

# CORPORATE CONQUISTADORS

THE MANY WAYS MULTINATIONALS BOTH DRIVE AND PROFIT FROM CLIMATE DESTRUCTION



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CEO

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# INTRODUCTION

Multinational corporations are relentlessly expanding their operations into ever more vulnerable and remote regions of the planet. As they do so they both drive the climate crisis and exacerbate its impacts. They bear responsibility for a global crisis which affects us all, and they bring social and environmental destruction to the local communities where they operate. A further legacy of their oil drilling, industrial mining and mega hydroelectric projects is the erosion of those communities' resilience just as the impacts of climate change begin to take effect. These same multinationals are also the biggest barrier to meaningful action on climate change, blocking urgently needed regulations and genuine transformational solutions.

Despite this, corporations are gaining increasing access to climate policy-making spaces, both at national and international level, allowing them to put forward their own so-called 'solutions'. But their market-based techno-fixes are not aimed at tackling the crisis at all. Rather, they allow the biggest polluters to line their pockets with public money while continuing with business as usual. Denouncing the connections between corporations and our decision makers, and de-legitimising their seat at the table, is crucial if we are to chart a different course.

At the UN climate talks (the UNFCCC), twenty years of negotiating have failed to solve the crisis. This is due, in large part, to the corporate capture of national-level government policy and of the UN process itself. In 2014 negotiators will meet in Peru at the heart of one of the world's regions most vulnerable to climate change and already one of the hardest hit. In the Amazon and the Andes forests are being destroyed, glaciers are melting and climate patterns are changing at an alarming pace. Communities living in these

regions are seeing their natural support systems and means of survival irreversibly damaged.

Along with much of the global South the region is subject to huge amounts of economic and political pressure at the hands of corporations, governments and multilateral institutions to expand mining or energy infrastructure projects, with all the accompanying consequences for local people.

In the pages that follow we examine the activities of three powerful European multinationals operating in Peru and Colombia. These cases are emblematic of how corporations drive the climate crisis and use their undue power and influence to obstruct just and effective climate policies while intensifying social and environmental conflicts on the ground:



- In the case of Repsol, the Spanish fossil fuels giant, we see how the relentless pursuit of new gas and oil reserves in Peru takes direct aim at the region's indigenous territories and forests, leaving social destruction and environmental decimation in its wake. At the same time, Repsol's complex web of national and international industry lobby groups has allowed it to cash in on carbon markets while blocking efforts to cut emissions at source.



- Another Peruvian case is that of Glencore-Xstrata in Espinar, Cusco. Political manipulation has allowed the Swiss-based mining and resources conglomerate to expand its copper mining operations in the region. Scarce water resources, already stressed by climate change, are being contaminated with impunity. At the same time, its network of lobby groups has successfully promoted corporate-friendly policies which avoid any challenge to its dirty business model.



- In Colombia the Italy-based consortium Enel-Endesa is attempting to portray a massive hydroelectric dam as a 'clean energy' project via its Latin American subsidiary, Emgesa. But rather than benefiting local people, the electricity is destined for dirty industry at discount prices. Destroying whole communities, rivers and protected forests, it is the kind of false, self-serving response to the climate crisis that corporations like Enel-Endesa push for. Once again, its lobbying efforts have ensured that climate policies benefit the main drivers of climate change and environmental destruction.

These are not the only multinational corporations driving climate change with their operations in Latin America, nor the only ones eroding community resilience in the face of climate impacts. But the cases featured here – for their combination of environmental and social destruction and covert political manipulation at national, regional and international level – offer a chilling yet urgent look into the realities of the zero-sum game between climate change and corporate power.

An essential step in stemming the climate crisis is ensuring that these corporate players are nowhere near the negotiating table. A precedent already exists within the UN World Health Organisation (WHO) called Article 5.3. It effectively created a firewall between tobacco lobbyists and public health policy-makers in light of the evidence that the interests of the tobacco industry are incompatible with the interests of public health<sup>1</sup>. The interests of these major polluters are in just as blatant conflict with those of climate policy – and the consequences of allowing them to retain such influence will be even more devastating.

The Democracy Center, Corporate Europe Observatory and the Transnational Institute intend this report as a contribution to the ongoing discussions that are strengthening local and transnational struggles against corporate destruction. By focusing on the links between local conflicts and corporate capture of climate policy making, we hope to highlight yet more common ground on which to build international solidarity in the fight for climate justice.

# PROFITING FROM CLIMATE CHAOS

## REPSOL'S INVASION OF POLITICAL SPACES AND AMAZONIAN COMMUNITIES

Just at a time when the world is coming to understand how urgent it is to put the brakes on dirty energy, the fossil fuel industry, with Repsol as a leading actor, is methodically moving in exactly the opposite direction. Since its emergence onto the international scene in the late 1990s, the Spanish oil and gas giant has quickly risen to the major leagues of the global industry.

Among oil and gas corporations, Repsol is now investing in future reserves at one of the highest rates in the world (its reserve replacement ratio<sup>1</sup> in 2013 was 275% - the highest in the business<sup>2</sup>), including in some of the planet's most vulnerable locations, such as the Amazon rainforest.

What's more, the fossil fuels Repsol is targeting include some of the most destructive on the planet. Repsol has been busy upgrading capacity in its oil refineries in Spain in preparation for receiving Canadian tar sands oil.<sup>3</sup> As well as decimating boreal forests and destroying indigenous territories in Canada, extracting from the tar sands is much more carbon intensive than conventional oil and gas. Their exploitation has been described by NASA scientist James Hansen as "game over for the climate". Despite strong resistance, Europe's first major shipment of tar sands oil arrived at Repsol's Bilbao refinery in Spain in May 2014.<sup>4</sup> All of this took place on the watch of then Spanish environment minister Miguel Arias Cañete, who also approved Repsol's controversial plans to drill in a UNESCO world heritage site in the Canary Islands, yet is now European Commissioner for Climate and Energy.

It comes as no surprise then to see that Repsol was included as one of the top 90 corporations in the world most responsible for causing climate change in 'Carbon Majors' - a groundbreaking peer-reviewed study published in the scientific journal *Climatic Change* in 2013.<sup>6</sup>

In terms of economic and political power, Repsol also sits among the elites of the global fossil fuel industry. Over the past 25 years, Repsol has paid out more than €16 billion in dividends and its market value has increased by a multiple of 8.5.<sup>7</sup> In 2013, the corporation had revenues of US\$60 billion and operating profits of US\$1,757 million<sup>8</sup>. When it comes to political influence, as we'll see below, Repsol is at the centre of a network of European and international lobbying groups working around the clock to stop regulations that would threaten its bottom line.

While Repsol likes to flaunt its image as a "global company looking out for the well-being of all people"<sup>9</sup> its record in social and environmental devastation, causing and exacerbating climate change, political meddling and creative accounting methods (twelve different tax havens appear in its annual accounts for year ending 2010<sup>10</sup>) tell a different story.

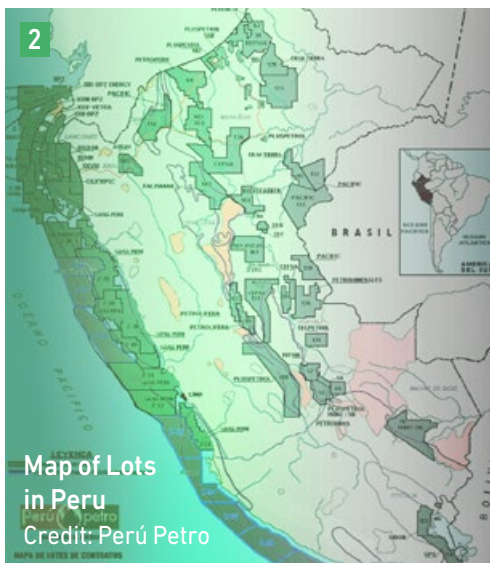
### 1.1 Peru - Repsol's attacks on the rainforests and indigenous communities

After Brazil, Peru has the most forest cover in Latin America and the ninth most forest cover in the world. It is home to hundreds of indigenous communities and

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Antonio Brufau  
- Chairman of  
Repsol's Board  
of Directors –  
Earned 7 million  
Euros in 2011<sup>5</sup>  
Credit: Repsol



some of the most biodiverse areas of the planet. Currently 75% of the Peruvian Amazon is covered by hydrocarbon concessions and Repsol is leading the charge to open up more Amazon rainforests to fossil fuel expansion.

