strategic partnership“, Directorate-General for External Relations, accessed 20/05/2006 at [[http://ec.europa.eu/comm/world/lac-guadal/docs/info\\_pack\\_en.pdf](http://ec.europa.eu/comm/world/lac-guadal/docs/info_pack_en.pdf)].

<sup>9</sup> „Declaration of Rio de Janeiro“, accessed 30/05/2006 at [[http://ec.europa.eu/comm/external\\_relations/andean/doc/rio\\_sum06\\_99.htm](http://ec.europa.eu/comm/external_relations/andean/doc/rio_sum06_99.htm)].

<sup>10</sup> “Political Declaration”, accessed 30/05/2006 at [[http://ec.europa.eu/comm/world/lac/conc\\_en/decl.htm](http://ec.europa.eu/comm/world/lac/conc_en/decl.htm)].

The Third EU-LAC Summit took place in Guadalajara (Mexico) in 2004. Heads of state and government recognized that the strategic partnership between both regions was facing an important challenge, namely the lack of social equity and of access to collective goods and services in LAC countries. As a consequence, social cohesion was one of the main topics emphasized at the summit<sup>11</sup>. As mentioned above, the planned completion of negotiations on an association agreement between the EU and MERCOSUR failed in Guadalajara mainly due to divergent positions on the reduction of agricultural tariffs.

### ***The Fourth EU-LAC Summit in Vienna***

The most recent EU-LAC Summit took place in Vienna (Austria) on 12-13 May 2006. The meeting was attended by 58 heads of state and government, 25 from EU member states and 33 from LAC countries. Its overall theme was the “Strengthening of the Bi-regional Strategic Association”. It was aimed at further consolidating the strategic partnership between both regions by intensifying the political dialogue on certain key questions of mutual interest and by examining the possibilities of cooperation in these areas. The three main pillars of the Summit were the promotion of security, prosperity, and social cohesion<sup>12</sup>. On the first day of the Summit, six working tables were organized in which heads of state and government held discussions on 12 agenda items:

1. Democracy and human rights
2. Strengthening the multilateral approach to fostering peace, stability and the respect for international law
3. Terrorism
4. Drugs and organized crime
5. Environment (including disaster prevention, mitigation, and preparedness)
6. Energy
7. Association agreements: regional integration, trade, connectivity (investment, infrastructure, information society)
8. Growth and employment
9. The fight against poverty, inequality, and exclusion
10. Development cooperation and international financing for development
11. Migration
12. Knowledge sharing and human capacity building: Higher education, research, science and technology, culture

The second day of the official Vienna Summit was devoted to separate sub-regional meetings between the EU and specific LAC regional groups (MERCOSUR, Central America,

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<sup>11</sup> „Declaration of Guadalajara“, accessed 30/05/2006 at [[http://ec.europa.eu/comm/world/lac-guadal/declar/01\\_decl\\_polit\\_final\\_en.pdf](http://ec.europa.eu/comm/world/lac-guadal/declar/01_decl_polit_final_en.pdf)].

<sup>12</sup> “EU-Latin American and Caribbean Summit: moving the strategic partnership forward”, European Commission Press Release dated 10/05/2006, accessed 20/05/2006 at [<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/594&format=HTML&aged=0&language=EN&guiLanguage=en>].

CARIFORUM), and between the EU and the two Latin American countries that have association agreements with the EU, namely Mexico and Chile.

The general contents of the political dialogue on the 12 topics were made available to the public through a “report of discussions” at the working tables<sup>13</sup>. Furthermore, the final document of the summit, the “Declaration of Vienna”<sup>14</sup>, is structured according to the agenda items mentioned above. The results of the sub-regional meetings were summarized in “Joint Communiqués”<sup>15</sup>. What follows is a short summary of selected topics of discussions during the official Vienna Summit based on these documents.

EU and LAC countries expressed the view that, after four summits, there was a set of common values shared between the two regions based on an unequivocal commitment to the promotion of democracy and the rule of law, as well as the protection of human rights. With respect to terrorism and organized crime, it was acknowledged that these issues had to be adequately addressed, while at the same time fully respecting human rights and international humanitarian law. As far as the problem of illicit drugs is concerned, it was underlined that a balanced and coordinated approach was needed to reduce supply and demand.

With regard to the environment, LAC countries and EU member states recognized that the long-term prosperity of both regions was largely dependent on the sustainable management of natural resources. To this end, they agreed to launch a political dialogue in order to exchange views on environmental issues of mutual interest, in particular climate change, desertification, energy, water, biodiversity, forests, and chemical management. As for energy questions, there was a unanimous feeling that they constitute one of the most important challenges the modern world faces today. LAC countries stressed that energy security was one of the basic pillars for their economic and social development, and underlined the fundamental importance of energy efficiency.

The issue of trade took up a prominent position both during bi-regional discussions among all EU and LAC countries and in the framework of the sub-regional meetings. It was stressed that the participating delegations regarded trade as a vital factor to reach all goals in poverty reduction, social protection, and innovation. In particular, heads of state and government agreed that a positive outcome of the WTO Doha Development

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<sup>13</sup> „EU-LAC Summit – Reports of discussion of HOSG at the six Working Tables“, accessed 27/05/2006 at [[http://ec.europa.eu/comm/world/lac-vienna/docs/working\\_tables.pdf](http://ec.europa.eu/comm/world/lac-vienna/docs/working_tables.pdf)].

<sup>14</sup> „IV EU-LAC Summit – Declaration of Vienna“, accessed 27/05/2006 at [[http://ec.europa.eu/comm/world/lac-vienna/docs/declaration\\_en.pdf](http://ec.europa.eu/comm/world/lac-vienna/docs/declaration_en.pdf)].

<sup>15</sup> „III. EU-Mexico Summit – Joint Communiqué“, accessed 27/05/2006 at [<http://www.eu2006.at/includes/images/EULAC/1305CommuniqueMexicoEN.pdf>]; „II. EU-Chile Summit – Joint Communiqué“, accessed 27/05/2006 at [<http://www.eu2006.at/includes/images/EULAC/1305JointCommuniqueChileEN.pdf>]; „II. EU-CARIFORUM Summit – Joint Communiqué“, accessed 27/05/2006 at [<http://www.eu2006.at/includes/images/EULAC/1305JointCommuniqueCariforumEN.pdf>]; „II. EU-Central American Summit – Joint Communiqué“, accessed 27/05/2006 at [<http://www.eu2006.at/includes/images/EULAC/1305JointCommuniqueCentralAmericaEN.pdf>]; „EU-MERCOSUR Ministerial Meeting – Joint Communiqué“, accessed 27/05/2006 at [<http://www.eu2006.at/includes/images/EULAC/1305JointCommuniqueMercosurEN.pdf>].

Round would enable LAC countries to increase their exports and thus to stimulate economic growth in the region.

With regard to association agreements, the objective of concluding a FTA between the EU and MERCOSUR was reiterated despite current difficulties. Furthermore, heads of state and government welcomed the progress made in the negotiations between the EU and the countries of the CARIFORUM on an Economic Partnership Agreement. As for the cooperation between the EU and the Andean Community, both sides decided to initiate a process which is supposed to lead to the launching of negotiations on a FTA before the end of 2006. One of the most important outcomes of the Fourth EU-LAC Summit in Vienna was the decision to start negotiations between the EU and Central American countries for an association agreement, including the establishment of a free trade area.

With respect to social issues, international trade was highlighted as the only way to integrate millions of people into the world economy and thus to reduce poverty. It was emphasized that poverty and social disintegration not only hamper economic development, but also the promotion of democracy.

Aside from the official agenda items, discussions about the renationalization of the oil and gas industries by Hugo Chávez in Venezuela and Evo Morales in Bolivia dominated the official summit in Vienna. Without explicitly mentioning these countries, Austria's chancellor Wolfgang Schüssel pointed to the importance of legal security for international investors. Mexico's President Vicente Fox indirectly criticized his South American counterparts when he said that populism hampered development and the fight against poverty.

## **PERMANENT PEOPLE'S TRIBUNAL SESSION**

As mentioned in the introduction, the first two days of EA2 were devoted to a session of the Permanent People's Tribunal (PPT) on "Neoliberal Policies and European Transnational Corporations in LAC" with the objective of denouncing human rights violations and environmental pollution committed by EU-based TNCs and their subsidiaries in different economic sectors. Before presenting the issues addressed and the "indictment" formulated by the tribunal, it is useful to give a short overview of the background and functioning of the tribunal.

### **Background and Functioning**

The PPT is an organ of the "Lelio Basso International Foundation for the Rights and Liberation of the Peoples" based in Italy. It follows a tradition that began in 1967 with the "Bertrand Russell Tribunal" sessions I and II on international war crimes in Vietnam. Against the background of the "Universal Declaration of the Right of Peoples" in Algiers in

1976, the PPT was established in 1979 as a permanent structure to address violations against this right. It is based on the idea that the rights of the peoples are not defined by states, but by the needs and demands of the peoples. Therefore, PPT's indictments and judgments are not based on international or national law, but on the peoples' needs<sup>16</sup>.

Since its beginning, the PPT has heard more than 30 cases. It has addressed issues related to TNCs in Latin America in a number of sessions, including the role of TNCs in the Latin American dictatorships (Brussels 1979); the case of the Bhopal-disaster and corporate irresponsibility; TNCs in the textile, garment, and sportswear industries and their impact on labor rights and the environment (Brussels 1998); and the role of TNCs in Colombia (Berne 2005, Bogotá 2006)<sup>17</sup>.

For the alternative summit in Vienna, the bi-regional network of civil society organizations requested the PPT to investigate the increasingly dominant role of European TNCs in Latin America focusing on the threats posed to political sovereignty, development policy, economic autonomy, and democratization. While the role of US-based TNCs in LAC has been widely discussed in recent years, less attention has been paid to the power of European TNCs. They have expanded their market share in some parts of LAC through an increase in FDI since the beginning of the 1990s. In a number of countries, certain strategic sectors, such as energy, petroleum, water, and telecommunications, are led by European companies.

TNCs are regarded as the major promoters of the "neoliberal ideology" of the current model of globalization which is responsible for the growing gap between rich and poor. According to the bi-regional network, LAC countries have suffered from the negative consequences of their activities, such as unemployment, increasingly precarious working conditions, the destruction of agricultural systems for the benefit of agribusiness, the violation of the rights of indigenous peoples and small farmers, the plundering of natural resources, the privatization of private services, and increasing poverty. During the inauguration of the PPT session, its president Elmar Altvater justified the event by pointing to the widespread human rights violations in LAC by European TNCs and the growing corporate influence on governments and international organizations in favor of the liberalization of trade, services, and capital flows.

The PPT session was conceived as merely a first step towards the creation of a global economic framework for the regulation of TNCs. Accordingly, the organizers of EA2 asked PPT for a hearing of many cases from Latin American countries on aspects of life and work, rather than a formal judgment. To this end, a detailed dossier of case studies and complaints was prepared by the EU-LAC bi-regional network in a year-long process and

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<sup>16</sup> For more information, see [<http://www.grisnet.it/filb/filbspa.html>].

<sup>17</sup> „Hearing on Neoliberal Policies and European Transnational Corporations in LAC - Indictment“, accessed 03/06/2006 at [<http://www.tni.org/altreg-docs/vienna-indictment.htm>].

submitted to the PPT panel which consisted of intellectuals, legal experts, writers, trade union leaders, and activists<sup>18</sup>.

