

## New water revolts in Bolivia, March 2005

Following the water wars in Cochabamba that attained pitiable fame in 2000, new conflicts concerning water supplies have arisen in El Alto and La Paz.

The following description is an attempt to put the events into chronological context:

- Bolivia was populated by various cultures; the most important among them was the Tiahuanaco civilization. In the **15<sup>th</sup> century**, it became part of the Inca Kingdom. **In the 16<sup>th</sup> century**, the Spaniards conquered the nation and looted the country's silver deposits as far as possible.
- The fight for independence began in **1809**. Simon Bolivar freed Bolivia in **1825**, the country becoming named after him.
- Bolivia lost large parts of its territory through the saltpetre wars against Chile (**1879 – 1884**), losing the region with saltpetre deposits (nitrate) and, above all, its access to the Pacific. After this war, Chile possessed the saltpetre deposits, exploited mainly by British and German companies – and was able to pay its weapons shipments from Europe through the proceeds. Saltpetre was a very important raw material for fertilizer and gunpowder.
- In **1985** President Victor Paz Estenssoro issued a decree (Decreto supremo 21060), which opened the path for a neoliberal market economy. The collapse of the young domestic industry followed, as it was not up to the competition from the imported products. Bolivia is the second poorest country in Latin America, has 8 million residents, and 5.5 billion US dollars foreign debt, for which 30 % of the gross domestic product needs to be expended on repayment.
- In the **90's**, the mineral resources, especially petroleum and gas, plus the infrastructure services were privatised. In addition, it must be mentioned that Bolivia, behind Venezuela, possesses the most important natural gas deposits in South America.  
Powerful energy companies are now ready to start with their plans for plants and pipelines, and are just waiting until the political situation appears stable enough to become active without taking risks.
- In **1997**, the water supplier (SAMAPA) for El Alto and La Paz, previously a public service, was privatised for the benefit of the Aguas de Illimani consortium under the leadership of the world's largest water company, the French SUEZ. The World Bank subsidiary IFC (International Finance Corporation) participates in this consortium with an 8 % share, making it plain that the World Bank also represents vested commercial interests and does not impose its Structural Adjustment Programmes (SAP) on the countries of the South for purely altruistic reasons.
- In **2000**, the above-mentioned water wars took place in Cochabamba, in which the „Coordinadora del Agua de Cochabamba“ (a union of farmers, workers and students) forced the Bechtel Group, USA (Konsortium Agua del Tunari) to its knees after drastic water price increases.  
The government proclaimed martial law; some demonstrators were killed, and others were wounded. To a certain degree, this „war“ was a novelty because it

was possible for the citizenry to push a company out.

- In **2002**, the social movement (MAS, Movimiento al Socialismo and MIP, Movimiento Indigena Pachacuti) achieved a partial victory against the elite insofar as it became possible to also speak the indigenous languages (Aymara, Quechua and Guarani) during parliamentary debates.
- In **October 2003**, bloody conflicts arose on the streets once more after the then President Gonzalo Sanchez de Lozada prepared to squander the Bolivian mineral resources and to sell large amounts of natural gas to the USA through Chile, of all countries, and that at extremely „favourable“ conditions. Sanchez de Lozada tried to forcibly suppress the protests, but failed after there were over 60 deaths due to his orders so that he was forced to flee to the USA via helicopter in October 2003.
- His successor, President Carlos Mesa, in office since **October 2003**, initially avoided a forcible suppression of the protests and the situation normalized. But the „peace and quiet“ did not last long. President Mesa also changed his course after a short time and swung to a neoliberal course together with the elite of the country. Additional contracts on privatisation were to follow.
- In January 2005, new revolts occurred because the Suez Water Company was not providing services to 200,000 people in El Alto, claiming they were outside of the “service area.” For approximately 70,000 within the official “service area”, the tariffs charge by Aguas de Illimani are unaffordable. It currently costs approximately US\$196 for a potable water connection and US\$249 for a sewerage connection for a total of \$445. In a country where the minimum wage, for those lucky enough to be working in the formal economy, is \$60 a month, it is clearly unaffordable for a large majority.  
(Explanation: the 200,000 number is for people who are technically outside of the “service area” of the contract. Suez had the contract written in such a way as to avoid responsibility for large areas of the poor neighbourhoods in El Alto where there were not existing water mains and pipes. It would have been a large infrastructure investment to run pipes to these new neighbourhoods and since most people there were very poor anyway they did not see much “return on the investment” Therefore, they wrote the contract to exempt themselves from responsibility for certain parts of El Alto. They artificially created a “service area” that they are responsible for. ) According to Article 38 of Law 2066, intervention is legal if the operator does not fulfil its supply obligations. Bearing this in mind, President Mesa ensured the protesters he would terminate the contract with Suez.