The most vivid example of what Repsol is up to in the region is the Camisea Gas Project - the largest and most controversial energy project in Peru. Camisea is located in the Vilcabamba mountain range and the lower Urubamba River, an area designated as one of twenty-five global "hotspots" for conservation due to its biological richness.<sup>11</sup> The project involves the extraction of natural gas in the middle of this rainforest by means of dozens of drilling platforms, hundreds of kilometers of gas pipelines, recovery plants, ports, helipads, access roads and the installation of power lines.

Repsol is at the heart of the Camisea project. It operates Lot 57 and is a partner of the Camisea Consortium in Lots 56 and 88, together with Hunt Oil, SK Group, Pluspetrol, Sonatrach and Tecpetrol. All of these Lots overlap with the territories of local indigenous communities. In Lot 57 Repsol plans to inaugurate a gas compression plant inside its camp, which is gradually being converted into an industrial site and is located just a few metres from the houses and schools of Nuevo Mundo, a Machiguenga indigenous community.<sup>12</sup>

Lots 56 and 57 are to be connected to Lots 58 and 88 through a network of pipelines crossing the Urubamba River and dozens of smaller tributaries. Meanwhile, the Malvinas plant, an extensive petro-chemical

compound inside Lot 88, is being expanded to accommodate new production from Lot 57.

The indigenous people in the region have slowly been surrounded by an all-consuming mega-industrial complex.

One key impact of the Camisea Project is on the local environment. In the first years of the project the region saw some major spills. A succession of leaks<sup>13</sup> in the gas-pipe from Camisea to Pisco between 2004 and 2006 caused serious damage to river ecosystems and fish stocks.

### Box 1 The Global Dash for Gas

The 'global dash for gas' refers to the recent global increase in production of natural gas, especially through the development of unconventional gas from shale deposits (known as 'fracking', after the process of hydraulic fracturing used to extract it). Natural gas is often touted as an ideal transition energy source (or "bridge fuel") in the move towards renewable energy because it releases less carbon dioxide than coal and oil. However, the fracking extraction technique leaks methane – a greenhouse gas that, in the short term, is 86 times more effective at trapping heat in the atmosphere than carbon dioxide.<sup>14</sup> There are also serious concerns about the local impacts of fracking on water and the environment.

As with the case of Glencore in Espinar, at a time when extreme weather due to climate change puts pressure on water sources through increasing droughts, flooding and glacier loss, corporate expansion in environmentally vulnerable areas is polluting fresh water supplies for local communities.

While Communal Reserves were established in order to protect the biodiversity and territories of the indigenous communities living in the area the seismic testing, building of drilling platforms and installation of wells and pipelines associated with Camisea have all meant intense deforestation and fragmentation of ecosystems. This deforestation, combined with water pollution and the new helicopter traffic in the area, is affecting the ability of local populations to fish and hunt, eroding their food sovereignty and autonomy<sup>15</sup>.

The presence of the corporations also has severe impacts on the social fabric of the communities. Jobs with the corporations and their subsidiaries are mostly for non-qualified manual labour roles, some with harsh working conditions<sup>16</sup>. The cash economy results in shifts in consumption patterns with increased reliance on imported processed food and availability of alcohol. According to Jackeline Binari from the Machiguenga Council of the Urubamba River, Camisea has brought with it severe changes in lifestyle “with impacts on diet and nutrition – with increased childhood malnutrition, increased domestic violence and alcohol consumption.”<sup>17</sup>

*“The company ends up establishing itself like a mini-State within the community....a relationship of dependence is established.....and a time comes when the communities can't say no to the company, they fear that these things that they have a right to anyway – such as schools and health centres – are dependent on the presence of the company.”<sup>18</sup>*

Miluska Carhuavilca, Peruvian lawyer

In more remote areas corporations are giving handouts and effectively buying off local opposition through the provision of sub-standard services in ‘compensation’ for their projects. According to Peruvian lawyer Miluska Carhuavilca, “the company ends up establishing itself like a mini-State within the community....a relationship of dependence is established.....and a time comes when the communities can't say no to the company, they fear that these things that they have a right to anyway – such as schools and health centres - are dependent on the presence of the company<sup>18</sup>”.

Communities that have been self-sufficient for generations gradually lose their autonomy and become dependent on the ‘charity’ - or blackmail - of transnational corporations.

## 1.2 Taking aim at some of Peru's most vulnerable communities

In the Peruvian rainforest there are communities of indigenous people who live in “isolation” and are not interested in having their way of life decimated by the outside world.

In the 1980s when oil company Shell first began to move into the Camisea area, followed by groups of loggers, the resulting contact with members of the Nahua indigenous group led to the deaths of half of the Nahua people. The Nahua had no previous exposure to the diseases brought into the area by these outsiders and hence no immunity. As a result the Kugapakori Nahua Nanti Territorial Reserve (RTKNN) was set up in 1990 to protect the Nahuas, Nantis and Machiguengas indigenous groups in the area. Despite this history, Repsol is now taking direct aim at these communities. Together with the Camisea consortium they revealed plans in 2013 to expand operations further into the RTKNN reserve in the face of concern and outrage by indigenous organisations, human rights groups and government monitors<sup>19</sup>.

This is not the first time that Repsol has been willing to put its profits before the rights of indigenous communities. Repsol has been active in Lot 39 in northern Peru for ten years. And while local Amazon indigenous organisation ORAI has been working hard to have the area designated as a Territorial Reserve to protect indigenous peoples in voluntary isolation, the corporation has been



denying the very existence of these groups.<sup>20</sup> Only when Norway's Council on Ethics began investigating Repsol in 2008 and called for the Norwegian Finance Ministry to sell its shares in the corporation because of Lot 39 did Repsol, faced with losing a significant investment source, finally decide to pull out.<sup>21</sup>

### 1.3 Bogus "consultations"

As with the Glencore and Enel-Endesa cases, 'consultation' is a crucial term for understanding South America's relationship to new extractives projects. Despite the inflated rhetoric these processes generally take place after decisions have been made, and don't allow for any significant input from affected communities. Repsol's case is no different. Their 'events' and 'information days' have been a charade by the company to pretend that it has sought the opinions of local communities and is acting on those opinions, when nothing could be further from the truth.

In April 2012 Awajún indigenous communities in the northern Peruvian Amazon denounced Repsol's practice of organizing workshops behind the backs of the representative indigenous organizations. They accused Repsol of "manipulation", and of attempting to divide communities and create internal conflicts.<sup>22</sup>

*“Repsol operates with the fullest respect for the internationally recognised rights of indigenous communities”<sup>23</sup>*

Repsol's Corporate Social Responsibility report

Similar 'divide and conquer' tactics have been underway in Lot 57. Since 2011 the Caquinte indigenous people have been continuously denouncing Repsol's pressure and misinformation tactics and the resulting division of the communities<sup>24</sup>. According to Moisés Sergio, president of the Caquinte indigenous authority, "We used to be really united ... the corporation has blocked the path of community organising".

## 2. Repsol's toxic influence in Peruvian politics

In order to maintain and expand its practices, Repsol has used various mechanisms to assert its influence on national policy in Peru over the years. Repsol is now a member of the Peruvian Hydrocarbons Society<sup>25</sup>, a powerful industry lobby group which in early 2014 published its White Book of Hydrocarbons,<sup>26</sup> laying out a wish list of changes to national environmental

## Box 2 Unambitious EU 2030 climate targets

The UN's intergovernmental panel on climate change (IPCC) says that to limit temperature increases to 2 degrees Celsius we need a 40% cut in greenhouse gas (GHG) emissions by 2020. But with its climate and energy targets (at least 40% reductions in GHG emissions; 27% Renewables; 27% Efficiency) set for 2030 - a decade later - the EU has clearly reneged on its commitment to do its fair share to remain below a 2 degrees temperature rise.