As stressed by Elmar Altvater, the PPT is not a tribunal in a juridical sense, but an instrument used to influence public opinion and to support NGOs and social movements. He argued that the “political added value” of the PPT session consisted in confronting TNCs with their wrong-doings, and in establishing relationships between corporate malpractices and international as well as national law. The PPT session was organized as the first phase in a long process aimed at determining standards for acceptable corporate conduct, recommending new laws and regulations, raising awareness for the rights of the peoples, denouncing existing free trade and bilateral investment agreements, exposing the role played by TNCs in the configuration of the global economy, and supporting civil society organizations seeking ways of dismantling their power in world politics<sup>19</sup>.

The hearings of the PPT took place in three sessions on 10 and 11 March 2006, each lasting around four hours. The hearings for each thematic area were organized by working groups composed of experts and “witnesses”. At the beginning of each hearing, experts introduced the thematic area. This was followed by “testimonies” of witnesses who have been affected by human rights violations committed by TNCs. The cases covered five thematic areas of TNC activities in LAC countries: natural resources; labor rights; public services with an emphasis on water provision, sewage, and electricity; TNCs active in the financial sector; and the food chain and agricultural diversity<sup>20</sup>.

## Natural Resources

The hearing on natural resources focused on environmental pollution and human rights violations caused by activities of TNCs in LAC countries. Andy Higginbottom, coordinator of the “Colombia Solidarity Campaign” based in Great Britain<sup>21</sup>, introduced the theme by pointing out that Latin America was a region very rich in natural resources. He stressed that these resources were under the national sovereignty of the countries in which they were located. Unfortunately, the sovereign right of Latin American peoples to exploit them had increasingly been given away to TNCs in the course of privatization policies since the late 1980s.

In addition, he emphasized that the natural resources sector was characterized by high profitability due to the existence of monopolies. As a consequence, TNCs often resorted to corrupt methods when seeking to receive concessions from Latin American countries. Furthermore, there was often a lack of national and international rules to protect the

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<sup>18</sup> For a list of the members of the panel, see Annex 3.

<sup>19</sup> “People’s Tribunal on European Transnationals and the Power of Corporations in LAC”, accessed 04/06/2006 at [<http://www.tni.org/altreg-docs/permanenttribunal.pdf>].

<sup>20</sup> For an overview of the cases presented at the PPT session, see [<http://www.tni.org/altreg-docs/annex.pdf>]. It has been announced that full documentation will be available at [[www.asc-hsa.org](http://www.asc-hsa.org)] and [[www.tni.org](http://www.tni.org)] shortly.

<sup>21</sup> See [<http://www.colombiasolidarity.org.uk/>].

environment, and existing norms were rarely implemented adequately. Protests of affected local populations such as indigenous communities were put down violently, and social movements acting against TNCs were criminalized. At the same time, human rights violations and environmental pollution caused by TNCs in Latin American countries remained unpunished.

With respect to TNCs exploiting natural resources in LAC countries, witnesses presented four cases to the PPT in Vienna: the mining project “Rio Blanco” in Peru, the tourist resort “Riviera Maya” in Mexico, the purchase of indigenous territories by Bennetton in Argentina and Chile, and the operations of Repsol-YPF in different South American countries.

### ***The Mining Project “Rio Blanco” (Peru)***

The case of the mining project “Rio Blanco” in Peru was presented by Wilson Ibanez, president of the Peruvian “National Coordinating Committee of Communities affected by the Mining Industry” (Coordinadora Nacional de Comunidades Afectadas por la Minería). Rio Blanco is a region located adjacent to the border with Ecuador in northern Peru. The London-based mining company Monterrico Metals has registered titles to mineral concessions in the region covering an area of 6,472 hectares in an altitude of between 2,000 and 3,000 meters. Its subsidiary Minera Majaz has been extracting copper in several mines in the forested terrain since 2001<sup>22</sup>.

Wilson Ibanez accused Minera Majaz of having illegally invaded the territory of several indigenous and peasant communities in the “Rio Blanco” region. He pointed out that according to Peruvian law, TNCs only have the right to operate in rural regions when the local population agrees. However, Majaz did not consult local peasants and indigenous populations. In addition, several manifestations of social movements against the activities of Majaz in the region have been violently repressed by Peruvian authorities and private security forces hired by the company. During a demonstration of peasants and indigenous people in August 2005, two people were killed. The leaders of the movement against Majaz are regarded as terrorists by Peruvian authorities and have thus been suffering from political persecution. Participants of demonstrations and campaigns are not allowed to access their lands in “Rio Blanco” because the territory is controlled by Majaz. Ibanez also highlighted the risk of environmental damage caused by the extraction of copper in the area, including contamination of ground water, desertification due to the great amounts of water required for extraction, and reduction of biodiversity caused by the extinction of endangered species.

### ***The Construction of Tourist Centers in the “Riviera Maya” (Mexico)***

The second case dealing with the construction of hotels in the “Riviera Maya” in Mexico was introduced by Jorge Fuentes, representative of the “Popular Culture Movement” (Movimiento de Cultura Popular). He denounced a project planned by a consortium of

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<sup>22</sup> For more information on Monterrico Metals and its operations in the „Rio Blanco“ region, see [<http://www.monterrico.co.uk/s/Home.asp>].

several European companies, including Riu Resorts, Ibero Star, Meliá, Oasis, Gala, and Viva, to build huge tourist centers near the beaches “Xcacel” and “Xcacelito” which are located some 120 kilometers south of Cancún. These beaches have been declared nature reserves because they serve as nesting areas for ocean turtles. He emphasized that his organization did not oppose tourism in principle, but that it had to be brought in line with environmental concerns in order to ensure sustainable development. He called the TNC consortium to respect Mexican environmental laws.

### ***The Purchase of Mapuche Land (Argentina, Chile)***

The case of the purchase of indigenous land in Argentina and Chile was prepared by the “Institute for Participation and Development” (Instituto para la Participación y el Desarrollo) based in Argentina and presented by Mauro Millán from the Mapuche tribe. Mapuche is an indigenous tribe whose ancient territory has been divided between Chile and Argentina. Today, the territory covers the region known as Patagonia. The Mapuche, who number about 40,000, claim the governments stole the land from them in the 19<sup>th</sup> century.

The Italian company Benetton has been buying vast amounts of lands in this region from the Argentinean and Chilean governments in recent years, which has made the company the largest landowner in Patagonia. It is estimated that Benetton owns 900,000 hectares in the resource-rich region. As the world’s biggest consumer of virgin wool, the company uses the area for its wool farms which consist of roughly 280,000 sheep and produce 6,000 tons of wool a year<sup>23</sup>. The Mapuche consider this an illegal occupation of their territory and accuse Benetton of violating their rights by closing ancestral paths and cemeteries and polluting rivers. A number of activists and members of the Mapuche tribe have been imprisoned in both countries because they conducted campaigns demanding the recovery of the territory of the Mapuche tribe<sup>24</sup>.

### ***Repsol-YPF***

Accusations against the Spanish oil company Repsol-YPF were at the center of the hearing on the oil and gas industry. Repsol is one of the major private oil companies in the world and the largest private energy company in Latin America<sup>25</sup>.

In a consortium with other private oil companies, Repsol has built a 500 km long pipeline through Ecuador. The Oleoducto de Crudos Pesados (OCP) transports the heavy crude oil produced by the companies of the consortium and began operations in 2003<sup>26</sup>. Jose Proamo, representative of “Ecologistas en Accion” from Ecuador, pointed to the serious environmental and social consequences of the construction and operation of the OCP pipeline. He argued that the pipeline was operating illegally because it crossed natural

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<sup>23</sup> “Mapuche Lands in Patagonia Taken Over by Benetton Wool Farms”, by Sebastian Hacher and Pauline Bartolone, Special to CorpWatch, published 25 November 2003, accessed 06/06/2006 at [<http://www.corpwatch.org/article.php?id=9189>].

<sup>24</sup> For more information, see [<http://www.mapuche-nation.org/english/main/benetton/main/info.htm>].

<sup>25</sup> See [<http://www.repsolyypf.com/eng/todosobrerepsolyypf/conozcarepsolyypf/home/home.asp>].

<sup>26</sup> For more information on the OCP pipeline in Ecuador, see [<http://www.ocpecuador.com>].

reserves and indigenous territories. He reported that the pipeline burst once a year in average, spilling huge amounts of oil and thus contaminating the ground water and the environment. He accused the OCP consortium of maintaining private security forces which intimidated the local population and violently repressed manifestations of affected communities and indigenous populations, thus violating the sovereignty and human rights of the Ecuadorian people. Similar charges were put forward against Repsol's operations in Colombia and Bolivia by Ulvio Ayala, member of the "Corporación Social para la Asesoría y Capacitación Comunitaria en Colombia", and by Christian Ferreyra, representative of the natural resources program at the "Centre for Documentation and Information" in Bolivia<sup>27</sup>.

Against the background of these accusations, the witnesses called upon Repsol to withdraw from all natural reserves and indigenous territories. They requested the return of all areas occupied by Repsol in the course of privatization policies, and the annulment of all contracts which had not been concluded in accordance with democratic procedures. In addition, they demanded respect for the national sovereignty of Latin American countries. Finally, they asked Repsol to pay compensation for all persons affected by accidents or aggressions, and for the environmental pollution caused by its operations.

## **The Labor World**

The hearing on the labor world dealt with violations of workers' rights committed by TNCs operating in Latin America. The topic was introduced by Kjeld Jakobsen, functionary at Brazil's largest umbrella organization of labor unions (Central Única dos Trabalhadores). He accused European TNCs of not contributing to the development of Latin American countries, pointing to the fact that 98 percent of them did not invest there. In his opinion, most European TNCs regarded these countries merely as export markets.

In addition, 80 percent of European FDI in Latin America was not used to build up new companies, but to buy up already existing ones. In this context, Jakobsen accused European TNCs of failing to implement national and international labor laws set up to protect the rights of employees. In some cases, they even followed strategies aimed at systematically bypassing them, for example by subcontracting certain services. He explicitly referred to ILO conventions 87 and 98 which codified the freedom of association, the right to organize, the right of collective bargaining, and the principle of non-discrimination<sup>28</sup>. These norms have also been adopted by the OECD and in a number of corporate codes of conducts.

With respect to violations of workers' rights by European TNCs in Latin American countries, charges were brought forward at the PPT session against four companies: UNILEVER, Telefónica, CALVO, and Marine Harvest.

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<sup>27</sup> See [<http://www.cedib.org>].

<sup>28</sup> For more information on ILO conventions 87 and 98, see [<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C087>] and [<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C098>].

### **UNILEVER (Brazil)**

UNILEVER is a British-Dutch manufacturer of branded goods in foods, home and personal care, including Axe, Rama, Dove, Rexona, Signal, Lipton, Slim-Fast, and Knorr. The company has some 223,000 employees in 100 countries<sup>29</sup>. According to Ederson Castro, trade unionist at UNILEVER in Vinhedos (Brazil), the company has been aggressively cutting down the number of plants and employees in Brazil since 2002. The objective is to restructure the manufacturing process and to shift the production to countries with lower wages and more favorable tax systems. Castro's main allegation was that UNILEVER was following a unilateral strategy without informing and consulting functionaries of labor unions. In addition, employees who went on strike or protested against the restructuring measures were often intimidated by company managers or even fired. Trade unions have submitted complaints against UNILEVER at the national and international level, including the ILO, MERCOSUR, and OECD, yet without success.

