

#TOXITOURMEXICO



**TRANSNATIONAL CORPORATIONS
AND FREE TRADE IN MEXICO**
CARAVAN ON THE SOCIAL AND
ENVIRONMENTAL IMPACTS

EXECUTIVE SUMMARY

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Over the last thirty years, Mexico has become one of the main industrial paradises on the planet, meaning one of the **most advanced laboratories for free trade and deregulation**. The diversion of power has intensified and become more sophisticated premised on the need to attract investment at all costs for “development” and job creation, under trade agreements such as the North American Free Trade Agreement (NAFTA) or the EU-Mexico Free Trade Agreement. A regime has been imposed, in which the law allows environmental, social and labour self-regulation by transnational corporations. Much of Mexico’s territory has been subjected to the development of dense, interconnected industrial corridors, where high-risk industries, extensive agribusiness and extractive industries have proliferated. These sites are located alongside towns and cities with no monitoring of their impact on the health of local people. They have become what V. M. Toledo, Mexico’s former Minister of the Environment, has described as “environmental hells”.

The “Caravan on the social and environmental impacts of transnational corporations and free trade in Mexico” (#ToxiTourMexico) was an initiative taken forward by Mexican civil society organizations linked to the Asamblea Nacional de Afectadas/os Ambientales de México (ANAA, or National Assembly of Environmentally Affected Peoples) and the Transnational Institute. Members of the European Parliament and the Parliament of the Basque Country, a senator from the State of Minnesota, and activists and scientists from Europe, the United States and South America participated in the tour. The Caravan travelled more than 2,500 km in December 2019, engaging directly with near fifty organizations of affected peoples in six regions of Mexico.

The international observers were able to see for themselves a small proportion of the real **social and environmental devastation** caused by neoliberalism in this country. They saw evidence of the extent to which the most industrialized regions of the country are characterized by systematic air, water and soil pollution, compounded by unbridled urbanization and the proliferation of landfill sites and dumping grounds for highly toxic waste. This has led to a **health and environmental emergency**, in which the numbers of people dying due to diseases likely to be associated with corporate operations in different sectors are overwhelming. The Caravan also found that for local people, the development of the industrial corridors has taken place against the background of violent land grabs, depriving them of their means of economic, social and cultural subsistence, destroying their health and the very fabric of their communities.

In the **Santiago River Basin**, large areas are occupied by industrial manufacturing plants, agribusiness and urban centres. These are connected to the two biggest industrial corridors in the country: Toluca-Lerma, where more than 1,000 manufacturing corporations are operating, and Ocotlán-El Salto, home to around 700 corporations, mostly in the metalworking and metallurgy, chemical and pharmaceutical, electronic, automotive, and food and beverage industries. The basin also receives waste from the Guanajuato industrial zones and the oil refinery in Salamanca. Over half a million people, or one third of those living on the shores of Lake Chapala and the Santiago River, are directly exposed to environmental pollution. Scientific studies on water quality have confirmed the presence of 1,090 pollutants in the river and

found that as many as 94% of the factories fail to comply with the standards on waste dumping, even though these are notoriously lax. A study of child health made public during the Caravan's visit found traces of arsenic in 40% of children in Juanacatlán and lead in 93%. Cadmium was found in 98% of the children in El Salto. The transnational corporations operating in this basin include the German companies Continental, Siemens, ZF and Voit; the Swiss corporation Nestlé; and the Dutch companies DSM and Nutreco.

In the **Independencia River Basin** (state of Guanajuato), local organizations have revealed the impacts caused by export-oriented agribusiness producing for the US market, which are affecting half a million people. As a result of the overexploitation of the aquifer for more than thirty years, the water drawn from it contains fluoride, arsenic, sodium, manganese and other minerals in concentrations that are harmful to human health. The municipalities in this region with the highest concentrations of these elements are also the ones with the highest incidence of chronic kidney disease (CKD), kidney transplants and dental fluorosis. In the corridor between Celaya and León, major industrial accidents have taken place, one of which poisoned as many as 6,000 people. Local organizations in the city of Guanajuato also told the Caravan about the damage to health and the environment caused during the campaigns to combat dengue fever, when people are exposed to pesticides that PAN International classifies as highly hazardous.

In the **Tula River Basin in the south of the Mezquital Valley**, the Caravan was able to see the overlapping impacts caused by the core of the national cement industry, extractive industries, industrial parks, a large refinery, a thermoelectric plant, and industrial and urban wastewater dumped into the Salado and Tula Rivers. This water is used downstream for agriculture. The total number of

people affected is estimated at one million. The main health problems reported include severe headaches, nausea, vomiting, throat and eye irritation, abdominal pain, breathing difficulties and fainting. Illnesses reported in the area include leukaemia, different kinds of cancer affecting all organs, congenital abnormalities, endocrine disorders, immunological disorders, kidney failure and respiratory diseases. The corporations operating in this region include the Franco-Swiss company LafargeHolcim.