The only legally binding target for 2030 is the 40% GHG reduction, with the EU emissions trading scheme (see box 3) as the main instrument to achieve it. This is exactly what industry lobbied for. Rather than cutting emissions at source, false solutions like Carbon Capture and Storage technology (see box 6), nuclear or shale gas can be rolled out, while free emissions permits obtained through years of lobbying can continue to be used. With all the surplus permits already in the system, the EU's figures cease to be real targets at all, as corporations can buy their way out of their responsibility and increase pollution. Based on this model, actual European Union GHG reductions will fall well short of IPCC targets – only 26% by 2030.

EU Commissioner for Climate and Energy, Miguel Arias Cañete, will take these targets to the UN climate talks in Lima and then Paris as the basis for a projected global deal in 2015.

laws in favour of the oil and gas industry. According to José de Echave, former second in command at Peru's Ministry of Environment before he resigned in protest at measures to undermine and weaken the environment Ministry in 2011, "the Peruvian Hydrocarbons Society was actively lobbying and proposing reforms in Peru, many of which were included in the '*paquetazo*'"<sup>27</sup>. The *paquetazo* is a sweeping set of changes to environmental laws introduced by the government in 2014<sup>28</sup> that directly affect indigenous territorial rights.

A further demonstration of how Repsol benefits from this tight industry-politics nexus in Peru relates to Lot 76, another concession in the Peruvian Amazon. Lot 76 is headed by Hunt Oil in partnership with Repsol and PlusPetrol. Hunt Oil is a client of Laub & Quijandría, a law firm closely connected to Eleodora Mayorga<sup>29</sup>. One month after Mayorga took over as Peruvian Minister for Mining and Energy in 2014, permits for Hunt Oil and Repsol in Lot 76 were approved<sup>30</sup> despite indigenous communities calling for an investigation into irregularities in the licensing processes and the lack of any consultation<sup>31</sup>.

### 3.1 Repsol: colonising international policy spaces

In much the same way as Repsol has managed to push its agenda at the national level in Peru, privileged access secured through a complex web of industry lobby groups has allowed Repsol to block effective climate action at European and international level.

In 2013 alone Repsol spent €340,000 and \$100,000 on direct lobbying in Brussels and Washington respectively. It also enlisted the services of a contingent of other industry lobbyists including organisations such as FuelsEurope, the Oil and Gas Producers Association (OGP Europe) and the European Chemicals Industry Council (CEFIC) - all helping Repsol to ensure that its message that fossil fuels are part of the future gets heard by decision makers.

A blatant example of this privileged access is the European Energy Forum (EEF) where oil and gas firms give members of the European Parliament an opportunity 'to gain a better understanding of energy and energy related issues'. During the discussions of

#### Box 3 The failure and injustice of carbon markets

Not only do carbon markets commodify and privatise the atmosphere (a common good) through issuing 'permits to pollute' to Northern polluters, they have also dramatically failed to curb emissions since their inception in 1997 and instead have seen a transfer of resources and profits to Northern corporations.

**Offsets and the clean development mechanism (CDM).** Carbon offsets are 'emissions-saving projects' implemented in the global South to supposedly compensate for continued pollution in the North. CDM is the UN's biggest carbon offset scheme. It encourages rich countries and corporations to pay for carbon credits that are generated by mostly large-scale projects in Southern countries in order to 'compensate' for their own pollution. However, many CDM projects – including coal plants, large wind and hydro, and monoculture plantations – in themselves represent no additional reductions to what would have happened without the market incentive. While they do nothing to 'save emissions', they often have serious implications for the local communities and environment where the projects take place.

**The EU emissions trading scheme (EU ETS)** is the EU's flagship climate policy and the world's largest carbon market. However, successful industry lobbying has ensured it is so full of loopholes that polluters can avoid making any domestic cuts and instead receive massive windfall profits through scandalously passing on the cost to consumers of free emissions permits, as if they had been paid for. ETS is not working to prevent climate change but to line the pockets of polluters, which is why over 140 organisations have called for it to be scrapped.

the EU's already-weak 2030 climate proposals, Repsol's €7,000 yearly membership fee of EEF bought it invitations to numerous high-level dinner debates where industry representatives openly questioned senior European Commission officials and Parliamentarians on "how realistic" the "incoherent" 2030 targets were (see box 2)<sup>32</sup>.

At the international level Repsol pays €5,000 per year to the International Gas Union (IGU) for similar privileged access. IGU includes among its 'wise persons' Kandeh Yumkella, the UN Under-Secretary General and CEO of the UN's corporate and fossil fuel-friendly Sustainable Energy for All (SE4All) initiative. Yumkella has been important in pushing gas (see box 1) as a key part of a 'sustainable' global energy future<sup>33</sup>, mirroring the IGU and Repsol view that "natural gas is a fuel well-suited to meet the global energy challenges".<sup>34</sup>

Another crucial element in Repsol's strategy of capturing international policy spaces has been the activity of Antonio Brufau himself. The Repsol CEO is a member of the European Roundtable of Industrialists (ERT). As the EU 2030 climate package was being debated among heads of state, an ERT delegation was invited for a private dinner with the leaders of France, Germany and the European Commission, where they emphasised that "any climate or energy policy must be adapted" to protect industrial growth.<sup>35</sup> Member states obliged by coming up with a weak, market-based greenhouse gas target and voluntary (rather than mandatory) renewable energy and energy efficiency targets (see box 2)

Central to Repsol's carbon (greenwash) strategy are failed carbon markets, aggressively pushed through lobby organisations like the International Emissions Trading Association (IETA) who promote them as the most "efficient" tool to cut emissions (see box 3). The oil giant's regular sponsorship of the IETA's Carbon Expo has earned Repsol top speaking slots alongside high-level figures such as the chief of the UN Convention for Climate Change, Christiana Figueres, and EU Climate and Energy chief Miguel Cañete, where they promote carbon markets around the world despite their failure in Europe.<sup>36</sup> All the while Repsol has made more than a hundred million euros (of taxpayers' money) in windfall profits through the EU's emissions trading scheme (ETS), cashing in free credits earned by grossly overestimating its emissions.<sup>37</sup>

### 3.2 Cashing in on the research agenda

Repsol's lobbying around research priorities (such as the EU's controversial research agendas on agrofuels since 2007, and more recently on 'bio'-based industries<sup>38</sup>) has allowed it to both win contracts and steer research priorities and ultimately policy towards its own flawed plans.

According to its own corporate social responsibility (CSR) report, Repsol received just under €500,000 for research funding from the EU in 2012, with an additional €979,000 in 2013. The same year it received a loan from the European Investment Bank for €200 million for technical fixes, mostly fossil fuel related.<sup>39</sup> Repsol's focus on technical fixes and research – seen in the work of its Technology Centre in Madrid and the university links held by its foundation – are a way to avoid moving away from fossil fuel extraction (instead supposedly making it 'cleaner').

In short, public money is being given to dirty industries (which already have their own research budgets) to produce research supporting their false solutions, rather than on funding the move towards clean, sustainable, people-focused climate solutions.

### 4. The convergence of three dangerous forces

The case of Repsol combines three dangerous forces that are symptomatic of the behaviour of the oil and gas industry globally. Here we have a corporation at the leading edge of causing the climate crisis that continues its pursuit of fossil fuels into ever more vulnerable regions of our planet. As we saw with the communities affected by the Camisea project in southern Peru, this expansion comes at the cost of devastation to indigenous communities and their cultures, as well as the destruction of forests, biodiversity and water sources in some of the regions of the world most vulnerable to climate change impacts. And all the while this same corporation is working behind closed doors to manipulate the levers of power at every turn in order to present a 'green' and 'responsible' image to the world while it undermines any chance of real solutions to the climate crisis. How can it possibly have any place at the table when we are establishing our climate policies?

# GLENCORE XSTRATA

## MINING THE FUTURE OF PERUVIAN COMMUNITIES

Throughout its history Peru has witnessed several waves of foreign intervention by those looking to cash in on its mineral wealth. Today this hunt for natural resources continues, bringing with it environmental destruction and severe human rights violations. Just as climate change impacts begin to take hold in the Peruvian Andes, the expansion of ever more ambitious mining operations is putting extreme pressure on the most basic element of life: water. At the centre of a Peruvian minerals rush which is causing severe social and environmental conflicts looms the mining and commodities giant Glencore Xstrata.

