

June 21, 2007

Ms. Ana Palacio  
Secretary-General of ICSID  
1818 H Street, NW  
Washington, D.C. 20433  
USA

CC: President Evo Morales Ayma  
Ministry of the Presidency  
Palacio de Gobierno  
La Paz, Bolivia

President of the World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
USA

Minister Gabriel Loza Telleria  
Minister of Planning and  
Development  
Palacio del Gobierno  
La Paz, Bolivia

Minister David Choquehuanca  
Cespedes  
Minister of Foreign Affairs  
Plaza Murillo  
c. Ingavi esq. c. Junin  
La Paz, Bolivia

Dear Ms. Palacio:

We, the undersigned civil society organizations from around the world, are writing in support of the government of Bolivia's courageous and important decision to withdraw from the World Bank's ICSID Convention (International Centre for the Settlement of Investment Disputes).

Although ICSID is a little known part of the World Bank Group, cases brought to ICSID tribunals represent the excessive powers granted to multinational corporations through bilateral investment treaties and free trade agreements. ICSID is an important part of a larger web of rules and institutions that promote and protect foreign investment with little regard for the costs to democracy, the environment and the public welfare. The government of Bolivia has taken a bold and important position by withdrawing from the ICSID Convention and we, as civil society organizations from around the world, will work wherever possible to pressure our own governments to take similar actions.

We emphatically support the reasons stated by the government of Bolivia for withdrawing from the ICSID Convention, including the following:

- ICSID represents the inequities of an international system biased against the developing countries. 74% of all ICSID cases have been filed against middle-income developing countries, 19% against low-income developing countries, and only 1.4% against the G-8 countries.
- Most ICSID cases result in compensation to the investor. 36% of ICSID cases have resulted in rulings in favor of the investor and another 34% are settled out of court with compensation to the investor. However, when governments win cases no compensation is granted.
- ICSID is an undemocratic and unaccountable dispute resolution mechanism because it deliberates behind closed doors and its decisions cannot be appealed. Only 2 of the 110 cases concluded to date have permitted public attendance at the hearings.
- ICSID is not an objective, neutral or impartial dispute resolution mechanism. It is part of the World Bank Group, receives financial support from the World Bank, and the president of the World Bank chairs the Administrative Council of ICSID.
- There are mammoth conflicts of interest inherent in the World Bank's role within ICSID including the fact that both claimants and respondents in ICSID cases may be World Bank clients. The government respondents in ICSID cases are often severely indebted World Bank clients and subject to the Bank's loan conditions. These loan conditions often facilitate the privatization and concession contracts that later become the topics of investment disputes.
- The ICSID Convention, and the investment and free trade treaties that implement it, often violates a country's sovereignty, constitution and national laws. In the case of Bolivia, as in many other countries, most of the foreign investors that have brought cases against Bolivia have violated the country's national laws, including environmental, labor and tax laws, and are in non-compliance with their contractual obligations.
- The abuses of ICSID arbitration are exemplified by Bechtel's case against Bolivia. After imposing draconian measures that made water more expensive and less accessible to many residents of Cochabamba, Bechtel filed a claim against Bolivia for between \$25 and \$100 million dollars although the corporation had invested less than \$1 million in the country. Only after mass international public pressure did Bechtel agree to settle the claim out of court for a symbolic payment of 2 bolivianos.

For these reasons, we believe there is an urgent need to construct an alternative body of investment rules focused on the responsibility of international investors to ensure sustainable development and enhance environmental, labor, and human rights protections. We remain committed to supporting the Bolivian position to withdraw from the ICSID Convention and will work with other organizations around the world to disseminate information, reports, and studies that document the negative impact of these unjust investment arbitration mechanisms on democracy, the environment and public welfare.

Sincerely,

134 Organizations from 43 countries:

Food & Water Watch, USA

The Democracy Center, Bolivia

The Oakland Institute, USA

Bharat Krishak Samaj (Farmers' Forum India), India

Blue Planet Project, Canada

Friends of the Earth Australia

Corporate Accountability International, USA

Friends of the Earth England, Wales, and Northern Ireland

SANIPLAN, USA

Transnational Institute, The Netherlands

GATS Platform, The Netherlands

Polaris Institute, Canada

Intercultural Resources, India

Corporate Europe Observatory, The Netherlands

Begegnungszentrum fuer aktive Gewaltlosigkeit (Center for Encounter and Active Non-Violence), Austria

Foundation for Gaia, UK

Institute for Global Justice, Indonesia

CounterCorp, USA

World Development Movement, UK

Organic Consumers Association, USA

Global Exchange, USA

Democratic Courage, USA

Focus on the Global South, India, Thailand and Phillipines

REDES – Amigos de la Tierra (Friends of the Earth), Uruguay

Comisión Popular por la Recuperación del Agua (Popular Commission for the Recuperation of Water), Córdoba, Argentina