### **Telefónica (Peru)**

Telefónica is one of the largest telecommunications companies in the world with over 207,000 employees and about 150 million customers in Europe, Africa, and Latin America. Its headquarters are located in Spain. Telefónica has been active in Latin America for over 15 years, with cumulative investments in infrastructure and acquisitions of over €70 billion. It is the leading operator in Brazil, Argentina, Chile and Peru and has substantial operations in Colombia, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Panama, Puerto Rico, Uruguay and Venezuela<sup>30</sup>.

The case of Telefónica's activities in Peru were prepared for the PPT session by the "Labor Program for Development" (Programa Laboral de Desarrollo), a Peruvian NGO focusing on labor and social issues in the Andean region<sup>31</sup>, and the trade union of Telefónica employees in Peru (Sindicato Unico de Trabajadores de Telefónica del Perú, SUTTP)<sup>32</sup>. The main charge put forward by José Centurión, external relations secretary at SUTTP, concerned the relationship between Telefónica and the employees of one of its Peruvian sub-contractors, the Itete Perú Telecomunicaciones. According to Centurión, they are often not paid on time. Furthermore, Telefónica has been undermining their freedom of association systematically by intimidating or even firing members of trade unions.

### **CALVO (El Salvador) and Marine Harvest (Chile)**

The accusations against the operations of the Spanish company CALVO in El Salvador and the Norwegian business Marine Harvest in Chile were similar to the ones brought forward against the other TNCs discussed above. CALVO produces canned fish and employs more than 3,000 people<sup>33</sup>. The witness in the CALVO case wished to remain anonymous. Therefore, she did not travel to Vienna, and her testimony was presented on

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<sup>29</sup> See [<http://www.unilever.com>].

<sup>30</sup> See [<http://www.telefonica.es/acercadetelefonica/eng/index.shtml>].

<sup>31</sup> See [<http://www.plades.org.pe>].

<sup>32</sup> See [<http://www.suttp.org.pe/>].

<sup>33</sup> See [<http://www.calvo.es>].

audio tape. She accused CALVO of laying off several employees after they had suffered accidents at work. In order to protest against these lay-offs, she became a member of a trade union and was fired herself. Marine Harvest is a fish farming company which focuses on the supply of salmon products<sup>34</sup>. Ricardo Casas, trade unionist and president of Chile's federation of workers in the fishing industry (Federación de Trabajadores de la Industria de la Pesca), accused the company of intimidating employees active in trade unions and of threatening to relocate its production due to their activities.

## **Public Services**

The hearing on public services at the PPT focused on the water and electricity sectors. The topic was introduced by Valerie Trecher, representative of the French NGO "France-Amérique Latine"<sup>35</sup>, and by Juan Pablo Soler of CENSAT Agua Viva (Colombia)<sup>36</sup>. They argued that the problems occurring today in these sectors in LAC countries had to be evaluated against the background of privatization policies implemented in the last 15 years. Both in the water and electricity sectors, markets were opened up in the 1990s in order to eliminate state monopolies and to attract private investments. According to Valerie Trecher, this happened because TNCs lobbied governments of European and LAC countries to set up bilateral and multilateral agreements which allowed them to sell their products and services. The General Agreement on Trade in Services (GATS) concluded within the framework of the WTO was mentioned as an example of such an agreement. Both experts pointed out that the quality of services provided by European TNCs in the water and electricity sectors differs widely depending on whether they operate in Europe or in LAC.

The activities of four companies were denounced at the PPT in Vienna: Unión Fenosa, Suez, Aguas de Barcelona, and the German Association for Technical Cooperation (Deutsche Gesellschaft für Technische Zusammenarbeit, GTZ).

### **Unión Fenosa**

Unión Fenosa (UF) is a Spanish company which generates and distributes electricity<sup>37</sup>. The PPT hearing dealt with its operations in Guatemala, Colombia, Nicaragua, and El Salvador. The case against the company was presented by several witnesses, including Omar Mendivil (Atrarraya Nacional en Defensa del Agua y la Energía, Colombia) and Iván Martínez (Asociación para la Promoción y el Desarrollo de la Comunidad, Guatemala)<sup>38</sup>.

The main criticism against UF was the poor quality of its services and the devastating consequences for living and working conditions of the population. The witnesses reported that in the countries listed above, the company often did not meet required quality and safety standards. As a consequence, there were frequent black-outs which in turn led to

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<sup>34</sup> See [<http://www.marineharvest.com>].

<sup>35</sup> See [<http://www.franceameriquelatine.fr>].

<sup>36</sup> See [<http://www.censat.org>].

<sup>37</sup> See [<http://www.unionfenosa.es>].

<sup>38</sup> See [<http://www.ceibaguatate.org>].

severe problems, e.g. for manufactories and hospitals. Furthermore, technical problems and insufficient maintenance cost the lives of a number of persons who had tried to repair wires on their own. The witnesses also reported that UF had promised to improve the situation several times, but had not done anything. On the contrary, the company had threatened to stop the supply of electricity and to leave the country if they did not make enough profits.

In addition, UF was accused of abusing its dominant market position by charging excessive fees, and there was even evidence of fraudulent activities. For example, in several cases the company charged fees for services they had never provided, and it has also been accused of manipulating instruments that measure the electricity consumption of households. In order to improve services in the region, the witnesses called for the renationalization of the electricity sector in Central America and Colombia. In the light of the vast evidence of UF's malpractice, Elmar Altvater expressed his impression "that the main product of UF is not electricity, but broken law".

### **Suez**

Suez is an international industrial and services group based in France with operations in several areas, including water and sewage management. It has more than 150,000 employees and 200 million individual clients around the world<sup>39</sup>. At the PPT session, Valerie Trecher criticized Suez' "dis-investment" policy in LAC countries which consists in immediately extracting revenues instead of investing them in the maintenance and improvement of water and sewage systems. Furthermore, she denounced its practice of dividing the water market into different sectors, which allowed the company to supply financially strong parts of the population while neglecting the rest.

Suez' operations in three LAC countries were denounced in Vienna: Brazil, Uruguay, and Argentina. The case of the privatization of water and sewage services in the city of Manaus in the Amazon region in northern Brazil was presented by Francimar Santos Junior from Caritas. She explained that public authorities had promoted the privatization based on the argument that the public system was not working any more, and that Suez would be able to provide high-quality water and repair the sewage disposal. Suez promised that roughly 30 percent of the population would eventually get access to the sewage system, and that as much as 95 percent would be supplied with clean water. However, today Manaus is divided into "connected" and "disconnected" neighborhoods. People living in the latter have to spend hours walking to distant wells in order to catch water.

Carlos Santos of the "National Commission for the Protection of Water and Life" (Comisión Nacional en Defensa del Agua y de la Vida) presented the accusations against Suez' activities in Uruguay. He started by criticizing the World Bank and IMF for having imposed the privatization of public services in LAC countries through their structural

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<sup>39</sup> See [<http://www.suez.com>].

adjustment programs. He reported that in Uruguay, the fees for water supply increased by 700 percent since the privatization, and the charges for sewage went up by as much as 4000 percent. In addition, Suez removed public water taps set up for poor people. This measure and the extreme price rises have resulted in millions of people without access to water.

The denunciation of Suez' operations in the Santa Fe region in Argentina was put forward by Alberto Munoz, official of the Argentinean consumers' union (Unión de Usuarios y Consumidores). He pointed out that Argentina was one of the countries in LAC which followed the privatization policies prescribed by the World Bank and IMF in the 1990s very closely. The treaties negotiated between Santa Fe and Suez were very favorable for the latter. These contracts included a number of targets for the company, including universal provision of water and sanitation at reasonable prices. However, although fees were raised, in some towns up to one third of the population does not have access to clean water today.

### ***Aguas de Barcelona***

Aguas de Barcelona (AGBAR) is a Spanish company which operates in different fields related to community services, including water. It has 30,000 employees and 37 million clients<sup>40</sup>. The charges brought forward against AGBAR by Rodolfo Garza of the "Association of Water Users in Saltillo" (Asociación de Usuarios de Aguas de Saltillo) concerned the privatization of water services in Hermosillo (Mexico) and resembled the ones against Suez. According to the contracts signed by AGBAR, the company was obliged to achieve universal provision of water after one year without raising prices. Like Suez, AGBAR did not meet these commitments.

### **GTZ**

The accusation of the GTZ at the PPT session in Vienna was somewhat unusual because although it is formally an international enterprise with worldwide operations, GTZ' main client is the German Federal Ministry for Economic Cooperation and Development. Therefore, it is usually not regarded as a TNC, but as a semi-governmental development agency with the objective of improving the living conditions of people in developing countries. The company also operates on behalf of other German ministries, developing country governments, and international organizations, such as the European Commission, the UN, and the World Bank, as well as on behalf of private enterprises. The GTZ is currently implementing some 2,700 development projects in over 130 countries<sup>41</sup>.

The charges presented against the GTZ concerned its role in the context of the privatization of water services in Bolivia, particularly in Cochabamba. More precisely, GTZ's involvement in the drafting of a new water law adopted in 1999 was criticized. This new law included a concession contract with the private consortium "Aguas del Tunari"

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<sup>40</sup> See [<http://www.agbar.es/eng/home.asp>].

<sup>41</sup> See [<http://www.gtz.de/en>].

for the supply of water to Cochabamba. Since GTZ's influence in the drafting process was described as decisive, it was accused of acting as a "door opener" for TNCs in Bolivia.

After the law was implemented, the NGO "Coordinadora de Defensa del Agua y la Vida" in Cochabamba mobilized not only against the privatization of water supply, but also against the subsequent drastic increase in water tariffs by up to 200 percent. Weeks of ongoing unrest with the government declaring a state of emergency and sending in military forces eventually led to the cancellation of the concession contract. The "water war" in Cochabamba led to the adoption of a new law on water and sanitation passed in April 2000 which ensured the right of NGOs and local communities to their own water systems and wells. In addition, before signing contracts with private enterprises, public authorities are obliged to consult civil society organizations<sup>42</sup>.

The Bolivian government charged the GTZ with the implementation of this new law by coordinating and carrying out regional workshops including government representatives and delegates from social organizations and rural communities. At the PPT session, GTZ was blamed for assuming the role of an involved party instead of a moderator by presenting its own proposals for implementing the law, in particular the establishment of mixed enterprises for water supply including public and private sector partners.

## **Financial Sector**

In contrast to the other thematic areas, the hearing of the PPT on the financial sector focused more on the corporate power of European banks and their general responsibility for the deterioration of living conditions in LAC countries than on malpractices of particular TNCs. Julio Gambinas from the "Centro Cultural" in Buenos Aires (Argentina) argued that transnational banks were the major actors pushing for the free movement of goods, services, and capital on the international arena. In this vein, they contributed to the impoverishment and growing income disparity in LAC countries. They were also partly responsible for the growing external debt of some of these countries.

In order to illustrate the power of transnational banks in LAC, Gambinas referred to the break down of Argentina's economy in 2001. He pointed out that European banks had started to enter financial and capital markets in Argentina since the late 1970s. When Argentina declared its insolvency in 2001, several of them left the country, and none of them suffered financial losses during the crisis. Instead, the Argentinean government had to satisfy the creditors using public funds. Poor people suffered most from the devaluation of the national currency.

Gambinas also presented proposals on how to modify financial systems in LAC countries in order to reduce the power of transnational banks and meet the needs of the people.

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<sup>42</sup> „Development Aid and Water Privatisation – The Example of German Development Cooperation in Bolivia“, by Thomas Fritz, Center for Research and Documentation Chile - Latin America, May 2006.