Global Energy Commodities and Resources – or Glencore – is a multinational corporation of epic proportions dedicated to the sourcing and commercialisation of raw materials (metals, minerals, oil, coal, and agricultural products) from around the globe. In 2013 Glencore merged with Anglo-Swiss Xstrata, propelling it to third largest mining corporation in the world<sup>1</sup>. The mega multinational now has a presence in more than 50 countries, covering all five continents<sup>2</sup>. With more than US\$232 billion in annual income, Glencore Xstrata breezed in at number 10 in 2014's Fortune Global 500, the list of the 500 biggest corporations in the world by revenue<sup>3</sup>.

While Glencore Xstrata likes to position itself publicly as "one of the most responsible mining companies in the world"<sup>4</sup>, nothing could be further from the truth. On the ground, its operations are directly driving a number of conflicts related to environmental contamination and human rights violations in countries such as Zambia, the Democratic Republic of Congo, Bolivia and Colombia<sup>5</sup>. Meanwhile, at the international level, Glencore Xstrata is actively pushing for the continued use of coal and fossil

fuels<sup>6</sup> which will only further exacerbate the impacts of climate change and aggravate conflict. To legitimise the aggressive expansion of its destructive business model, Glencore predicts a future in which global demand will see fossil fuels make up 75% of the world's energy mix by 2050. In other words: business as usual.

In order to protect and promote that vision, Glencore Xstrata has not only embedded itself in industry lobby groups at the national level in countries like Peru. It is also embroiled in an enormous global network of over 60 international lobbying organisations with the intention of capturing climate change policy spaces and processes at all levels.

### 1. Peru's Espinar Province and its mineral riches

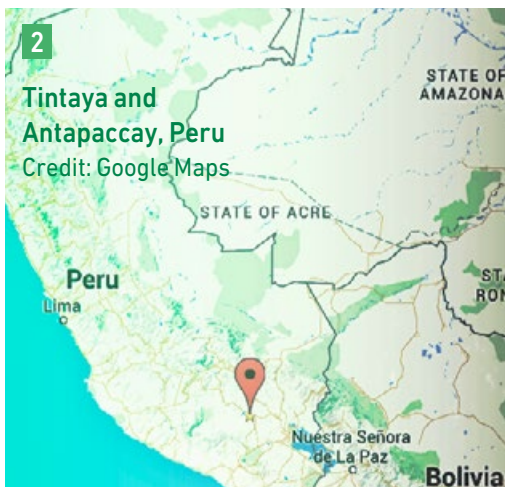
The province of Espinar, where Glencore Xstrata's Tintaya and Antapaccay mining projects are located, is in the department of Cusco, in the southern Peruvian Andes. The province has a population of over 60,000 people, mostly farmers. The one hundred plus lakes and four major river basins in the area – Salado, Cañipía, Tintaya and Colca – are the region's lifeblood.

Xstrata assumed operation of the Tintaya mine in 2006. The copper and iron produced by Tintaya is destined, not to benefit local Peruvians, but to be exported to the global market. In 2012, after three decades of exploitation, Tintaya initiated a process of closure. In order to maintain its supply to global markets, Xstrata subsequently began ramping up activities in the nearby Antapaccay open-cast mine<sup>7</sup>, 10 kilometres from Tintaya. Glencore Xstrata,

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Ivan Glasenberg joined Glencore in April 1984 and has been Chief Executive Officer since January 2002. He is listed on the World's Billionaires Forbes List at #243 with a personal net worth of \$5.8 Billion





owner and operator of both mines, has earmarked Antapaccay as part of its major expansion programme in Peru. The multinational expects production to hit an average of 160,000 tonnes per year during its initial phase of operation<sup>8</sup>, with the lifecycle of the project as a whole estimated at 20 years.

## 2. Un-Conventional strategy: Xstrata's dirty tactics in Espinar

Multinational mining corporations have a long history of fraught relations with the people of Espinar. Local communities, who have been reporting contamination resulting from mining activities for years, have made collective demands on the corporation to take responsibility for the damages it has caused. In 2003, the authorities of Espinar and representatives from the Tintaya mine, then owned by BHP Billiton, signed a Framework Convention. The Convention committed the mine operator to a process of environmental monitoring and to contributing 3% royalties to the provincial government. It also set out promises to create more jobs and observe human rights standards.

However, in 2009 local communities accused the new mine-operator, Xstrata, of flagrant violations of the convention. According to the human rights defender Jaime Borda, the community began to report dangerous levels of environmental contamination leading to miscarriages, deformations and death in local livestock. Communities also accused Xstrata of trying to infiltrate and divide social organisations, of media manipulation and interference in local politics<sup>9</sup>.

In 2011 and early 2012 local organisations stepped up the pressure, calling for an immediate investigation into the environmental and health impacts of the mine and for the terms of the Framework Convention to be rewritten in light of worsening pollution<sup>10</sup>. Communities also demanded compensation for families directly impacted by the mine and for royalties to local government to be scaled up. At the same time, the Espinar municipality began legal actions against Xstrata in relation to environmental abuses at the Tintaya mine, even going as far as to call for a halt to operations at their other mine in Antapaccay.

## 3. Public protection of private interests: The criminalisation of protest

When Xstrata and central government paid no attention to local demands, communities quickly mobilised. Under the banner of the United Front<sup>11</sup> they organised an indefinite strike beginning on the 21<sup>st</sup> May 2012. In response, the government sent police to the province to contain the mobilisations and protect Xstrata's infrastructure. Over the days that followed, police repression escalated, resulting in two civilian deaths and many more injuries, until the government eventually declared a state of emergency on May 28<sup>th</sup>.

During the conflict several community leaders and local human rights defenders were arrested and later subject to abuse at the hands of the police.<sup>12</sup> Mayor Oscar Mollohuanca was also arrested and held for several days. He currently faces legal charges for 'instigation' and other 'crimes' that he allegedly committed<sup>13</sup>.



**4** People of Espinar carry one of their dead, following violent repression by police Credit: Miguel Gutiérrez



**5** Conflict between the police and locals Credit: Miguel Gutiérrez

According to the Observatory of Mining Conflicts in Peru, from the beginning of the conflict the government played down the reports of pollution and demands for compensation from the local population, and simply waited for the conflict to escalate before sending in police. Mining expert José de Echave claims the corporation also behaved deplorably in the conflict, with police acting as their private security force<sup>14</sup>.

*“Our performance in terms of complying with our obligations, protection of the environment, human rights and health ....is for us of profound importance”*<sup>15</sup>

Glencore Xstrata

Echave's statement has since been validated. In 2013 it was revealed that the Peruvian police signed a series of agreements with at least 13 natural resources corporations to provide paid private security, among them Glencore Xstrata<sup>16</sup>. This link between corporations and the Peruvian police was reported to the Inter American Commission on Human Rights in March 2013 by Peruvian human rights organisations. They asserted that these agreements facilitate the criminalisation of protest by allowing police to make arbitrary arrests, torture human rights defenders and journalists, and that they constitute a systematic abuse of power in conflicts like the one in Espinar<sup>17</sup>.

Contrary to what Glencore Xstrata claims in its corporate social responsibility reports, such behaviour shows that it has little regard for the human rights of

Espinar's people. As in the case of Enel-Endesa (see page 19), these corporations enjoy the protection of the 'public' services of the national police force to repress groups that reject their projects and demand compliance with human rights norms.

#### 4. Water or mining: A zero sum game

In June 2012, in the face of this intense social pressure, the Peruvian government arranged for an official environmental and health assessment to be carried out in the area. The results were released in mid-2013 and proved the existence of contamination, not only in the four major river basins, but also in the lesser river basins around Espinar. The assessment found heavy metals such as arsenic and molybdenum in both the superficial and underground water<sup>18</sup>. It was also proven that 100% of people living in the communities directly affected by Tintaya are exposed to highly-harmful arsenic, thallium, and lead. In their response the authorities of Espinar said that the study did not go far enough as it did not adequately answer the community's concern over dead livestock. They not only insisted on further assessments to determine the causes of the contamination, but also called for mitigation, remediation measures and accountability for those responsible<sup>19</sup>.

