

# Corporate Attacks: Environment

## *Case Study: Toxic Waste*

Investor-State Dispute Settlement (ISDS) grants corporations shocking powers to attack the laws we rely on for a clean environment, financial stability, affordable medicines, safe food and decent jobs. ISDS empowers multinational corporations to sue our governments before panels of three corporate lawyers. The corporate lawyers can award the corporations unlimited sums to be paid by America's taxpayers, including for the loss of expected future profits the corporations claim they would have earned if the domestic law was never enacted. The corporate lawyers' decisions are not subject to appeal and the amount they can order taxpayers to give corporations has no limit.

### **Abengoa v. Mexico**

*Investor Win (awarded \$40 million plus interest)*

In December 2009, Abengoa, a Spanish technology firm, [filed a claim against Mexico under the Spain-Mexico BIT](#) for preventing the company from operating a waste management facility that the local community of Zimapan strongly opposed on environmental grounds. The plant was to be built on a geological fault line across from a dam and the Sierra Gorda biosphere reserve – an UNESCO World Heritage site and home to Nahuatl and Otomí indigenous communities. The region was already contaminated with arsenic from previous mining operations. The [community contended](#) that building a waste facility on a fault line, by a dam, in an area contaminated with arsenic, near indigenous communities and an environmental reserve posed a significant environmental threat.

As a result of substantial public opposition, Abengoa's land use permit was not renewed in December 2007, although construction continued anyway. In April 2009, clashes broke out between a group of people from Zimapan and the Mexican federal police over the plant. As a result, the company's operating license was revoked several days later. Despite this, the situation escalated as Mexican federal police were accused of abuses against the indigenous population and federal government officials declared the plant could open without municipal authority. In March 2010, the municipality of Zimapan [declared that the operating license was invalid](#) because it was not collectively issued by the city council and did not comply with the public interest.

Abengoa alleged that the government actions impeding the operation of its waste plant [violated its BIT-protected investor rights](#). In April 2013 a tribunal [ruled in favor of Abengoa](#), deciding that the denial of an operating license for the controversial hazardous waste facility amounted to an indirect expropriation of Abengoa's investment and that the local government's actions violated the corporation's guarantee of a "minimum standard of treatment." The tribunal [ordered Mexico to pay Abengoa more than \\$40 million](#), plus interest, as compensation for its expected future profits from the waste plant and to cover half of the corporation's own tribunal and legal costs.

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