He argued for popular participation and democratization of the process of credit allocation in order to ensure the funding of public, cooperative, and associative sectors without profit-making purposes. He called for the cancellation of all public debts of developing countries, and asked for the common use of international reserves based on regional monetary agreements instead of the current international financial system controlled by the World Bank and IMF.

### **Corporate Power of European TNCs**

Ramon Fernandez, representative of the Spanish NGO “Ecologistas en Accion”, addressed the issue of financial services by highlighting the relationship between developments in Europe and LAC. He argued that the current market power of TNCs in Latin America was made possible by the privatization of *European* public companies (e.g. Repsol, Telefónica) in the 1980s in the course of the creation of the Single European Market. These previously public companies were the ones which invested massively in LAC countries during the privatization wave in the 1990s by buying up local enterprises. European banks were able to support these acquisitions with credits due to the huge amounts of savings they had accumulated. Fernandez expressed the view that the increasing power of transnational banks in LAC countries did not occur randomly, but was the result of the deliberate management of the liberalization process by European governments.

### **Liberalization of Financial Services**

Myriam Vander Stichele, representative of the Dutch “Centre for Research on Multinational Corporations”<sup>43</sup>, highlighted that transnational banks lobbied governments of industrialized and developing countries to liberalize financial markets both in the framework of GATS and in bilateral agreements, e.g. between the EU and Mexico or Chile. With regard to the liberalization of financial services in the context of FTAs, the EU was following the example of the US in the negotiations for NAFTA.

She also pointed to negative effects of operations of Dutch-based transnational banks in LAC countries, namely ING bank, Rabobank, and ABN AMRO: *“The presence of foreign banks is often promoted as beneficial to the efficiency and quality of the financial industry. Statistics show, however, that developing countries experience big problems when opening the financial market. The high profit targets of banks lead to reduced access to credit for small producers and entrepreneurs, a weakening of the local financial sector and an outflow of profits to foreign countries”*<sup>44</sup>.

### **The Case of “Banco Bilbao Vizcaya” in Chiapas (Mexico)**

Alfonso Moro of the “Mexican Network of Action against Free Trade” (Red Mexicana de Acción Frente al Libre Comercio) talked about the privatization of financial services in Mexico and presented the case of the “Banco Bilbao Vizcaya Argentaria-Bancomer” (BBVA) in Chiapas, Mexico. He highlighted that Mexico was the country in LAC that had

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<sup>43</sup> See [[http://www.somo.nl/index\\_eng.php](http://www.somo.nl/index_eng.php)].

<sup>44</sup> „Dutch banks summoned before tribunal in Vienna”, accessed 08/06/2006 at [[http://www.somo.nl/index\\_eng.php](http://www.somo.nl/index_eng.php)].

gone furthest in the privatization of the financial sector. According to Moro, 94 percent of the Mexican financial system is currently in the hands of transnational banks, compared to 19 percent in 1991. The privatization process started with the negotiations for NAFTA in the early 1990s. Moro denounced the Spanish bank BBVA for canceling the accounts of the NGO “Enlace Civil”<sup>45</sup> which aims at improving the living conditions of indigenous communities in the Chiapas region. The sum affected by the cancellation amounts to roughly US\$ 100,000. Thirteen projects of Enlace Civil had already been stopped due to lack of funds. The Chiapas region is the home of the “Zapatista” rebels, and BBVA is not the first bank which has cancelled the accounts of NGOs supporting indigenous people in the region.

## **Food Chain**

The background information on the activities of TNCs in agriculture was presented by João Pedro Stedile, representative of Brazil’s landless workers’ movement (Movimento dos Trabalhadores Rurais Sem Terra, MST)<sup>46</sup>. He pointed to the growing internationalization, concentration, and commercialization of food production which favored the so-called “agribusiness” and destroyed the existence of small farmers. Several methods of TNCs to control agricultural markets were described and denounced, including the standardization of agricultural products, the intensive use of pesticides, the increasing degree of mechanization, patents on plants and genetically modified seeds protected by intellectual property rights, and the manipulation of national governments. These methods had devastating effects not only for small farmers in LAC countries, but for the whole population, e.g. lack of food security and environmental degradation due to monocultural plantations. He called for the destruction of all TNCs in the agricultural sector.

Four cases were addressed at the hearing on the food chain before the PPT in Vienna: the case of paper producers in South America, the EU-Brazil Soy Chain, the Taucamarca case, and the case of British American Tobacco.

### ***Paper Producers in South America***

The first set of cases concerned wood and eucalyptus plantations in Brazil and Uruguay used to produce pulp by the paper companies Stora Enso (Finland), Botnia (Finland), Ence (Spain), and Aracruz Celulose (Norway). Camila Moreno, representative of the Brazilian NGO “Terra e Direitos”, accused these companies of abusing the human rights of the population by buying up huge amounts of territory and by using water for their plantations in an abusive and predatory way. She estimated that roughly 17 percent of Uruguay’s territory was owned by paper manufacturers, which resulted in “green deserts” of eucalyptus monocultures and the pollution of rivers. In this context, she referred to the current dispute between Uruguay and Argentina about the construction of several paper mills by Botnia near the Uruguay River. She asked the jury of the PPT to express a

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<sup>45</sup> See [<http://www.enlacecivil.org.mx>].

<sup>46</sup> See [<http://www.mst.org.br>].

recommendation to all countries not to buy any pulp from Latin American countries, and to propose a ban on the construction of paper mills in South America.

Patrícia Gomes, representative of the international peasant movement “La Via Campesina”<sup>47</sup>, reported about the plans of Aracruz and Stora Enso to expand their plantations for pulp production from Uruguay to the state of Rio Grande do Sul in southern Brazil. She complained that the growing demand of these companies for land had led to a triplication of real estate prices in the region, making it impossible for landless workers to buy land. A representative of the Guaraní tribe lamented that Aracruz built the world’s largest paper mill in the state of Espírito Santo in Brazil on indigenous territory where his ancestors were buried. He accused the company of polluting rivers and of suing activists supporting the rights of the Guaraní tribe.

In addition to the paper producers mentioned above, the Austrian machine manufacturer Andritz was denounced by Daniel Hausknot (Global 2000-Amigos de la Tierra). He argued that Andritz was co-responsible for the environmental damage caused by the production of paper because the company supplied pulp machinery for several paper mills in Chile, Uruguay, and Brazil. He called on Andritz to develop a code of conduct for the supply of machinery and production systems for paper mills with their main competitors on the world market.

### ***The Brazil-EU Soy Chain***

The case of the Brazil-EU soy chain dealt with the production of soy products in Brazil which are used in European countries mainly to feed animals. The TNCs denounced in this context were the soy traders Cargill<sup>48</sup> and Bunge<sup>49</sup>. Tania Maria Tavares, representative of a women’s organization in Manaus, accused these companies of being involved in forced displacement of local communities and deforestation in order to expand soy plantations, as well as in the widespread violation of workers’ rights on these plantations. Locals who did not want to leave their lands were intimidated and threatened, in some cases their houses were set on fire in order to force them to leave. The spread of soy monocultures and the use of fertilizers and pesticides resulted in environmental degradation, including frequent floods and droughts in recent years.

### ***The Taucamarca Case***

Luis Gomero, representative of the “Action Network on Alternatives to the Use of Agrochemicals in Latin America” (Red de Acción en Alternativas al Uso de Agroquímicos en América Latina, Peru), presented the Taucamarca case to the PPT which addressed the risks of the use of pesticides for consumers. On 22 October 1999, 24 children died from toxication in the rural village of Taucamarca in Peru after having consumed “Folidol”, a milk substitute produced by the German company Bayer-Bayer. Authorities

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<sup>47</sup> See [[http://viacampesina.org/main\\_en/index.php](http://viacampesina.org/main_en/index.php)].

<sup>48</sup> See [<http://www.cargill.com>].

<sup>49</sup> See [<http://www.bunge.com>].

found an illegal pesticide in the product. 18 children survived with permanent neurological damages<sup>50</sup>.

### **The Case of British American Tobacco**

The last case concerning the agricultural sector focused on the activities of British American Tobacco (BAT) in Brazil. Gilmar Pastorio, president of the southern section of the Brazilian federation of small farmers (Federação de Trabalhadores da Agricultura Familiar) reported that 50 percent of the 100,000 families which cultivated tobacco in southern Brazil had signed contracts with BAT which controlled 75 percent of the cigarette market in the country. He accused the company of abusing its dominant market position by imposing favorable conditions in the contracts with the farmers. As a consequence, children and elderly persons were forced to work on the farms in order to support their families. Finally, Pastorio charged BAT of blending hallucinogen substances into the cigarettes that caused depressions, which had resulted in an increase of suicide rates in the region.

### **Indictment and Future Steps**

As mentioned above, the PPT session at EA2 in Vienna was conceived as the first step in a longer process of exposing malpractices of TNCs. As a consequence, at the end of the session the members of the PPT panel did not pass a sentence or judgment, but formulated an “indictment”<sup>51</sup>. They pointed to the overwhelming evidence presented by the five working groups “concerning TNCs’ abuses of human, social, cultural and workers’ rights, their irresponsible and sometimes irreversible actions towards the environment and their complete disregard for the welfare of local communities”. The PPT also emphasized the complicity of European governments and international public institutions, such as the World Bank, the IADB, and the IMF.

On the basis of the cases presented in Vienna, the PPT identified common threats that it considered deserving further work, including threats to the right to access to essential services, to the right to land, to the right to food sovereignty, safety and security, to labor rights, to indigenous peoples’ rights, to environmental rights, and to civil and political rights. The indictment was presented in a press conference and during a manifestation in front of the Austrian Parliament in downtown Vienna.

As expressed in the indictment and by Elmar Altvater during the manifestation, the PPT intends to move forward from charges to trial, i.e. “to convene a formal session to judge the responsibilities and activities of European TNCs in Latin America”. To this end, the five working groups which prepared the cases for the PPT session in Vienna will continue working, and new groups will possibly be established. According to Altvater, representatives of the affected TNCs will be invited to participate in a follow-up session.

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<sup>50</sup> For more information on the Taucamarca case, see [<http://www.raaa.org/taucamarca.htm>].

<sup>51</sup> See Annex 3.

In this vein, they will be given the opportunity to react to the accusations and to defend themselves.

The reference to the participation of TNCs in a future PPT session was a reaction to a common criticism of the PPT session in Vienna: the absence of those accused. In liberal democracies, everyone accused before a court or tribunal has the right to respond to and comment on the charges. This was not the case in Vienna since there were no representatives of the TNCs accused, and they were not even invited. Another weak point of the PPT session was that the panelists did not agree on which laws or norms they should base their indictment, as evidenced in a short dispute between two members of the jury. Susan George argued that if the PPT wanted to be heard outside EA2, it had to be made clear that the TNCs accused were violating national or international law. Miren Etxezarreta dismissed this proposition, arguing that the PPT should not be based on the laws of capitalist countries.

## **PANEL DISCUSSIONS**

In the last two days of the “Linking Alternatives 2” summit in Vienna, participants had the chance to attend a number of panel discussions, self-organized seminars, and workshops. The objective was to critically analyze the topics discussed at the official summit, to develop alternative proposals to current EU-LAC relations based on the experience of people at the grassroots, and to facilitate the creation of networks between civil society organizations from both regions. This report focuses on the panel discussions which were built around five key themes: the effects of neoliberal globalization, militarization and human rights, alternative regional integration strategies, development cooperation, and political dialogue<sup>52</sup>. Since some of the panels took place simultaneously, the documentation of discussions in this report is not complete.