Despite agreements reached between the corporation, the Espinar municipality and some sectors of civil society, the conflict in the region is far from resolved. Communities are still waiting for a new Framework Convention that would lay down the rules for

co-existence between the corporation and the communities as well as concrete actions regarding the environment and health. According to the Peruvian Observatory of Mining Conflicts and the NGO Human Rights without Borders the communities are greatly concerned by the continued expansion of mining activities, such as Antapaccay, which are sowing the seeds of further conflict in the future<sup>20</sup>.

Glencore Xstrata continues to deny any responsibility. In January 2014 the corporation was fined 235,600 Soles (around US\$80,000) by a local court for the presence of high levels of copper in local pasture land. Small change for the corporate giant. According to the multinational the copper was 'naturally occurring', but investigations have linked the contamination to one of its canals. Glencore Xstrata clearly has little intention of assuming responsibility for the impacts of its operations on the environment and the health of the people of Espinar.

The high level of conflict in Espinar clearly shows how serious locals are about preserving their ecosystems and water sources. In 2011 the Espinar municipality issued a warning of water shortages affecting both urban and rural families in the region<sup>21</sup>. Mayor Oscar Mollohuanca said that the problem could deteriorate due to the mining operations in the region.

Disputes for control and management of water resources are also set to worsen due to the melting of Andean glaciers. In the mountains of Peru, glacier ecosystems are disappearing at an alarming rate. For José de Echave, Espinar is an area where the challenges of co-existence with mining are magnified by the onset of climate change impacts.

*“The Espinar Province is at risk of intense water stress if serious measures aren't taken now, but the government is more concerned about the mining sector”*

Oscar Mollohuanca

Despite this grim reality, the national government has continued to hand out mining concessions in areas on which communities depend for their fresh water sources<sup>22</sup>. Currently 50% of new mining projects are in the south of Peru, including the Espinar province<sup>23</sup>, resulting in heightened community vulnerability and increased likelihood of further social and environmental conflict.

## 5. Glencore Xstrata's meddling in Peruvian politics

Similarly to Repsol (see page 9), Glencore Xstrata has friends in Peru that help the corporation bend the ear of national government. It is a member of the National Association of Mining, Oil and Energy (FUENTE), one of the most powerful industry associations in the country, made up of both national and international mining interests. According to the Observatory of Mining Conflicts, FUENTE, along with the Hydrocarbon Society (see the Repsol case study), launched an intense media campaign pushing for environmental deregulation in the run up to the approval of the 'paquetazo', or Law 30230. The campaign asserted that the Peruvian economy was "slowing down" as a consequence of excessive environmental and social regulations, and encouraged the government to create a 'climate of investment' that suited their interests<sup>24</sup>.

*“This [lobbying] campaign [by the mining business association] resulted in various government reforms that favour investment to the detriment of social and environmental policies”*

José de Echave

Not satisfied with this, corporate interests continue to push for additional policy changes that would further deregulate the Peruvian economy.

### 6.1 Glencore Xstrata: Coal before climate, profit before people

Like many Northern corporations operating in South America, Glencore Xstrata not only has local influence in its many countries of operation, but also in its home countries and regions (Australia and Europe) - as well as internationally, via a network of lobby groups working to protect and promote its interests at all levels.

### 6.2 Australia's Greenhouse Mafia

Before merging with Glencore, Xstrata Australia was part of the self-proclaimed "greenhouse mafia", a

group that defends the interests of dirty industry and works to prevent Australia from implementing meaningful climate change policy<sup>25</sup>. Through the Minerals Council of Australia (MCA), Xstrata fought against Australia's renewable energy targets<sup>26</sup> and attacked the auctioning of carbon credits (demanding that permits to pollute be given to the mining industry for free)<sup>27</sup>, as well as running 'citizens campaigns' in support of the coal industry via industry-financed front groups<sup>28</sup>. Glencore, along with BP, Shell, Exxon Mobil, Chevron and Rio Tinto, is a member of the influential Australian Industry Greenhouse Network (AIGN), which has had delegates at numerous UNFCCC COPs and even boasts of advising the Australian government delegation at the climate talks.<sup>29</sup> This advice would mean Australia renegeing on its legal and moral commitments as a developed country to cut emissions while providing finance and technology to developing countries<sup>30</sup>.

Xstrata's top executives have also been part of these active lobby groups. The current Chief of Glencore Xstrata Coal, Peter Freyberg, has publicly claimed taking action on coal would "cost jobs and move investment offshore", and even described planned legal challenges to coal projects as an "abuse of the judicial system"<sup>31</sup>. Former chairman Peter Coates used his position as a member of the Prime Ministerial Task Group on Emissions Trading to warn the government away from climate leadership and an ambitious emissions trading scheme<sup>32</sup>.

### 6.3 International Clout

In Europe Glencore Xstrata is also at the forefront of lobbying efforts to prevent real solutions to the climate change crisis. It works through the Brussels-based lobby consultancies Fipra International and G Plus<sup>33</sup>, and is also a member of Eurometaux<sup>34</sup>, the metals industry lobby. Eurometaux has persistently lobbied the European Commission for free pollution permits under the EU's Emissions Trading Scheme (ETS, see box 3), threatening that high costs would drive them out of business – or out of Europe. Eurometaux also told the EU to not set climate targets before the Paris COP in 2015<sup>35</sup>, and to instead prioritise industrial recovery<sup>36</sup>.

Glencore Xstrata has also been promoting its interests via presence on numerous industry delegations at the UN climate talks. At COP17 in Durban its staff were

admitted under the guise of the notorious fossil fuel lobby AIGN (see above) and the International Council on Mining and Minerals (ICMM); while its membership of the World Coal Association (WCA, where Xstrata Coal's Peter Freyberg is a Director)<sup>37</sup> and the World Economic Forum (which promotes carbon capture and storage - CCS - and carbon markets, and where Glencore is a board member<sup>38</sup>) meant that its interests were widely represented<sup>39</sup>. All of these groups were also at the 'Coal' COP19 in Warsaw, where the WCA co-hosted the 'International Coal and Climate Summit' alongside the Polish Presidency of COP19. Head of the UNFCCC, Christiana Figueres, gave a keynote speech, tacitly legitimising the coal lobby of which Glencore Xstrata is a key player. And like both its fellow coal companies and the other corporations in this report, Glencore is heavily involved in promoting CCS (see box 6) and steering the research agenda in order to receive public funds for projects.<sup>40</sup>

Far from being socially responsible Glencore Xstrata is actively and aggressively lobbying for false solutions to climate change through its myriad of shady lobby groups. Worryingly, it is having considerable success at Australian and European level as well as within the UNFCCC, both by shaping Australian and EU negotiating positions, and by using its lobby groups to create a climate-friendly narrative around fossil fuels.

## 7. A perfect storm of corporate misconduct

When we combine Glencore Xstrata's web of influence at international level with its human rights impacts on communities - like in Espinar - and its political manoeuvring at national level in Peru, what we get is a perfect storm of corporate misconduct. Just like the case of Repsol above, we have a powerful multinational expanding its contaminating and water-intensive operations into ever more vulnerable areas of the planet, just as communities begin to feel the impacts of climate change. All the while it is busily interfering in democratic decision-making spaces to ensure that climate and other policies don't impinge on its economic interests. Glencore Xstrata is emblematic of why a profit-fuelled corporation with deep vested interests in fossil fuels shouldn't be allowed anywhere near climate policy-makers at any level.