Acción Ecológica de Ecuador, Ecuador

El Bloque Popular, Honduras

Labour, Health and Human Rights Development Centre, Nigeria

Movimiento Mi Cometa, Ecuador

Observatorio Ciudadano de Servicios Públicos, Ecuador

Millenium Solidarity, Switzerland

International Rivers Network

Common Frontiers, Canada

Rainforest Action Network, USA

African Water Network

Khana Wayra, Bolivia

New York Committee in Solidarity with the People of El Salvador, USA

Latin American Studies Graduate Caucus of Simon Fraser University, Canada

Maryknoll Office for Global Concerns, USA

National Coalition Against Privatisation of Water, Ghana

Research & Analysis Works, India

Marin Interfaith Task Force on the Americas, USA

Alliance of Progressive Labor, Philippines

Monitoring Sustainability of Globalisation, Malaysia

Indian Social Action Forum, India

Water for the People Network-Asia, Philippines

Coalition Against Water Privatisation, South Africa

Water Movement, Norway

Canadian Catholic Organization for Development and Peace, Canada

Irrigation Training and Economic Empowerment Organization, Tanzania

50 Years is Enough: U.S. Network for Global Economic Justice, USA

IBON Foundation, Philippines

Ecologistas en Acción, Spain

Attac Norway

Equipo Pueblo, Mexico

Red Mexicana de Acción frente al Libre Comercio, Mexico

Red de Organizaciones Sociales, Paraguay

Corporate Accountability Desk of The Other Media, India

Collective for Economic, Social and Environmental Justice, India

Clubul Ecologic Transilvania (Ecological Club of Transilvania), Romania

World Centric, USA

Jubilee South

Asia/Pacific Movement on Debt and Development

Networkers South North, Norway

Freedom from Debt Coalition, Philippines

Friends of the Congo, USA

Attac Austria

Agricultural Missions, Inc., USA

Comité pour l'Annulation de la Dette du Tiers Monde (Committee for the Abolition of Third World Debt), Belgium

Frente Nacional pelo Saneamento Ambiental, Brasil

Rede Brasileira pela Integração dos Povos, Brasil

Fase Solidariedade e Educação-Programa Direito à Cidade, Brasil

La Federación de Funcionarios de Obras Sanitarias del Estado (Federation of State Sanitation Workers), Uruguay

Bharat Krishak Samaj, India

Sociedad Económica de Amigos del País, Cuba

The Development GAP, USA

La Asociación Paz con Dignidad, España

Observatorio de la Deuda en la Globalización, España

Solidarity Africa Network, Kenya

Centro de Investigación Laboral y Asesoría Sindical, AC, Mexico

Consejo Indígena Popular de Oaxaca "Ricardo Flores Magón, Mexico

Mesa Global, Guatemala

Blaze!, Australia

Asamblea provincial por el Derecho al Agua, Argentina

Comitè de Solidaritat amb els Pobles Indígenes d'Amèrica, Barcelona

Citizens Against Privatisation, Auckland, New Zealand

Labour, Health and Human Rights Development Centre, Nigeria

Centro de Investigación y Documentación Chile-América Latina, Germany

Friends of the Earth International, The Netherlands

Association pour un Contrat Mondial de l'Eau, Belgium

ACSUR Las Segovias

Nicaragua Center for Community Action, USA

Canadian Union of Postal Workers, Canada

Daughters of Mumbi Global Resource Center, Kenya

Jubileo Sur/Américas - América Latina y el Caribe

Instituto Políticas Alternativas para el Cono Sur, Brasil

Plataforma DESCAM, Uruguay

Universidad Popular Joaquin Lencina, Uruguay

African Forum on Alternatives, Senegal

Diálogo 2000, Argentina

Movimiento por la Soberanía e Integración de los Pueblos, Argentina

Fundación de Investigaciones y Sociales FISYP, Argentina

Economistas de Izquierda EDI, Argentina

Movimiento Social Misiones, Argentina

Movimiento por la Paz, la Soberanía y la Solidaridad entre los Pueblos MOPASSOL,  
Argentina

Federación Judicial, Argentina

Movimiento por la Soberanía e Integración de los Pueblos Lanús, Argentina

ATTAC Argentina

Periódico el Espejo, Argentina

Partido Humanista, Argentina

Revista América XXI, Argentina

PAPDA, Haiti

Asamblea de los Pueblos del Caribe, Comité Ejecutivo Regional, Caribe

Asociación Ecológico-Politica: Tenaces de Colima, Mexico

Partido Revolucionario de los y las Trabajadores de Colima, Mexico

Red Latinoamericana Mujeres Transformando la Economía, Grupo Género y Economía

La Marcha Mundial de las Mujeres, Perú.

Coalición de Organizaciones Mexicanas por el Derecho al Agua, Mexico

Latin-American Groups, Norway

Africa Jubilee South

Campaña por la Desmilitarización de las Américas

Centro Brasileño de Solidariedad entre los Pueblos y lucha por la Paz, Brasil

Observatorio latino americano de Geopolíticas

Rede Social de Justiça e Direitos Humanos, Brasil

Mesa Mujeres y Economía

Marcha Mundial de Mujeres, Colombia

Rede Brasil sobre Instituições Financeiras Multilaterais, Brasil

SERPAJ Ecuador

SERPAJ América Latina

ATTAC Germany, Grupo Internacional

Koalisi Anti Utang (KAU)/ Anti Debt Coalition Indonesia

ATTAC Japan

Coalición Tendencias Clasista, Venezuela

Sindicato de Trabajadores de la Industria de la Bebida y Similares, Honduras

ATTAC France

ATTAC Sweden

El Bloque Popular, Honduras

France Amérique Latine, France

Red de Vigilancia Interamericana para la Defensa y Derecho al Agua

Other Worlds Collaborative, USA

La Comisión Nacional en Defensa del Agua y la Vida, Uruguay

Latin America Solidarity Centre, Ireland

Enginyeria Sense Fronteres, Catalunya

Collective Initiative for Research and Action, Nepal