### **Neoliberal Order**

The panel discussion on the neoliberal order addressed economics and society in the process of globalization and its implication for LAC and Europe. The bi-regional network of civil society organizations regards neoliberalism as the economic, political, social, and cultural policies imposed by the dominant classes and their governments. These classes are trying to convince the world that the current process of globalization is a natural process everyone has to adapt to, and that it improves the living conditions of all. The bi-regional network believes that neoliberalism is leading humanity along a path with serious consequences which are evidenced by events in Latin America and increasingly in Europe as well: growing militarization, violation of human rights, and attacks on social rights.

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<sup>52</sup> A list of the self-organized seminars and workshops that took place at EA2 but are not documented here can be found at [<http://www.alternativas.at/English/indexenglish.htm>].

Gabi Zimmer, member of the European Parliament from Germany, addressed the issue of privatization of public services. She argued that the debt crisis in Latin America in the 1980s was used by industrialized countries and international financial institutions to impose a market-led development model based on privatization, liberalization, and deregulation. These measures often referred to as the “Washington Consensus” were also prescribed to transition economies in Eastern Europe after the end of the Cold War. However, as evidenced in a report recently published by the UN, the neoliberal policies implemented worldwide in the past ten to fifteen years have led to an increase in income disparities both within countries and between industrialized and developing states.

The topic of immigration was discussed by Luiz Baseggio, representative of the Brazilian NGO “Grito dos Excluidos” (Cry of the Excluded). He reported that there were roughly 200 million migrants worldwide. The fact that some LAC countries had between 20 and 30 percent of their population living abroad was regarded as a clear sign of protest against the neoliberal model. He pointed to an interesting discrepancy between the macro- and the micro-level with regard to the issue of immigration. At the macro-level, immigrants were often regarded as a threat to jobs and as a potential source of crimes by populations of industrialized countries. At the micro-level, however, many people trusted immigrants and even hired them to do the jobs they did not want to do. As the main causes of migration, Baseggio mentioned the process of globalization which fails to distribute wealth more evenly, the external debt of developing countries, the liberalization of markets for goods and services without the opening of labor markets, unemployment, export subsidies for agricultural products in the EU and US, and the policies of the World Bank and IMF.

### **Militarization and Human Rights**

The panel discussion on militarization and human rights aimed at encouraging the debate and deepening the analysis of the progressive militarization of the planet. In particular, it was supposed to underline how militarization policies are being used to back up the current neoliberal economic order with force.

In this context, the military aspects of the EU constitution were analyzed by Tobias Pflüger, member of the European Parliament from Germany. He criticized several elements of the constitution, including the commitment to upgrade armed forces, the intention to carry out military activities in the sovereign territory of foreign countries to fight terrorism, the establishment of a European Defence Agency, and the exclusion of the European Court of Justice and of the European Parliament from decisions concerning military issues. Pflüger argued that the ideological concept underlying EU’s military policies consisted of an imperial understanding of human rights and democracy. These concepts were used selectively as and when required, usually in order to disguise EU’s real interests. In his opinion, the EU is an imperial power like the US with the primary objective of defending the interests of European TNCs.

The issue of human rights and criminalization of social movements in Colombia was addressed by Alirio Uribe, representative of the “Centro de Militares para la Democracia Argentina”. The Colombian government is one of the most important partners of the US in the fight against drug trafficking in the Andean region. An increasing number of American troops and undercover agents have been positioned in Colombia. Furthermore, there has been a paramilitarization of the whole Colombian society because the government regards the conflict with the “Fuerzas Armadas Revolucionarias de Colombia” (FARC) not as an internal conflict, but as a terrorist threat. This has led to stigmatization and criminalization of leftist journalists, human rights activists, and members of social movements. Many of them have been imprisoned as alleged terrorists or drug traffickers, or even kidnapped and killed by right-wing paramilitary groups.

Camille Chalmers, representative of the Haitian NGO “Plateforme haitienne de Plaidoyer pour un Développement Alternatif”, criticized the UN-backed military intervention in Haiti in 2004. He accused the EU and US of manipulating the UN by abusing the concept of “failing states” to justify any military intervention. In Haiti, there had been a crisis, but not a collapse of political order. He requested the immediate withdrawal of the UN stabilization mission in Haiti.

## **Regional Integration**

The panel discussion on regional integration aimed at highlighting the critical aspects of the dominant models of integration. In particular, it had the objective of showing how agreements between the EU and LAC are based on a relationship of domination in which TNCs play a leading role. The proposals for official association agreements presented so far are regarded as merely satisfying their demands for the free movement of capital, goods, and services, and as dividing workers in a competition that favors social and environmental dumping.

Osvaldo Martínez from Cuba and other panelists criticized the capitalist integration model followed by the EU, based solely on economic liberalization with the objective of profit-making. It was emphasized that LAC countries had so far failed to develop successful alternative models of regional integration, which showed that it was easier to criticize than to come up with realistic alternatives. The most advanced sub-regional integration process in Latin America, the MERCOSUR, is currently facing serious problems. Uruguay is threatening to leave the group in order to negotiate a FTA with the US. Furthermore, the MERCOSUR has been burdened by bilateral conflicts in recent years, e.g. between Uruguay and Argentina about the construction of paper mills and between Argentina and Brazil about the volume of bilateral trade.

The panelists agreed that regional integration could be used as a way of confronting and managing the process of economic globalization. They emphasized that an alternative

model of regional integration for LAC would have to include political, social, and cultural aspects, not only economic ones. The “Alternativa Bolivariana para la América” (ALBA) was highlighted as the beginning of a promising process that could eventually lead to such an alternative integration model based on the solidarity of Latin American countries. ALBA was launched by Venezuela’s president Hugo Chávez in 2001 as a reaction to ALCA, the Free Trade Area of the Americas (FTAA) favored by the US. So far, however, only Venezuela, Cuba, and Bolivia are members of ALBA. The project is based on the supply of oil by Venezuela in exchange for other goods or services. For example, Cuba sends doctors to poor neighborhoods in Venezuelan cities. Although there are other projects planned within the framework of ALBA, e.g. the improvement of the telecommunications infrastructure between South American countries or the construction of a gas pipeline from Venezuela all the way to Argentina, it is not clear at all whether they will ever be implemented.

### **Cooperation for Development**

Gerard Karlshausen, representative of the Belgian NGO “Centre National de Coopération au Développement”, introduced the topic of development cooperation between LAC and Europe. He accused European countries of hypocrisy because at the one hand they put the topic “social cohesion” on the agenda of the official summit, but on the other hand they pushed economic liberalization that caused social inequalities in LAC countries in the first place. He argued that EU’s development cooperation was not able to compensate for the damage caused by the support of neoliberal policies and activities of TNCs. He also lamented that most civil society organizations proposing alternatives based on the experience of people at the grassroots were not given the opportunity to participate in the formulation of EU’s development policies. Although the European Commission had organized a “Bi-regional NGO Forum” six weeks before the official summit, it had little impact on the decisions taken by heads of state and government.

Helena Roux, representative of France-Latin Amérique, pointed to the relationship between development cooperation and territorial reorganization in LAC. She lamented that the EU did not address the lack of access to land which constituted the main development problem in LAC. On the contrary, European development cooperation aggravated the problem by dividing the territories of LAC countries into two categories: zones of industrialization and zones of environmental protection. As a consequence, there was no territory left to be used for self-sustained agriculture by displaced small farmers.

A concrete example of a development project financed by the EU in LAC was presented by Onésimo Hidalgo, representative of the Chiapas-based “Centro de Investigaciones Económicas y Políticas de Acción Comunitaria”. The project “Prodesis Mexico” started in 2004 with the official objective of supporting the human, social, and economic development of the Chiapas region. Hidalgo criticized that the €31 million given by the

European Commission were used by the Mexican government basically to implement an anti-insurgent project, i.e. to fight the Zapatista movement in Chiapas. Instead of consulting the numerous civil society organizations in the region, the money is given to certain organizations in each department only, thus generating conflicts within the population.

## **Political Dialogue**

The panel discussion on the political dialogue between EU and LAC took place on the last day of EA2. Brid Brennan, representative of the “Transnational Institute” in Amsterdam which was one of the main organizers of the alternative summit, recapitulated the purpose and approach of EA2. She highlighted that its primary objective was to deepen the resistance and struggle against the prevailing neoliberal agenda in Europe and LAC. It aimed at giving visibility to and raising awareness of the growing corporate power and the recolonization of Latin America through the implementation of neoliberal policies in the last 15 years. In addition, EA2 wanted to support the articulation of alternatives and the networking of civil society organizations working in specific issue areas.

Hilary Wainwright, representative of “Red Pepper/Eurotopia” based in Great Britain, emphasized the importance of networking between social movements and NGOs at the local, national, and international level in order to overcome the problem of fragmentation. She argued that in contrast to the official summit of heads of state and government, EA2 was an example of real political dialogue because the term implied equality between partners. Furthermore, she pointed to a new phase in the relationship between civil society organizations and political parties. While the latter are destroying democracy and losing the support of the population, the former are reclaiming democratic control of the economy. According to Wainwright, civil society organizations are thus not merely trying to influence political parties any more, but there is an emerging “strategic partnership”.

Beverly Keene, representative of the Argentinean NGO “Jubileo Sur”, regretted the widespread view in the public that external debt was not a big problem for LAC countries any more. On the contrary, it still forces poor countries to open up their markets for investments and exports of industrialized countries, to privatize and deregulate their economies. She expressed the opinion that LAC countries did not owe anything to Europe, but that European states had a historical social and ecological debt with regard to LAC. In this context, she stressed the need to develop alternative mechanisms for international financial relations based on solidarity and cooperation.

Alexandra Strickner, representative of attac Austria, highlighted the growing importance of a political dialogue between social movements and NGOs in the context of the fight against the WTO. In particular, the creation of alliances between farmers and between trade unions in the North and South is one of the great challenges. The issue of militarization and war was reviewed by Vittorio Agnoletto, member of the European

Parliament from Italy. Agnoletto rejected military sanctions against Iran in the current conflict about its nuclear program. He called upon all countries to withdraw their troops from Afghanistan and Iraq.

Tom Kucharz, member of “Ecologistas en Acción” in Spain, appreciated EA2’s contribution to the termination of the myth that cooperation with the EU was a positive alternative for LAC countries. He pointed to success stories of civil society organizations in the fight against the privatization of public services in Latin American countries. For example, the right to water was codified in Uruguay’s constitution after the population voted for it in a referendum. In addition, Bolivia’s new minister for water issues is a former activist of a social movement.

The war on drugs in the Andean region was critically discussed by Dionisio Nunez who is a “cocalero” and part of the socialist movement in Bolivia. He called upon Latin American governments to legalize the cultivation of the coca plant, while at the same time arguing for a strict separation from the production of cocaine. He pointed out that the coca plant has traditionally been used by the indigenous population of the Andean region as a medical product and foodstuff.

After the panel discussion, the Final Declaration of “Linking Alternatives 2” was read out. The text of the declaration can be found in Annex 4.