# ENEL-ENDESA

## DAMMING PROGRESS ON CLIMATE WHILE FLOODING LOCAL COMMUNITIES

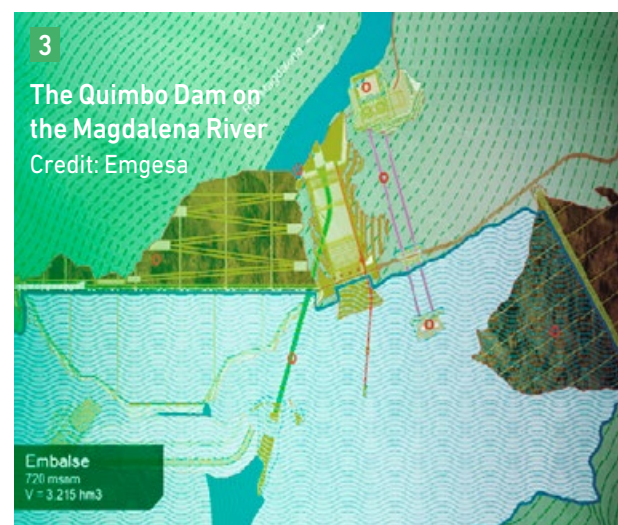
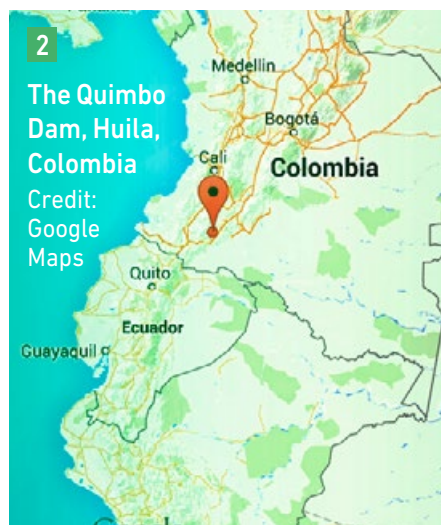
Multinational corporations, such as the ones featured in this report, are not only directly contributing to climate change. They are also busy peddling false solutions to the crisis in order to safeguard and expand their business model. “Carbon neutral” mega hydroelectric projects represent one such false solution that is being pushed onto South America by the EU and the UN. Enel-Endesa, the largest private electricity corporation operating in Latin America, is striving for dominance in this reinvigorated market.

A refusal to acknowledge the climate impacts of hydroelectric projects is playing out with devastating consequences in South America. Just as Peru’s “paquetazo” is axing through regulation designed to protect people and the environment, countries throughout the continent are competing in a deadly race to the bottom to attract corporate “investment”, largely concentrated

in extractive industries. For Colombia that means, amongst other consequences, opening the gate wide to new large-scale hydroelectric infrastructure.

### 1. Enel-Endesa’s Quimbo dam: a masterclass in corporate impunity

Enel-Endesa, formed by the acquisition of Endesa by Enel Group in 2009, is a European energy utility giant with a global reach in over 40 countries, particularly in South America. While its business model in Europe is centred on burning coal and gas (see below), in South America – where operations span Peru, Chile, Argentina, Colombia and Brazil<sup>1</sup> – its main focus is the deployment of hydroelectric dams. The corporation positions itself as a ‘Colombian company’<sup>2</sup> in South America, operating under the name of Emgesa. In reality, the Italo-Spanish multinational is scoping out new opportunities for



## Box 4 Not-so-carbon neutral hydro

Carbon markets (see box 3) reinforce a “climate friendly” image of hydroelectric dams by awarding projects vast numbers of carbon off-set credits<sup>3</sup>. 27% of all CDM offset credits are awarded for dam construction<sup>4</sup>. Despite their “carbon neutral” façade, the Intergovernmental Panel on Climate Change (IPCC) has found that megahydro projects may have a greater climate impact than burning gas or coal<sup>5</sup>, particularly in tropical regions like South America where submerged forests decompose to release high levels of methane<sup>6</sup>. Such loss of the important carbon sinks that forests represent further compounds the destructive effects of hydroelectric dams on the climate.

growth against a background of European economic downturn<sup>7</sup>. In 2014 the multinational's \$4.3bn profits increased by a staggering 286% from the previous year<sup>8</sup>.

Emgesa's flagship project in Colombia is the El Quimbo megadam in the Department of Huila, in the south of the country. The project has been marred by controversy since day one. In 2007 Emgesa got the go-ahead to build a 400MW capacity dam on the Magdalena River, the main waterway in the country and a sustainer of livelihoods for communities from North to South. The 'Quimbo' hydroelectric project stands to generate 2,216GWh per year over an estimated lifespan of 50 years<sup>9</sup>, making it the one of the largest infrastructure developments in the country<sup>10</sup>. The official discourse on the project positions the dam as essential to Colombia's energy future<sup>11</sup>. But Colombia is already producing a surplus of energy<sup>12</sup>. And so in practice the dam, which is expected to come into operation in early 2015, is being built with the express intention of carrying the surplus energy straight out of the country along transmission lines to Ecuador, Panama and the rest of Central America<sup>13</sup>. On top of this, what stays inside the borders is to be sold at low cost to feed big extractive industry projects, such as foreign-owned gold mines in Northern Colombia<sup>14</sup> and even for climate-wrecking shale gas operations, such as those within Huila itself<sup>15</sup>.

*“They are all coordinated...Energy for mining and agroindustry – it's all part of the same national political package... It wouldn't be possible to increase the mining operations without bringing new energy online.”*<sup>16</sup>

Miller Dussán Calderón, Surcolombia University lecturer and local activist.

Mining-energy policy has become the main 'development locomotive' of the current Colombian government.

Through it, vast swathes of territories are being handed over to foreign investors to deepen extraction activities, increasing social and environmental conflicts across the country - as the Quimbo case so powerfully illustrates.

For the people of Huila the Quimbo dam is like a recurring nightmare. In 1997 Central Hidroeléctrica de Betania had submitted proposals to construct a dam at the very same location<sup>17</sup>. Routine investigations into the impacts of the project, however, concluded that the social and environmental costs would far outweigh any stated benefits. The proposal was subsequently declared “unviable” by the Environment Ministry<sup>18</sup>. El Quimbo appeared to be dead and buried.

Ten years later Emgesa breathed new life into the project in the form of a US\$837 million dollar cash injection<sup>19</sup>. El Quimbo was back. This time, the project was exempt from having to undergo the same basic viability assessments that it had previously so conclusively failed<sup>20</sup>. Since its approval El Quimbo has been defined by a growing catalogue of irregularities and abuses: a severe lack of transparency; ongoing failures to conduct adequate impact assessments; evasion of responsibilities to affected communities – including, as we have seen with Repsol, very serious failures to consult. Emgesa's conduct throughout the process has revealed a barefaced contempt for Colombia's regulatory frameworks (see box 5).

## 2. Resistance: Communities in Huila fight back

Back in September 2008, communities within the projects' path of destruction awoke to find that Huila had been subjected to a corporate land grab of epic

#### 4 Communities organize Credit: Creative Commons



proportions. 8,500 hectares had been reclassified overnight for so-called “public utility”<sup>21</sup>, effectively dismantling residents’ rights and opening up vast expanses of protected Amazonian reserve, river networks and farmlands to industrial “development”.

The situation deteriorated further when, on February 14<sup>th</sup> 2012 in the municipality of Paicol, people awoke to lines of Colombian riot police assuming position to start the first wave of evictions<sup>22</sup>. Residents resisted peacefully for two days despite police violence. Several people were injured – including one young man who lost an eye<sup>23</sup>. Far from an isolated case, this story has repeated itself across the impact zone as police have continued their sweep. In January 2014 Emgesa’s Spanish CEO, Lucio Rubio Díaz, warned that the “grace period” was up for those still living within the area<sup>24</sup>. But for many of those who have stayed, there are few alternatives.

#### 5



Mural in La Jagua, Huila, one of the municipalities in El Quimbo’s path of destruction Credit: International Rivers

Contrary to its award as “Family-responsible company” of 2012, Endesa<sup>25</sup> and its Italian parent company are responsible for forcing 450 families out of one of Colombia’s most fertile agricultural zones, relocating them to areas where they have little hope of finding employment or of maintaining their own agricultural and fishing activities<sup>26</sup>. But the people of Huila have not taken the matter lying down. Emgesa’s plans have been met with a fierce and highly organized resistance. In 2009, residents mobilised and formed “The Association of those Affected by the Hydroelectric project El Quimbo” (ASOQUIMBO). The movement has been in continual resistance ever since. In January 2012, a year after works on the dam had officially started, a regional strike was called during which access to the project site was blockaded for fifteen days<sup>27</sup>; another such blockade in August 2012 resulted in 50 protesters being arrested and another 25 injured<sup>28</sup>.

