



DECLARATION

In rejection of the unjust demand of the multinational company Suez against the State and the people of Chile, in the context of the Sanitary Crisis caused in the City of Osorno

Considering the pretensions of the multinational company Suez to bring its current conflict with the government of Chile before the International Centre for Settlement of Investment Disputes (ICSID), in response to the government's decision taken in August 2019 to open a process to end the concession contract with Suez's subsidiary, the Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL);

Seriously concerned because the Suez group, which controls Aguas Andinas S.A., ESSAL's majority shareholder, demands the immediate cessation of the procedure initiated by the Chilean government, despite the fact that this procedure was initiated owing to the sanitary disaster caused by this company in the city of Osorno in July 2019, when the precarization of its operational arrangements and staff working conditions caused an oil spill in the Caipulli potable water plant, which polluted the Rahue river and provoked an immediate interruption of the water supply that affected around 150 thousand people, the majority of the population;

Taking into account that the sanitary disaster prompted the Superintendence of Sanitary Services (SISS) to open an investigation and a process to penalize ESSAL, which found lack of compliance by the company on several counts:

- a) supplying water not compliant with quality standards;
- b) unprogrammed service interruptions;
- c) affecting the majority of Osorno's population by placing it at risk and threatening its health;
- d) noncompliance with the procedures to attend emergencies and its obligations to provide and alternative supply;
- e) releasing plainly erroneous information to the authorities and the population; and
- f) noncompliance of SISS' instructions;

Aware of the voluntary [Citizen Consultation](#) held on 12 January 2020, organized by the Municipality of Osorno, when **90 percent** out of over 17 thousand participants stated to "agree with **ending the concession** of ESSAL in the city of Osorno", which demonstrates that it will be very difficult for the company to regain citizens' trust;

Given the ongoing concerns among ESSAL's workers about the potentially damaging repercussions that the end of the concession could have for their labour rights and working conditions;

Recognizing that ESSAL's workers maintain their commitment to provide a quality service to the population, despite being subject to these pressures;

Regretting that, through legal procedures, the Suez group seeks to dismiss "the protocol of agreements on labour rights signed on 9 July 1999" that was part of the bidding process that transferred the public company to the private sector, with regard to the recognition of the number of years of employment that the workers had accumulated in the companies that preceded the creation of ESSAL. This makes impossible to make a fair calculation of the compensation owed to the workers for their years of service and negatively affects the amount of their pensions, which is in violation of an agreement signed by the company to protect and guarantee all workers' retributions, whereby it was stipulated that "*every worker will have the right to receive an additional compensation for all the time worked in this company and its predecessors that are not covered by the contractual compensation*", signed by the three parties in 1999 during the privatization process, and that, with exception of ESSAL, other companies DO respect;

Based on the previous considerations, the organizations that sign this Declaration:

1. **Reject** the unjust demand by the multinational company Suez seeking to take the Chilean State to an international arbitration of the case before the ICSID;
2. **Praise** the initiative of a Citizen Consultation promoted by Osorno Municipality, that took place in January 2020, and its overwhelming result in favour of ending ESSAL's concession;
3. **Emphasise** that, although the results of this consultation are not binding for the Chilean State, still show that there exists a) very strong citizen support for the possibility that essential water and sanitation services be in public hands and, consequently, b) a very important window of opportunities for the reconsideration of the future of the privatized system of water and sanitation services in Chile;
4. **Request** President Sebastián Piñera to:
 - a. **keep the implementation** of the process to end the concession contract of ESSAL S.A., as a **sign of respect for the expressed will of the city of Osorno** against the continuity of this concession;
 - b. **take the necessary decisions** to guarantee that the tripartite agreement signed in 1999, at the start of the privatization of water and sanitation companies, be fully honoured, in all its points, with the objective to protect workers' rights, including the right to a dignified pension;
5. **Back** the stated will of Chile's Senate and Chamber of Deputies to end ESSAL S.A.'s concession;
6. **Will actively join** national and global campaigns currently being implemented to stop the pretensions of the multinational company Suez against the Republic of Chile whether through the arbitration process that it has threatened to present to the ICSID or any other Investor-state dispute settlement (ISDS) mechanism that the company may decide to apply for;
7. **Reaffirm their commitment and solidarity** with the people of the city of Osorno, and with the workers of ESSAL S.A.;
8. **Exhort** the government and the National Congress of Chile to take the case of Osorno as an **extreme wake-up call**, and an opportunity that must not be wasted,

to proceed to an **in-depth and transparent revision of the current model of privatization of water rights and water and sanitation services**, owing to the extreme social inequality and injustice it has caused, which have been crudely exposed in the context of the current COVID-19 pandemic. Such revision, as well as any decisions to be taken as a result, must be subject to democratic control, with the participation of users, workers, and civil society more generally;

9. **Support** the processes and initiatives oriented at guaranteeing the return of water Politics and management, specially **water rights and essential water and sanitation services**, to public hands in Chile.
10. **Promote** a broad participation in these processes by social movements, citizens, labour unions, political actors, and more generally all those sectors striving to recover substantive democracy in Chile, including the democracy of water and water-related services.

This declaration will be made public in Chile and abroad and circulated by all available communication channels.

Signed on 7 July 2020


LUIS ISARRA DELGADO
PRESIDENTE

Confederación de Trabajadores y Trabajadoras de Agua
Saneamiento y Ambiente de las Américas


JOSÉ ESTEBAN CASTRO
COORDINADOR



OSCAR RODRÍGUEZ
RESPONSABLE CONTINENTAL DEL
SECTOR AGUA SANEAMIENTO Y
AMBIENTE


HUGO MATURANA
PRESIDENTE


 **PSI** INTERNACIONAL DE
SERVICIOS
PUBLICOS