## **CONCLUDING REMARKS**

It is difficult to judge at this point in time whether EA2 was a success. For European observers, the PPT session on malpractices of European TNCs in LAC was surely enlightening. However, for the “witnesses” who appeared before the tribunal and for others negatively affected by the activities of TNCs in LAC countries, the event has not changed anything for the time being. The indictment formulated by the jury is rather abstract. The success of the PPT session will therefore depend on the follow-up activities aimed at actually judging the activities of European TNCs in LAC. In particular, it will depend on the attention these activities get from the media. As already mentioned, the PPT is not a tribunal in a juridical sense, it cannot punish the companies. Its impact will depend on the reaction of European consumers. The situation in LAC countries will only improve if many consumers decide not to buy products of TNCs responsible for the violation of human rights.

With regard to the panel discussions, self-organized seminars, and workshops, EA2 provided an important platform and forum for the cross-fertilization and creation of networks between civil society organizations from Europe and LAC. However, as admitted by some panellists, it proved much more difficult to develop viable alternatives than to criticize existing approaches. For example, ALBA as the alternative to FTAA proposed by

Hugo Chávez and supported by many social movements and NGOs has remained a very vague project, aside from the cheap supply of oil from Venezuela to Cuba, Bolivia, and some Caribbean countries. Nevertheless, for many civil society organizations in LAC and also in Europe, Hugo Chávez, Fidel Castro, and Evo Morales demonstrate that even in the era of globalization and neoliberal liberalization, it is possible to develop and implement alternative political and economic models. It was therefore not surprising that Chávez and Morales were welcomed enthusiastically at the closing ceremony of EA2.

## ABBREVIATIONS

ACP	African, Caribbean and Pacific
AGBAR	Aguas de Barcelona
ALBA	Alternativa Bolivariana para la America
ALCA	Área de Libre Comercio de las Américas
BAT	British American Tobacco
BBVA	Banco Bilbao Vizcaya Argentaria-Bancomer
CAN	Comunidad Andina (Andean Community)
CARIFORUM	Forum of the Caribbean ACP States
EA2	Enlazando Alternativas 2 (Linking Alternatives 2)
EU	European Union
FDI	Foreign Direct Investment
FTA	Free trade agreement
FTAA	Free Trade Area of the Americas
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HOSG	Heads of State and Government
IADB	Inter-American Development Bank
ILO	International Labour Organisation
IMF	International Monetary Fund
LAC	Latin American and the Caribbean
MDG	Millennium Development Goal
MERCOSUR	Common Market of the South
MST	Movimento dos Trabalhadores Rurais Sem Terra (Brazil)
NAFTA	North American Free Trade Agreement
NGO	Non-governmental Organization
OCP	Oleoducto de Crudos Pesados (Ecuador)
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PPT	Permanent People's Tribunal
SUTTP	Sindicato Unico de Trabajadores de Telefónica del Peru
TNC	Transnational Corporation
UF	Unión Fenosa
UN	United Nations
US	United States
WTO	World Trade Organization



The fourth Summit between the Heads of State and Government of Latin America, the Caribbean (LAC) and the European Union (EU) will take place in Vienna in May 2006. This Summit initiated in 1999, represents the main political inter-governmental platform for the relations between both continents. Parallel to the official Summit, and under the theme of “*Linking Alternatives 2*”, social movements, non-governmental organisations and other civil society organisations from both regions will organise an encounter of alternatives.

Europe’s historical debt to Latin America and the Caribbean and three centuries of colonial exploitation includes not only the genocide of vast indigenous populations, but also the appropriation of the wealth of the subcontinent. In spite of the countless struggles and resistance movements that have marked the history of LAC, the sovereignty of the peoples and the national States is weaker than ever. Besides, the processes of relative democratisation that are taking place in the “New Continent” are extremely fragile and need strengthening. Across Latin America and the Caribbean, the majority live in extreme poverty, and the people of the LAC countries continue to experience marginalisation, dispossession and repression. While the crimes of the elite are treated with impunity, mobilization and social protest are criminalized. This reality shows a history dominated by the North, where US and European governments share enormous responsibility for the dependent relations which they have promoted, many times in complicity with governments in LAC. Today, this unequal relationship is pursued through the bi-regional and bilateral relations and agreements that only guarantee investment, trade and financial flows. Meanwhile, human rights and democratic values, included in the official declarations, are merely indicators of good intentions.

One year after the accession of ten new States, the EU is experiencing the worst political crisis since its origins in 1956. The process of accession of these countries was a failed opportunity to reorient the political project of the EU towards a truly social and solidarity perspective, and to reaffirm the fundamental protection of the rights of migrants and refugees. Corporate, commercial, financial and military interests have determined the priorities of EU’s political leaders as expressed in the text of the European Constitution, submitted recently for approval in each EU member state. The popular Referendum vote in France and the Netherlands rejecting the Constitutional Treaty in favour of another Europe, shows the deep gap that exists, between people’s aspirations and the economic model that the EU is currently pursuing for itself and in its relations with other regions. With the defeat in the French and Dutch Referendum, the European political leaders find themselves without a project for change. Despite this, and based on the same neoliberal viewpoint as the “Lisbon Agenda”, they are still insisting to impose several economic and political directives which, if approved, will further deepen the crisis in the “old continent”.

Deregulation, privatisation and free trade are the neoliberal formulas and trademarks of a global economic order that imposes a “development model” in which the sovereignty of the Nation State in determining development and social policy is curtailed, and where popular resistance is met by repression. Although this model is being pursued in both continents, the peoples in many countries of LAC are being denied their fundamental human rights: access to water, education, employment, food, and health, which has a particularly severe impact on women and children. At the same time, the big business corporations are ruthlessly exploiting countless natural resources and pirating sources of energy and life. The winners in this process,

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<sup>53</sup> Source: [<http://www.tni.org/altreg-docs/vienna-call.pdf>], accessed 19/06/2006.

in addition to US corporations, are European transnational companies (TNCs), who are gaining huge profits in the widespread privatisation of public services (particularly water) and in other 'liberalised' sectors such as energy and natural resources, banking and telecommunications.

During the past decade, the EU and the majority of the LAC governments have pursued far-reaching bi-regional and bi-lateral agreements giving legitimacy to the activities of TNCs. Even though these agreements include sections on co-operation and development, they have been principally shaped to match the priorities of the European corporations and are subordinated to economic and commercial interests. This is particularly the case in the EU-Mexico and the EU-Chile Association Agreements and in the agreement currently being negotiated between the EU and Mercosur. These Agreements reflect the priorities of the European TNCs and their trade and investment liberalisation agenda by incorporating rules on trade, investment, intellectual property, and services. The incorporation of these rules subordinates national legislation and promotes intense rivalry among workers in the interests of higher competitiveness. Meanwhile, 'Trade, not aid', 'political dialogue', and 'co-operation' are the catchphrases with which the EU portrays capitalism with a "human face". However, hiding behind the rhetoric of sustainable development, the defence of human rights and international co-operation, we find the interests of the European business corporations and the big LAC exporting companies. These corporations pursue their interests at the negotiating table, particularly in the field of agriculture, services and investments.

Responding to this situation, social movements and organisations of civil society in both Latin America and the Caribbean and in Europe have been resisting the advances of this neo-liberal model, both at a regional level and within the framework of bi-regional and bilateral agreements. These initiatives that respond to the policies of exclusion, have been developing over the past several years within Europe and Latin America. Since May 2004, when the first Social Encounter "*Linking Alternatives*" was held in Guadalajara, organisations from both sides of the Atlantic launched a "bi-regional" network to address the model of exclusion and neoliberal agenda proposed for our people.

Taking these realities into account we are convinced, just as we were two years ago, that is necessary to look for new solidarity convergences between the people of LAC and Europe, in order to:

- Build a bi-regional political and mobilising space that brings together social networks, non-governmental organisations, human rights organisations, solidarity groups, anti-globalisation movements, trade unions and unemployed groups, The Rural Landless Workers Movement, political organisations, environmentalists, farmers, students, indigenous people, migrant and refugee organisations, artists, intellectual women and men from both continents. This space will link together the current struggles, the emergent popular resistances and the visions on alternatives. At the same time, this space will enhance the visibility of social discontent, and it will act as a public expression of popular pressure.
- Resist and expose the neoliberal policies pursued in both continents, particularly the policies of the European corporations and governments that affect LAC, and the offensive of the EU governments which undermine the main social achievements of the people in LAC countries. This includes demands to governments to respect human rights as integral to development as expressed in the 1986 Declaration of the General Assembly of the United Nations. This declaration asserts that the right to development is a human right and therefore civil, political, social, economic, cultural and collective rights to a healthy environment should be integrated with commitments to peace, respect for self-determination and sovereignty of countries.
- Develop a positive agenda, with common projects and alternatives.

- Attract a broad participation to the event and mobilise social movements from both regions to work together and debate the topics that will be discussed during the Official summit and generate a critical voice with alternative proposals to the current EU-LAC policies.
- Encourage joint spaces of analysis on EU-LAC relations, particularly on the activities of the multinationals and to set up a Popular Tribunal on TNCs, which will address the impunity with which these corporations operate.

In May 2006, during the four day Social Encounter in Vienna, we will question the agreements between the EU and LAC, development and militarisation policies in both continents. We will also, set up a popular People's Tribunal on the corporate power regime of the European transnational corporations in LAC and in Europe.

To conclude this event, a Manifestation will take place on May 13th, 2006. This Manifestation and march will showcase to the world the *Unity within Diversity* in the social, political, feminist and environmentalist and anti-racist struggles in LAC and Europe.

The Co-convenors of the encounter of Alternatives "*Linking Alternatives 2*" signing below, invite all who sympathise with and/or participate in social networks, and civil society movements to come to Vienna to participate actively and in solidarity in the discussions on a new transatlantic alliance based on peace, participative democracy, social justice, human rights and people's rights to self-determination.

"*Linking Alternatives 2*" is part of a broader process of popular mobilisation that includes, among others, the People's Summit in Mar del Plata, November 2005; the Polycentric World Social Forum in Caracas in January 2006 and the European Social Forum in Athens in April 2006, and shares its inspiration and spirit.

**¡Another World is possible!  
Let's build it together**

September, 2005

### *Austria*

- ARGEZ (Arbeitsgemeinschaft Entwicklungszusammenarbeit)
- Attac Österreich
- DKA (Dreikönigsaktion)
- Frauensolidarität der Katholischen Jungschar
- Guatemala Solidarität Österreich
- GfbV – Gesellschaft für bedrohte Völker
- Horizont 3000
- Informationsgruppe Lateinamerika (IGLA)
- Internationaler Versöhnungsbund – Österreichischer Zweig
- Internationale Plattform gegen Isolation
- Jugend eine Welt – Don Bosco Aktion Austria
- Klimabündnis Österreich
- KPÖ – Kommunistische Partei Österreichs
- KFBÖ – Katholische Frauenbewegung
- KOO – Koordinierungsstelle der Österreichischen Bischofskonferenz für internationale Entwicklung und Mission
- Mexiko – Plattaform
- ÖH – Österreichische HochschülerInnenschaft
- Referat der Erzdiözese Wien für Mission und Entwicklung Südwind Wien
- Verein Südwind – Entwicklungspolitik
- Versöhnungsbund
- Welthaus

### *Latin America & Caribbean*

- Alianza Social Continental (ASC)
- Amigos de la Tierra America Latina (ATALC)
- ACJR – Alianza Chilena por un Comercio Justo y Responsable (Chile)
- ASC – Alianza Social Continental (Peru)
- Asociación Brasileira de ONGs ABONG – Brasil
- Bloque Popular Centroamericano (Costa Rica)
- Campanha Brasileira de Luta contra a ALCA
- CEIBA Chimaltenango (Guatemala)
- Centro de Investigación Laboral y Asesoría Sindical (CILAS)
- CONGCOOP – Coordinación de ONG y Cooperativas (Guatemala)
- Encuentro Popular (Costa Rica)

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<sup>54</sup> Source: [<http://www.tni.org/altreg-docs/vienna-call.pdf>], accessed 19/06/2006.