### Box 5 Why break the law when you can make the law?

Despite El Quimbo being originally labelled ‘unviable’, Enel-Endesa managed to secure their Environmental Licence in the face of protest from Colombia’s Attorney-General<sup>29</sup> and without having to present any of the most basic impact assessments. Still not content, the multinational went on to pressure the government into slashing further the already feeble compensation commitments the Licence entailed. When a local Administrative Court ruled that the changes to the terms of the Licence were illegal, the local subsidiary, Emgesa, threatened to pull its investments out of the country if a ‘solution’ wasn’t found. Less than a month later, the government approved the modifications – based on studies that the company had itself funded.<sup>30</sup> Since then Enel-Endesa has forced through two further Licence modifications – eroding what few human and environmental rights remained in the name of maximizing return for their European shareholders<sup>31</sup> and consolidating their position as agents above the law.

At the time of writing, affected communities have once again blockaded entrances to the Quimbo construction site, to protest the ongoing human rights abuses being committed by Emgesa<sup>32</sup>. As with Glencore in Espinar, police have sided with the company, protecting its interests by repressing and criminalizing resistance.

ASOQUIMBO is demanding that Emgesa-Enel-Endesa terminates the project and pulls out of the region. A combination of non-violent direct action and legal challenges has successfully hampered development of the project<sup>33</sup>. In October 2014 the Ríos Vivos coalition invited members of ASOQUIMBO to take a stand alongside other affected communities to testify on the devastation being wreaked by the development-extractivist paradigm in Colombia. Citing the plight of the thousands of people across Colombia and South America who are displaced as a result of dams and other megaprojects, Ríos Vivos and their many members are calling on the Commission of Human Rights to take an urgent stand to dismantle the entire framework of mining and big energy projects in Colombia<sup>34</sup>.

### 3.1 Unravelling Enel-Endesa's web of climate influence

Despite engaging in bullyboy tactics across South America, the Italo-Spanish energy giant still presents a caring image of sustainability and climate action through its slick public relations campaigns and green-wash. In order to ensure Enel-Endesa is allowed to do what it does best - burn coal and gas and build socially and environmentally destructive megadams in South America - Enel and co. deploy a sprawling lobbying operation both at national and international level.

### 3.2 The Italian connection

Enel uses its weight as Italy's biggest utility company to lobby vigorously at the highest level against a low-carbon transformation of the energy sector. When Enel's head of European lobbying, Simone Mori, warned the Italian Chamber of Deputies in 2014 against environmental regulations which would restrict the energy sector, he was reassured by Deputy Minister for Economic Development, Claudio De Vincenti, that no such thing would happen. But what about the climate crisis? Mori and Enel's solution: 'innovation and technology development'<sup>35</sup> to be underwritten by the Italian state, including "non-conventional fossil fuels such as shale gas"<sup>36</sup>. Such a strategy fits Enel's profitable vision of Italy as the gas hub of Europe (See box 1).

Pleasingly for Enel this vision has been widely picked up, both by Italian employers federation Unindustria (unsurprisingly since senior Enel staff members, including Mori, head up important energy committees),<sup>37</sup> and the Italian government itself, with De Vincenti publicly championing the idea<sup>38</sup>. His government's support saw Enel both sponsor and participate in a high-level ministerial meeting between Italy and African countries, putting Enel's CEO Francesco Starace alongside many African energy ministers sitting on sizeable conventional and unconventional oil and gas discoveries<sup>39</sup>. Decades of future gas dependence, as envisaged by the Italian government and corporations like Enel and Repsol, will devastate local communities and environments along the supply chain. High methane emissions during extraction make natural gas, particularly unconventional sources like shale gas, a climate catastrophe<sup>40</sup>.

### 3.3 Getting the message to Europe and the UN

By constantly promoting public-private partnerships in technology and innovation, rather than emissions reductions at source, Enel can justify its insatiable appetite for fossil fuels in Europe<sup>41</sup> while still appearing 'green'. Key to this strategy is lobbying to ensure support for experimental and extremely costly carbon capture and storage (CCS) technology (see box 6). Both Enel and Endesa have pilot projects that have received hundreds of millions in taxpayer's money for 'research' - €100 million and €180 million respectively<sup>42</sup> - despite never making it beyond the pilot stage<sup>43</sup>. Besides its own team of lobbyists (€500,000 spent in Brussels in 2014), one of Enel's main influencing vehicles in Europe is the Zero Emissions Platform (ZEP), an energy industry group with high-level access which also receives taxpayer funding<sup>44</sup>. As well as organising breakfasts in Parliament with decision makers around important climate and energy votes, the ZEP has succeeded in securing financial support and a prominent position in EU plans for CCS technology. And for Enel, support for CCS also means curbing support for renewables and energy efficiency. Speaking alongside other power sector CEOs at a carefully-orchestrated press conference organised by the Magritte Group to push for more gas, Enel's then-boss, CEO Fulvio Conti, lambasted the "insanity of subsidies given to renewables"<sup>45</sup>, ignoring the €15 billion of public money given to coal and gas every year<sup>46</sup>.

## Box 6 Carbon Capture and Storage – a false solution

Carbon Capture and Storage (CCS) is an unproven and extremely expensive process that theoretically captures carbon dioxide emissions from polluting power plants and stores them underground (e.g. in old mines, empty oil fields, bunkers).

Despite the unlikelihood of it being commercially viable before 2030, and even then only capturing a fraction of emissions, it is still being championed by the dirty energy industry. Rather than transitioning away from fossil fuels it allows them to keep building 'CCS ready' coal and gas power plants or to justify digging up the Canadian tar sands, not to mention making them eligible for public money to tilt the research agenda in their favour. In short it is a costly distraction both to the public purse and for the climate, when far more effective and transformative solutions are already available<sup>47</sup>.

Constant and concerted pressure by Enel and its lobby groups has also seen CCS officially embraced by the UNFCCC as a climate 'solution'. Not only have CCS projects been eligible for carbon credits under the CDM since the climate talks in Durban in 2012 (see box 3), but in October 2014 an entire day of UN negotiations was dedicated to the industry-favoured white elephant technology. While not invited to speak officially, Enel was ever-present in 'expert' presentations from the International Energy Agency Clean Coal Centre (Enel hosts their annual summer camp) and the Global Carbon Capture and Storage Institute (which Enel set up in 2009)<sup>48</sup>. Their message was clear: fossil fuels are here to stay and CCS will save us, but only if we pour astounding sums of public money into it and use every financing mechanism the UNFCCC has to offer.

In order to promote CCS over renewables Enel relies on carbon markets which theoretically allow dirty industry to choose how to cut emissions, for example through CCS; or simply to not cut them, instead paying for cheap offset credits. The experience of the EU shows carbon markets to be a complete failure (see box 3) yet unsurprisingly – like Repsol – Enel continues to push for them at the EU and international level via the International Emissions Trading Association (IETA).

Beyond CCS Enel is heavily involved in producing and using all sorts of CDM credits, including from climate-harming large hydroelectric projects. The illusion that large hydro is a clean, low-carbon energy source has seen European multinationals like Enel – with 800 power facilities across 14 countries – earn credits and profit from the destructive practice despite the harm to local peoples and the climate<sup>49</sup>. To ensure carbon markets remain a permanent

fixture in the international climate architecture and that the offsetting narrative stays alive despite the evidence, Enel has made friends in very high places. Head of the UNFCCC, Christiana Figueres, is not just a regular speaker at the IETA's annual Carbon Expo or at the now-defunct Enel Sustainability Day<sup>50</sup>; as recently as 2010 Figueres was also the Principle Climate Advisor for the Enel Group's Spanish subsidiary, Endesa Latinoamérica<sup>51</sup>. It is no wonder Enel feels its business model is safe.

## 4. Enel-Endesa's big hydroelectric climate racket

While Enel is burning coal and dashing for (fracked) gas in Europe, in South America it is taking advantage of the opportunities presented by lucrative hydroelectric projects such as 'El Quimbo' in Huila, Colombia. The energy being generated by these megaprojects is not providing low carbon "development" for South Americans. Rather they are high in emissions and provide cheap energy to ramp up fossil fuel extraction elsewhere. Engaging in hydroelectric projects (and CCS) provides a profitable green veneer for the company, allowing it to earn carbon offsets for its European business, while trampling on human and environmental rights overseas. Big Hydroelectric is not a "clean alternative", it is a highly damaging industry featuring all the same players as the supposedly "dirtier" fossil fuel industry. Set against the context of Enel's lobbying strategy – slashing away at regulations that may impede their profits on the one hand, while capturing climate research and policy agendas with the other – it's clear that the multinational's political tricks are as dirty as their business activities.