**The citizen protests were supported by various organisations:**

- + FEJUVE, Federacion de Juntas Vecinales = Community Committee
- + COB, Central Obrera Boliviana = the union umbrella organisation (Jaime Solares, among others)
- + MAS, Movimiento al Socialismo = socialist movement, (Evo Morales and others)
- + Coalition for Defence of Water and Life ( Marcela Olivera, Oscar Olivera among others)
- + Aimaras, Indigenous Groups Movement (Felipe Quispe and others)
- + and others

### The movement's protests also aim at other demands:

- + immediate termination of the contract with the Suez Company / Aguas del Illimani and operation of the water supply through a public, socially oriented company. (Article 8 no. 1 (4) of Law 2028 calls for participation of non-profit corporations for basic supplies).
- + Establishment of a constitution-establishing assembly with the goal of creating a platform in which the public is put into the position of being able to have a say in their fate long-term (*greatly shortened*)
- + the country's gas reserves should become public property once more, to ensure the public's interests and share in the decisions and to increase the economic benefit for the indigenous majority in the country instead of merely profit for the transnational companies.
- + during the export of gas, 18 % of the revenues are currently paid over to the public authorities, whereas the social movements would like to enforce a kind of fixed assessment rate of 50 % in order to have greater participation in the wealth of mineral deposits. President Mesa is against that (*shortened*) as one would „anger“ foreign companies with this demand and would scare off investors.
- + the increase in diesel and petrol prices is to be rescinded as the residents are not in a position to pay the increased prices.
- + the opening of proceedings against former President Sanchez de Lozada, as he allowed unarmed demonstrators to be shot at
- In **March 2005**, things started happening very fast: President Carlos Mesa resigned under the pressure of the protests, but had to retract from his resignation after the congress refused his resignation.

Mesa initially agreed to dissolve the contract with the Suez Consortium for water supplies due to various contract infringements. He later revised this promise with the explanation: one needs to yield to the international financial institutes, as the public treasury is empty and no one else can pay the wages ...

and furthermore: If he wanted to rescind the contract with Agua del Illimani (SUEZ), the nation would have to pay 17 million US dollars directly to the World Bank and one would have to reckon with court proceedings against the country with demands amounting to 50 million US dollars. Therefore, it is preferable to agree „amicably“ ...

- **Mid March 2005**: three institutions put the screws on. They are the World Bank, the Inter-American Development Bank (IADB) and the German Association for Technical Cooperation (GTZ). Their solution:

Regarding the water supply in La Paz and El Alto, the old contract could be dissolved but a new contract would have to be concluded, a „SAM“ (Sociedad Anonima Mixta, something like a Public Private Partnership contract), i.e. a mixed legal form in which the global player SUEZ is now to participate with 35 %. Put plainly, exactly that company from which the Bolivians want to free themselves

through the massive protests. The central point is that, apparently through the three mentioned institutions, President Mesa is being put under considerable pressure.

The German embassy in La Paz also intervened with the following press release: An amicable solution (*with Suez*) should be found in order to avoid compensation damage payments; an operating company should be founded that will guarantee the effectiveness and sustainability of service; a minimum of regulatory structures are to be maintained in order to ensure the sustainability of service and investment. (*freely compiled and shortened*)

The GTZ is already carrying out diverse other projects in Bolivia from their side, such as a project with the PROAPAC ([www.proapac.org](http://www.proapac.org)) program in which the water supplies are to be improved and the public participation strengthened. Term: until 2013.

That is the project description. However, reality is that the active participation of citizens in their own water supplies was bloodily suppressed. Nothing can be found concerning the thus resulting contradiction on the GTZ and BMZ websites. The essence on the BMZ website is: „ ... bring the country social justice...“

On the other hand, the GTZ carried out other projects with German corporations. For instance, the water supply in the cities of Oruro and Potosi was „long-term optimised“, by the MVV AG Group from Mannheim. (<http://www.mvv-business.de/de/pub/consulting/internationaleswassermanageme/bolivia.cfm>)

### **The permanent secretary's assessment of the water situation in El Alto and La Paz**

- The Permanent Secretary, Dr. Uschi Eid, Alliance 90 / The Green Party, water expert, development expert, Governor of the Inter-American Development Bank (IADB) and occasional master over the GTZ. In an article in 2003, she wrote about the water supply in Bolivia (*shortened, accounted freely*):
  - + in Cochabamba, water privatisation has gone wrong due to a lack of flexibility and transparency and because planning has been carried out ignoring the consumer.
  - + Contrary to that, La Paz is a positive example. The water prices are the lowest in the country; the prices were frozen from the start for 5 years and that the water supply can be achieved through private companies can be seen not only in La Paz... Internationally, she wants to organise a dialogue between politics, experts and stakeholders.