- FOCO/Foro Ciudadano de Participación por la Justicia y los Derechos Humanos (Argentina)
- Fuerza Bolivariana de Trabajadores (Venezuela)
- Mesa Global (Guatemala)
- Movimiento Boliviano de Lucha contra el ALCA (Bolivia)
- Red Colombiana de Acción Frente al Libre Comercio (Colombia)
- Red de Mujeres Transformando la Economía
- Red Internacional de Género y Comercio (IGTN)
- Red Mexicana de Acción Frente al Libre Comercio (México)
- Red Sinti Techan (El Salvador)
- Rede Brasileira Pela Integração dos Povos – (REBRIP Brasil)
- REDES – Amigos de la Tierra (Uruguay)
- RMALC – Red Nacional Genero y Economia (México)

### *Europe*

- 11.11.11 (Belgium)
- Amigos de la Tierra Europa
- ARCI (Italy)
- Associazione "Vientos del Sur" (Italy)
- Associazione Italia–Nicaragua (Italy)
- Associazione Kabawil (Italy)
- ATTAC (Finland)
- ATTAC (The Netherlands)
- ATTAC (Italy)
- BLUE 21 – Berliner Landesarbeitsgemeinschaft Umwelt und Entwicklung,
- Both Ends (The Netherlands)
- Campaña ¿Quién debe a quién?
- Centro de Investigación y Documentación Chile–América Latina (FDCL) (Germany)
- CIFCA
- CNCD (Belgium)
- Colombia Solidarity Campaign (Great Britain)
- Comité pour les droits humains "Daniel Gillard" (Belgium)
- Comités "Oscar Romero"
- Cordaid (The Netherlands)
- CORDAID (The Netherlands)
- Corporate Europe Observatory (CEO) (The Netherlands)
- Cuba Sí – Arbeitsgemeinschaft der PDS (Germany)
- Ecologistas en Acción
- Entraide et Fraternité (Belgium)
- FAL – France Amérique Latine (France)

- FDCL – Forschung- und Dokumentationszentrum Chile-Latinamerika (Germany)
- FIAN – Food First Information and Action Network
- Fian Internacional
- Fiom-Cgil (Sindacato de los Trabajadores Metalúrgicos) (Italy)
- Fondazione Neno Zanchetta (Italy)
- France Amérique Latine (FAL) (France)
- Grupo Sur
- Hivos (The Netherlands)
- ICCO (The Netherlands)
- IMI – Informationsstelle Militarisierung e.V. (Germany)
- Justice et Paix (Belgium)
- KoBra – Kooperation Brasilien
- Kwia (Belgium)
- LAC (The Netherlands)
- LN – Lateinamerika Nachrichten (Germany)
- Mani Tese (Italy)
- Observatorio de la Deuda en la Globalización (Spain)
- Observatorio de las Multinacionales en América Latina (OMAL)
- Ojala (The Netherlands)
- OSPAAAL (Spain)
- Oxfam Novib (The Netherlands)
- Oxfam Solidaridad (Belgium)
- Partito della Rifondazione Comunista – Sinistra Europea (Italy)
- Paz con Dignidad
- Progressio (UK)
- RDB-CUB Rappresentanze di Base-Confederazione Unitaria di Base (Italy)
- Repsol Mata
- SINCOBAS – Sindacato Intercategoriale dei Comitati di Base (Italy)
- Solidarity Fund X minus Y (The Netherlands)
- Transform Italia
- Transnational Institute (TNI) (The Netherlands)
- WEED – Weltwirtschaft, Ökologie & Entwicklung (Germany)

### ***Members of the European Parliament***

- Vittorio Agnoletto (Italy)
- Lipietz Alain (France)
- Giusto Catania (Italy)
- Markov Helmuth (Germany)
- Eva Lichtenberger (Austria)
- Tobias Pflüger (Germany)

- Romeva Raúl i Rueda (Spain)
- Kusstatscher Sepp (Italy)
- Gabi Zimmer (Germany)

***Supporting organizations***

- Alliance for Responsible Trade (ART) (United States)
- Common Frontiers (Canada)
- Réseau Québécois sur l'Intégration Continentale (RQIC) (Québec, Canada)

## **ANNEXE 3 INDICTMENT OF THE JURY OF THE PPT SESSION ON “NEOLIBERAL POLICIES AND EUROPEAN TRANSNATIONAL CORPORATIONS IN LAC”<sup>55</sup>**

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### **Members of the Panel:**

Elmar Altvater (President, Germany), Miren Etxezarreta (Spain), Susan George (France), Lilian Manzella (United States), Francesco Martone (Italy), Freda Meissner-Blau (Austria), Sandra Quintela (Brazil), Roberto Schiattarella (Italy), Gianni Tognoni (Secretary-General, Italy)

### **General Indictment**

The members of the jury of the PPT thank the organizers of this important event, commend the thoroughness and high quality of the research and documentation presented in the course of the hearings and salute the commitment of the witnesses to achieving justice for their communities and their countries.

We have heard testimony and case studies concerning several TNCs and banks headquartered in Austria, Finland, France, Germany, Great Britain, Italy, the Netherlands, Spain and one non-EU country, Norway. We have been presented with overwhelming evidence concerning European TNCs abuses of human, social, cultural and workers' rights, their irresponsible and sometimes irreversible actions towards the environment and their complete disregard for the welfare of local communities.

We have heard, in particular, of the complicity of European governments that aid and abet their own TNCs. Furthermore, international public institutions including the World Bank, the Inter-American Development Bank, the International Monetary Fund, the World Trade Organization, the European Investment Bank, Export Credit and national development agencies, as well as European bilateral free trade agreements and investment treaties, pave the way for the exploitative activities of TNCs.

We were presented with cases of corporate-led public service privatisation (notably water, sanitation and energy), use and extraction of natural resources, oil exploration, land use and agribusiness practices, expansion of monocultural plantations for pulp, liberalization of financial services and the role of European Banks in various Latin American countries.

### **The Findings of the Tribunal**

On the basis of the above we have identified common elements and violations that the PPT considers deserving of further work:

Violations to the right to access essential services: Water has been transformed into a commodity rather than a common resource. Pricing and distribution policies implemented by TNCs with the support of International Financial Institutions deprive broad sections of population (mostly the poor) from the enjoyment of this fundamental human right. Electricity privatisation and liberalization has similar results;

Violations to the right to land: The expansion of monocultural plantations for export (notably for soy and wood pulp) is destroying small-scale farmers' livelihoods, while preventing fair and equitable access to land;

Violations to the right to food sovereignty, safety and security: Industrial scale production of food for export, and the privatisation of biodiversity and seeds, driven by imbalanced international trade regimes and corporate interests, is destroying the capacity of Latin American countries to realize these rights;

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<sup>55</sup> Source: [<http://www.tni.org/altreg-docs/vienna-indictment.htm>], accessed 04/06/2006.

Violations to labour rights: So-called labour "flexibility", the push for high returns for private investment, the need to produce cheap goods for global markets, together with the repression of Latin American trade unions, undermine core labour standards. Furthermore, TNCs use cheap suppliers of labour in order to keep costs low, thereby expanding an already huge informal sector;

Violations to indigenous peoples' rights: EU TNCs and Latin American governments collaborate in invading and exploiting indigenous peoples' lands without their prior informed consent or participation, thereby violating their cultural identity and fundamental rights;

Violations to environmental rights: Negligence and abuse by EU TNCs of fragile ecosystems in hotspots of biodiversity and wildlife, as well as key bioregions for climate stabilization augmented by deforestation for economic reasons, contamination of water, infrastructure expansion, result into a substantial ecological debt and contradict EU public commitments for sustainable development. Irresponsible exploitation of natural resources by European TNCs such as oil and gas result in widespread ecological impacts both at a local and ultimately global level;

Violations to civil and political rights: EU TNCs can proceed undisturbed thanks to the complicity and cooperation of local and national governments. All this can occur in spite of popular dissent since those same governments do not hesitate to repress dissent and often crackdown on environmental, social and labour movements.

All of these violations combined with the erratic behaviour of financial markets and the unbearable burden of the foreign debt result in a major attack on economic and social rights to development, and hence represent the central core of, and a major challenge for, the future work of the PPT.

TNCs are not solely responsible for this situation. The responsibility also extends: to the host governments; and to the EU that allows enterprises to apply inferior standards to those practiced in Europe. The EU, in its negotiations with Latin American countries, follows an agenda of trade and financial liberalization and support for TNCs. Economic aid is often made conditional to the acceptance of EU criteria, while the EU maintains trade and preferential arrangements with certain countries even where they are in violation of international human rights norms, such as those established by the International Labour Organisation (ILO).

The PPT has been unfortunately obliged to consider these cases due to the unavailability of any other forum for adequate recourse and redress as well as the absence of binding rules applicable to TNCs. Unless and until such norms are developed and properly implemented cases as the ones examined will recur again and again.

Therefore the PPT concludes that the complexity and seriousness of accusations and the corresponding violations of rights require further in depth investigation with also a view to contribute to the development of international legal instruments that would make TNCs truly and effectively responsible and accountable for their practices.

### **Perspectives**

The PPT purpose and modalities of action have always been intended to provide support and to empower social movements and responsible citizens in their different struggles for justice and human rights. Not incidentally, therefore, the preparation of this session has generated an unprecedented level of interest and expectation in Latin American and European movements, that created new networks and a basis for strengthening their struggles, resistance and search for alternatives to the dominant economic and social paradigm.

At the same time, the opportunities that Latin America is currently experiencing in its own way to social justice and self-determination can provide inspiration to movements in Europe, in their practices and proposals for an alternative of justice.

The cross-fertilization of action and analysis, that this Tribunal seeks to foster, makes its work more than a mere academic exercise, but rather a genuine effort to contribute with its experience to a common endeavour of social, environmental and labour movements in both regions. It is their determination and visionary action that encourage us to pursue our future initiatives dealing with the challenges that economic and financial globalisation pose on the affirmation of peoples' fundamental rights.

In view of the importance and of the gravity of the findings of this Hearing, the Tribunal herewith states its intention to convene a formal session to judge the responsibilities and activities of European TNCs in Latin America.

Men and women involved in social and political movements and organisations in Latin America, the Caribbean and Europe met in Vienna from 10-13 May 2006 to express our opposition and resistance to the neoliberal free trade policies that governments in both regions are implementing in our countries, and which they propose as a framework for a new Association Agreement. We reject efforts by the EU to create a Free Trade Area for the entire Latin American region by 2010, as well as the expressed intention to expand existing agreements with Mexico and Chile, establish similar agreements with Mercosur, Central America and the Andean Region. We also came together to further social and political dialogue among peoples, because we defend our right to propose alternatives and we believe in our capacity to formulate them.

There is growing popular resistance in Latin America and the Caribbean to the aggressive, plundering policies of the United States, and we must now add resistance to efforts by the European Union to impose neoliberal policies. Examples of this include the rejection of the neoliberal, militaristic European Constitution by the people of France and Holland, resistance by the people of Europe to neoliberal policies promoted by their own governments, and resistance to the community institutions that are dismantling hard-won social gains and public systems of protection. Faced with this increase in popular resistance, governments have responded by criminalising the social movement. We are giving impetus to the globalisation of popular and social resistance by all people who, because of exclusion, unemployment, marginalisation or direct oppression, join together to reverse these trends and propose a different kind of world.