MAP: Number of operations by country

# GREED KNOWS NO LIMITS

In this report we outline just three example case studies of industrial operations, one for each of the three corporations featured. But however severe the damage from just that trilogy of cases seems, it certainly doesn't stop there. In fact, South America is saturated with foreign multinationals exploiting nature and people.

Total number of operations\* across South America



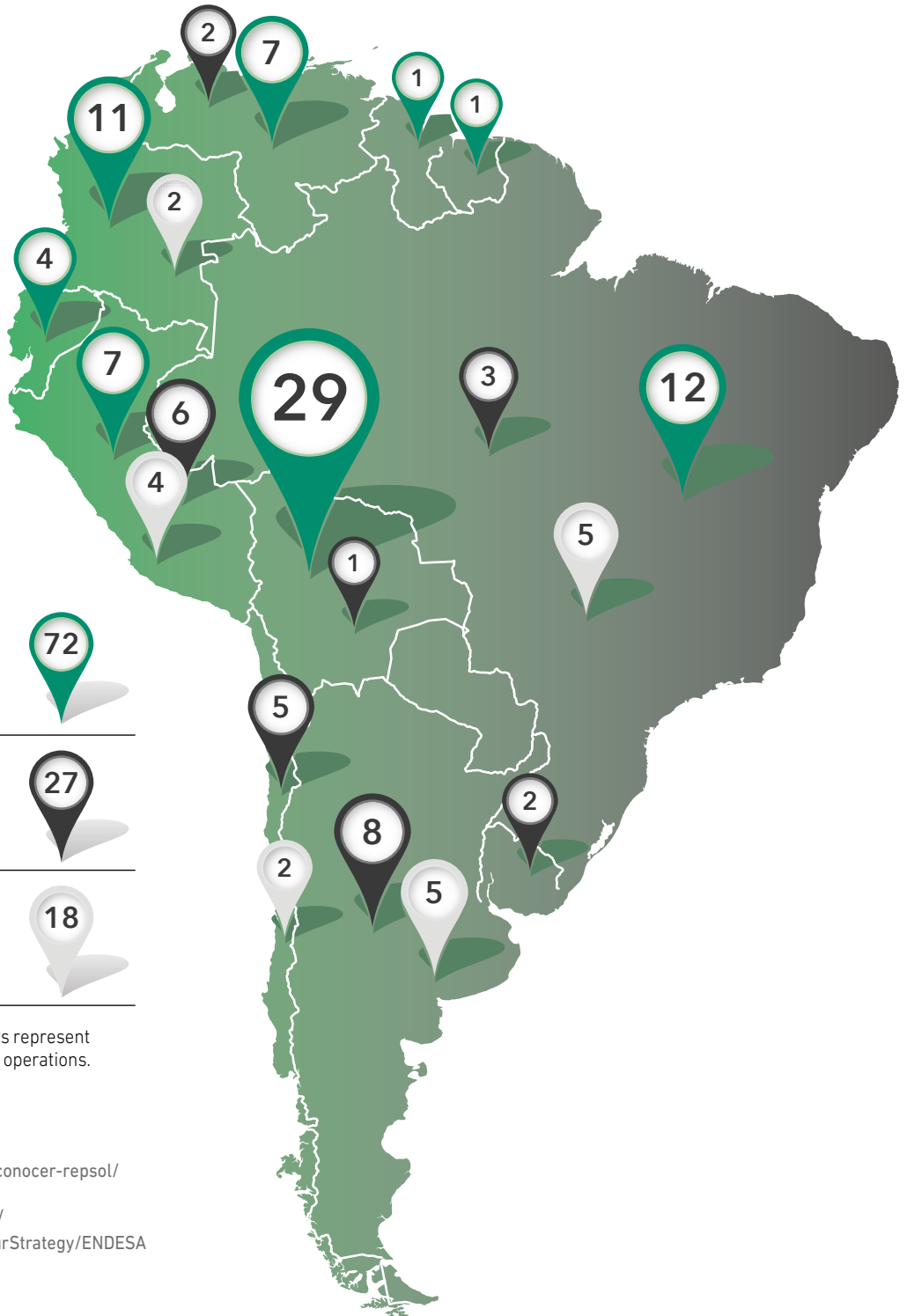
\* In the case of Emgesa/Endesa, the numbers represent subsidiaries, each of which maintain several operations.

Sources:

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# CONCLUSION

Just as the processes of colonization devastated territories and peoples in the search for gold, silver and labour, today's multinational corporations offer powerful echoes of the same. They come not on horseback but by jet, speaking the language of economic growth and prosperity but touting a business model that is destructive in many of the same ways.

As demonstrated in the case studies here, corporations from the global North use well-honed practices of political manipulation while hiding their true nature through extravagant public relations (PR) campaigns which trumpet their disingenuous environmental credentials. At the local level manipulation takes many forms, including false consultations, empty promises, 'Corporate Social Responsibility' and cosy, questionable relations with governments. The consequences include: the opening of new gas fields that destroy indigenous territories; the decimation of local water supplies already threatened by climate change; and the forced displacement of whole communities, sacrificed at the altar of cheap power for industry. Yet in the midst of such exploitation we see brave acts of resistance, as local communities fight for sovereignty over their territories and for the people-focused solutions to the climate crisis which offer genuine alternatives to the corporate-extractivist model.

At the national and global level the same culture of manipulation has taken over government decision-making processes, the UN climate negotiations, and other key venues for climate-related policy making. Instead of leading the way toward addressing the crisis, these processes have been expropriated by a well-financed, well-crafted effort by corporations to

keep their interests protected. Their strategy has been to promote false solutions that generate profits for polluters while blocking policies that would transform our energy system and economy. But given the extent to which their business models depend on perpetuating the climate crisis, it should be no surprise that the proverbial turkey will not vote for Christmas.

These corporations wrap themselves in carefully crafted PR to keep the truth at bay. By stripping back the greenwash and revealing the true extent of their impact and influence we can help undermine their legitimacy. 'Beware the wolf in sheep's clothing' as the proverb goes. If the tobacco industry's role in undermining progress in public health has seen the UN WHO erect a firewall between lobbyists and policy-makers,<sup>1</sup> then the evidence on the role of multinational corporations – particularly those involved in dirty energy – should equally exclude them from climate policy-making.

While this report refers to just a handful of corporations, the cases included are emblematic of a far bigger picture. As pressure for climate justice continues to grow – particularly as the UN negotiations in Paris next year are earmarked to deliver a global deal – so will the counter-lobby by big business. This means that challenging corporate power and complicit governments must be at the centre of action against the climate crisis. The beast we face is hydra-headed, clever, well-financed and well-connected. By joining the dots between climate change, local front-line struggles and corporate lobbying activities we can strengthen international solidarity and contribute to the bigger fight to bring this beast down.

# ENDNOTES

## INTRODUCTION

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## PROFITING FROM CLIMATE CHAOS: REPSOL'S INVASION OF POLITICAL SPACES AND AMAZONIAN COMMUNITIES

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## GLENCORE XSTRATA: MINING THE FUTURE OF PERUVIAN COMMUNITIES

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## ENEL-ENDESA: DAMMING PROGRESS ON CLIMATE WHILE FLOODING LOCAL COMMUNITIES

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## CONCLUSION

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The three organisations behind this study have a long history of working on corporate power issues. [The Democracy Center](#), based in Cochabamba, Bolivia, helped lead the global fight that forced the Bechtel Corporation to drop its US\$50 million legal case against Bolivia following the Cochabamba Water Revolt. Earlier this year they published a [report on activist strategy](#) toward the COP meetings that includes a call for citizen action aimed at corporations driving climate change. The Brussels-based [Corporate Europe Observatory \(CEO\)](#) led the [international effort](#) at the COP19 in Poland in 2013 to unmask the ways in which corporations have managed to amass major influence over the COP process itself. [The Transnational Institute \(TNI\)](#) in the Netherlands has worked on corporate power issues for decades and leads a [global campaign](#) to directly challenge transnational corporate power.

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