### **Assessment of the water situation by representatives of the citizen protests**

- Oscar Oliveira, of the Coalition for the Defence of Water and Life and Omar Fernandez, e.g., comment on the role of the German GTZ: (*in excerpts*)
  - + after the water war in 2000, one established the CONIAG water committee with the goal of desiring to prevent future conflicts through public dialogue and negotiation forums. The GTZ is undermining this process by trying to take over control of these forums. Later, it tried to influence the modification of the legal

regulations through a parallel procedure in the direction that water privatisation would be obstructed as little as possible

+ based on this and other incidents, one must denounce the GTZ to the international community because of its intention to privatise our water resources and because of its ruinous work through which fear, conflicts and suppression is being generated in Bolivia

- **The initiators of the water revolts of 2005 in El Alto and La Paz say:** (*excerpts*)

+ the GTZ has intensified the conflicts through campaigns, through influencing government offices and through misinformation,

+ using the financial resources of the German KFW-Bank, the GTZ has lured municipal authorities with financial contributions, which can also be employed for election campaigns; this has occurred with the goal of promoting the privatisation of services

+ the GTZ has helped introduce franchise models in which the private parties have been given 12 – 13 % profit guaranties, which would have to be paid for through the inhabitants' rates

+ protests in various cities, such as Colcapiruha and Tiquipaya, were brutally suppressed by the police and army. Many of the effects of the suppression can be traced back to the GTZ. It must be made accountable; it must be taken to task by the affected Bolivian communities and international community

## Summary

To sum it up, one may say that the circumstances in Bolivia could become significantly more aggravated if the efforts in the direction of water privatisation by SUEZ, GTZ, the World Bank and the Inter American Development Bank are continued.

One fails to see just why a water privatisation policy in El Alto and La Paz that has harmed the citizens not only in Cochabamba but also in umpteen other cities around the world - and that has benefited the multinationals - is expected to lead to success.

In an interview in the Frankfurter Allgemeine newspaper, the RWE boss Roel recently stated he is striving for an 18% corporate yield. One can reckon with similar endeavours in other water companies. The consequence is that more crises and violent conflicts are pre-programmed if we are not able to stop these developments through the initiatives of a citizens' movement.

It strikes one as insane when the wealth of Bolivia, the mineral deposits such as gas and oil, are exploited by multinationals while the people of Bolivia predominantly live in bitter poverty. It is cynical when the rich countries subsequently make loans with which the affected country is put into a stranglehold and through which additional privatizations can be forced.

In everyday language, we refer to this process as „development help“.

In reality, this is a reprehensible, neo-colonial exploitation in which the interests of corporations, financial institutions and the elite are forced-through under the cloak of “help”.

The conflicts in Bolivia offer us all the chance to help bring the public services and water supplies back into the discretionary power of the citizens of El Alto and La Paz. If this becomes possible, it would be a milestone on the path to a pioneering citizens' democracy and a wonderful gesture of solidarity.

### The citizens' initiatives in El Alto and La Paz are asking for help

The citizens' movements in Bolivia are asking the international community for the help of the kind where as many people as possible write protest letters to those institutions connected with privatization processes:

- Suez ( [www.suez.com](http://www.suez.com) )
- GTZ ( [www.gtz.de](http://www.gtz.de) )
- GTZ Bolivia: ( [www.gtz.de/de/weltweit/lateinamerika-karibik/624.htm](http://www.gtz.de/de/weltweit/lateinamerika-karibik/624.htm) )
- World Bank ( [www.World Bank.org](http://www.World Bank.org) )
- IADB, Inter American Development Bank ( [www.iadb.org](http://www.iadb.org) )
- The German Embassy in La Paz ( [www.embajada-alemana-bolivia.org](http://www.embajada-alemana-bolivia.org) )
- BMZ, the government ministry responsible for the GTZ: ( [www.bmz.de](http://www.bmz.de) )
- KfW, Reconstruction Loan Corporation: ( [www.kfw.de](http://www.kfw.de) )

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### Transnational multinationals active in Bolivia (selection)

- SUEZ, [www.suez.com](http://www.suez.com)
- ENRON, [www.enron.com](http://www.enron.com)
- Pan American Energy, [www.pan-energy.com](http://www.pan-energy.com)
- Repsol, [www.repsolypf.com](http://www.repsolypf.com)
- Petrobras, [www.petrobras.com.br](http://www.petrobras.com.br)
- BP Amoco, [www.bp.com](http://www.bp.com)
- Total, [www.total.com](http://www.total.com)
- Bayer, [www.bayer.de](http://www.bayer.de)

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### Links to additional information on the situation in Bolivia:

- Water-fighters site in El Alto: ( [www.elaguaesnuestra.tk](http://www.elaguaesnuestra.tk) )
- friends of the earth: ( <http://www.foei.org/cyberaction/alto.php> )
- Magazine: ( [www.narconews.com](http://www.narconews.com) )
- Indymedia: ( [www.bolivia.indymedia.org](http://www.bolivia.indymedia.org) )
- Journalist Gerhard Dilger: ( <http://gerdilger.sites.uol.com.br/Bolivien.html> )
- Latin American Information Office: ( [www.ila-bonn.de](http://www.ila-bonn.de) )
- Democracy Center: ( [www.democracyctr.org](http://www.democracyctr.org) )
- Water Forum: ( [www.wsfw.org](http://www.wsfw.org) )
- Public Citizen: ( [www.citizen.org](http://www.citizen.org) )

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