The concerns that brought us together in Rio and Madrid, and which finally gave rise to the first social forum, Linking Alternatives, in Guadalajara in May 2004, are still issues in both Latin America and the European Union.

The lessons from 10 years of NAFTA and six years of the EU-Mexico Association Agreement are sufficiently clear to justify our political positioning on a model of free trade that is based on secrecy and asymmetry in the relationship between rich and poor stakeholders.

This can be seen in the de-industrialisation and dismantling of the public service sectors, which has led to chronic poverty and social exclusion in Latin America. In Europe, that same neoliberal wave is reflected in the Bolkestein Directive, which is leading to the liberalisation of services, pressure for lower labour standards, a crisis of the welfare state, threats to farmers and the creation of a hostile climate in which social disintegration, xenophobia, gender violence, urban violence and other symptoms proliferate. These are the most visible results of a global crisis that has been spurred by the Washington Consensus.

We question the role of European transnational corporations in Latin America. Far from being a force for development and social peace, these corporations' actions have led to massive conflicts, especially among users of public services, and have jeopardised access to basic services (such as water, electricity and telephone service). They have led to the pillaging and indiscriminate extraction of natural resources, causing environmental deterioration. The negative effects of this model will be exacerbated by the implementation of agreements on trade liberalisation and large-scale infrastructure projects such as the Initiative for Integration of Regional Infrastructure in South America (IIRSA) and Plan Puebla Panama (PPP).

With regard to water, which is a human right and common good of humanity, the privatisation of public systems in various Latin American countries and regions has created a golden opportunity for European corporations and transnationals to increase their revenues while undermining the

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<sup>56</sup> Source: [<http://www.tni.org/altreg-docs/vienna-declaration-e.htm>], accessed 05/06/2006.

power of the people to make decisions about their territory and their lives. In both Latin America and Europe, privatisation has resulted in huge price increases, deterioration of the hydrologic system and a lower standard of living for citizens and workers.

European transnational petroleum companies have expropriated the hydrocarbon wealth of Latin American countries for decades, plundering their resources and destroying their communities and environment. All relations between Latin America and the European Union must be based on respect for the sovereignty of peoples, respect for their resources and the re-nationalisation of hydrocarbons that has begun in the region.

Access to land is a fundamental human right, as is the defence of collective land ownership by peasant farmers and indigenous people, which is threatened by individual land titling programmes sponsored by international bodies. We call for agrarian reform and we affirm that natural resources, traditional knowledge and biodiversity are the heritage of the people. These are common goods that cannot be commercialised. We oppose transgenic crops and the export agriculture model that promotes the displacement of entire populations and the ruin of peasant economies.

The European Investment Bank (EIB), along with other European banking institutions, is demonstrating growing interest in financing investments in Latin America, although there is much doubt about whether the people of Latin America will truly benefit from financial aid from these banks.

It was amid this scenario of neoliberal strategies promoted by European and Latin American governments and fostered by their corporations that the Summit of Presidents of Latin America and the European Union took place. The agenda of the Summit was riddled with empty promises that disguised the actual goal of accelerating bi-regional free trade agreements. Meanwhile, the European Union is continuing with plans to increase the number of its member states, based largely on a neoliberal orientation that will only lead to new and deeper internal crises.

With regard to the possibility of an Association Agreement between the two regions, we hold that if such an agreement is to be fair and beneficial for our peoples, it cannot follow the model and the rules of a free trade agreement. We do not want "free trade" between Europe and Latin America. We want trade relations and opportunities for cooperation between the two regions that favour the welfare of our peoples, the sovereignty of our countries and respect for cultural diversity, and which do not destroy our environment. We oppose a free trade agenda that serves the interests of European transnational corporations and Latin America's elite exporters.

We consider the proposed political dialogue and cooperation to be devoid of substance. The convergence of interests between most of the governments of Latin America and the European Union and transnational corporations was made clear in the privileged relationships that were established at the Business Forum held during the summit. Given the current situation in which Europe finds itself, the European governments are not the best qualified to speak about social cohesion. In order for political dialogue to take place, conditions must be created for social movements to truly participate; it cannot merely be limited to consultation. Cooperation must be a tool that benefits our peoples, not an aggressive practice based on mercantile rhetoric that facilitates the plundering and control of our territories, resource and public services, as it is today.

The Permanent Peoples' Tribunal session on Neoliberal Politics and European Transnationals in Latin America and the Caribbean exposed the systematic nature of the operations of transnational corporations, their involvement in the creation of laws that protect them, and the facilitation of international bodies like the WTO, World Bank and IMF in facilitating and guaranteeing their revenues. Meanwhile, users, consumers, workers and the general public are left defenceless and suffer the violation of their rights. We therefore consider the creation of bi-regional opportunities for oversight, denouncement of and opposition to transnational companies

to be of crucial importance, so as to put a stop to the arbitrariness resulting from TNCs' global power.

Security in the post-Cold War world cannot be resolved by an empty appeal to the juxtaposition of unipolarity against multipolarity. Such a tactic masks a perverse game that combines the condescension implicit in warmongering policies with open support for or pacts of opposition to those policies. The result of this unipolar approach has left thousands of victims throughout the world and has broken the promise of peace by the illegal war against Iraq and the imminent possibility of war on an even larger scale against Iran. Latin America cannot ignore the neoliberal policies contained in the agreements proposed by the European Union, which are based on geopolitical calculations in which our countries do not count.

We also call for a multilateral economic system that regulates capital flows and encourages the complementarity of economies, promotes clear and fair rules for trade, leaves public goods untouched, and makes it possible to close the economic gaps between South and North, which have been widened by a spiralling external debt - by this we mean a multilateral system that is obviously not the World Trade Organisation.

We are concerned that the exacerbation of current economic asymmetries will push our regions into scenarios in which the loss of jobs spurs both migration and a rejection of migration. These are scenarios that, driven by paranoia about terrorism which is provoked by certain European governments, lead to disintegration and social violence, the criminalisation of migrant workers and the loss of social solidarity. We demand respect for migrant workers and the immediate recognition of their civil, social and political rights, as well as the closing of all migrant detention centres.

We demand respect for human, economic, social and cultural rights, as well as the right of women and youth not to suffer social exclusion; we believe that reversing the feminisation of poverty is of primordial importance. We call for justice that does not foster impunity for those who have committed crimes that violate fundamental rights.

We condemn ethnocide and the militarisation of indigenous territories. We demand recognition of the right of indigenous peoples to self-determination, because only respect for their autonomy and their cultures will ensure that the planet will continue to enjoy the riches of which these peoples are stewards.

We call for the demilitarisation of the fight against drug trafficking, which is often used as an excuse to crack down on grassroots struggles, and we support the legalisation of the coca leaf and its derivatives for non-narcotic uses.

We denounce and condemn the positions of the European Union that place it at the service of the aggressive US policy against Cuba. We condemn extraterritorial laws such as the Helms Burton Law, and we demand recognition and respect for the Cuban people's self-determination in implementing their own political, economic and social model.

We oppose the privatisation of the means of communication and information and call for its democratisation. We call for the development of media that is responsive to the people and characterised by solidarity, which builds a sense of citizenship and whose diversity and plurality are guaranteed. We applaud the emergence and consolidation of TELESUR.

We call for an end of the UN mandate of force in Haiti, which reinforces the militarisation of the region instead of contributing to its development. In Colombia, we call for a political agreement to resolve the internal armed conflict and the establishment of peace with social justice. We condemn impunity and recent laws which have re-inserted paramilitaries and expanded impunity, such as the misnamed "Justice and Peace" Law. We call for compliance with UN recommendations and respect for the victims' right to truth, justice and reparations. We demand and work together for peace, the demilitarisation of international relations, disarmament, the

dismantling of military bases and the return of soldiers to their countries of origin. We reject the militarisation and military-industrial complex that support neoliberalism. We call for the suspension of EU preferential tariffs for countries in Central America and the Andean Region that violate labour and environmental rights.

As social movements of Latin America, the Caribbean and the European Union, we reaffirm our will to strengthen cooperation, coordination and solidarity in all shared struggles against the flexibilisation of labour, for decent work of high quality, for citizen oversight of corporations and multinationals, against governments' neoliberal policies, for the defence and expansion of social and labour rights, and for the re-nationalisation of our resources, natural reserves and public services that have been privatised.

In the face of practices rooted in the imposition of neoliberal policies, there are concrete signs in Latin America of a true relationship based on integration and the development of alternatives, such as the ALBA initiative promoted mainly by the governments of Venezuela and Cuba, or the Trade Agreement of the Peoples (TAP) proposed by the Bolivian government in its resistance to FTAs, which complements these efforts at transformation and marks the start of a new stage of sovereign initiatives based on cooperation and solidarity. We also recognise the efforts to turn Mercosur into a viable space for integration, as well as the creation of the South American Community of Nations. The social movements of Latin America, the Caribbean and Europe recognise these efforts and we commit ourselves to contributing to the development of these initiatives with efforts rooted in our independence and our identity as a grassroots movement. We trust that there will be true political dialogue that will stimulate a relationship with these governments that is marked by openness and accountability.

We trust that the new winds we feel in the strong activism and mobilisation of social movements in Europe and Latin America, in the emergence of transforming governments like those of Venezuela and Bolivia, and in other Latin American governments that distance themselves from free trade policies will help broaden efforts to reverse current neoliberal policies and move toward a new process of integration that is fostered by the people and based on their real interests.

Our greatest achievement in "Linking Alternatives 2" has been to demonstrate the convergences in our analysis and our actions against neoliberal policies and the governments that encourage them. We, the women and men of the social movements and civil society organisations of Europe, Latin America and the Caribbean commit to continuing to link our initiatives that, together, create the conditions for a more just world characterised by solidarity.

- No to free trade agreements between the European Union and Latin America and the Caribbean. No to the European "FTAA" and the creation of security and military clauses to defend the interests of capital.
- No to the expansion of free trade agreements with Mexico and Chile and the establishment of free trade agreements with Central America, the Andean Region and Mercosur.
- Yes to the abolition of the external debt of Latin America and the Caribbean with countries of the European Union and recognition of the historical debt. We do not owe, we will not pay! We are creditors, not debtors!
- No to the European Constitution Treaty. No to crackdowns on migrants. No to "Fortress Europe." No to the Bolkestein Directive and the privatisation of public services in the European Union.
- For the strengthening of the unity and bi-regional convergence of the social movements of the two continents so as to achieve another possible world that is fair, equitable, anti-patriarchal and at peace with the planet.

## ANNEXE 5 PICTURES<sup>57</sup>

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*The “Kongresshaus” in Vienna, one of the meeting places of EA2*



*Manifestation against European TNCs in front of the Austrian Parliament*



*Manifestation in front of the Austrian Parliament*

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<sup>57</sup> The sources of all pictures (except for the one with Chávez and Morales) is [<http://www.alternativas.at/English/indexenglish.htm>], accessed 11/06/2006.



*Elmar Altvater (left), president of the PPT session, presenting the indictment in front of the Austrian Parliament*



*The closing event in Vienna's "Stadthalle"*



*Chávez (right) and Morales during the closing event  
(Foto: B.Felber/SBDB [www.suedbild.at](http://www.suedbild.at))*