In the **Atoyac-Zahuapan basin**, where new and old industrial corridors intertwine, 20,400 corporations are operating. In response to the complaints local organizations have filed with the Comisión Nacional de Derechos Humanos (CNDH or National Human Rights Commission) since 2011, it issued a Recommendation (10/2017) which stated that the main causes of pollution were the discharge of untreated municipal and industrial waste into the rivers; improper disposal and collection of solid waste; rapid population growth and uncontrolled industrialization in the region. According to official figures, 26,477 people died of cancer, 4,379 died due to kidney failure, and 906 miscarriages were reported between 2002 and 2016. The mortality rate for cancer in the Atoyac-Zahuapan basin as a whole is 13.5 times higher than the national average. Furthermore, between 2015 and 2019 a person died every two and a half hours from diseases likely to be associated with environmental pollution. The CNDH identified a high incidence of the following conditions in the region: diarrheal diseases, chronic endemic hydroarsenicism (or hydroarseniosis), genetic damage and predisposition to cancer related to exposure to dioxins and furans with genotoxic potential. It also established a correlation between exposure to volatile organic compounds and the presence of myeloid leukaemia. Volkswagen, Bayer and BASF are among the companies that have factories in the region.

In the **Libres Oriental basin**, where water is scarce, large industrial pig farms owned by the US-based corporation Granjas Carroll operate alongside Driscoll's greenhouses growing fruit and vegetables for export, Iberdrola's solar farms and an Audi car plant, which operates as an extension of the Volkswagen factory in Puebla. These industries consume huge quantities of water from the aquifer, but they also use hail cannons to prevent rain and protect their crops, seriously affecting local small-scale farmers. Pollution associated with industry was also reported in this region.

The **North of the Isthmus of Tehuantepec**, the last region visited by the Caravan, is home to the Uxpanapa Industrial Corridor and one of the oldest and largest chemical and petrochemical industries in Latin America. The organizations of affected communities report air and water pollution caused both by the corporations' regular operations and when accidents and emergencies occur in the chemical industries. The international observers were also shown evidence of the consequences that open-air coke storage by the Catalan corporation García Munté Energía (GME – ADN Energía) is having on human health and the environment.

Even though they are aware of how local people are suffering in these environmental hells, not only have successive **Mexican governments at the municipal, state and federal level hitherto failed to act**, they have also concealed the environmental, labour and social impacts, ignoring the protests and claims of the people affected. They have also worked to contain social discontent by means of policies to criminalize and repress protest, as well as failing to prevent the terror being sown in community organizations by various criminal groups. Furthermore, they have facilitated the implementation of new industrial and infrastructure megaprojects that only increase the risks to local people.

It is also important to mention the **governments of European countries and the United States**, where many of the transnational corporations operating in Mexico's industrial paradises have their headquarters. These governments provide public support and funding for the international operations of these transnationals in the form of insurance, credit and technical assistance, with no control or guarantee that environmental and human rights standards will be respected. Neither do they accept any responsibility for the social and environmental conflicts that arise. Instead, they pressure other countries to sign free trade and investment protection agreements. A case in point is the renegotiation of the agreement between Mexico and the European Union, thanks to which Mexico is set to be the first Latin American country to sign an investment protection agreement with the European Union as a whole. If this agreement is approved, it will ring-fence the corporations' power still further and could hamper the implementation of policies committed to human rights in Mexico.

One of the things that the Caravan's international observers found most striking is the **capacity to resist and organize protest developed by the affected communities** in the six regions they visited. It was clear that despite the destruction of their territories and the constant attacks on their lives and health they have endured for decades, they have been able to monitor the impacts, developed a significant capacity to conduct collective analysis, and forged links with a few committed scientists who have provided backing for the community's assessments. In the midst of the COVID-19 pandemic in 2020, and taking advantage of the visibility they had achieved, partly thanks to the Caravan, these organizations kept up the pressure on the Mexican government. And in 2021 they achieved a historic step forward, which could set a precedent for other regions both in

Mexico and around the world. They have obtained a commitment from top-level authorities in the ministries of the environment and health and the Consejo Nacional de Ciencia y Tecnología (CONACYT or the National Council of Science and Technology) to work jointly under a Coordination Framework Agreement. This will lead to action being taken on what have been declared **Environmental and Health Emergency Regions**, under the Programas Nacionales Estratégicos de Agen-

tes Tóxicos y Procesos Contaminantes (PRO-NACEs or National Strategic Programmes on Toxins and Pollution) that focus on health and water. Government compliance with its commitments here is as urgent as it is necessary, and must be monitored by civil society in Mexico and internationally. Therefore, the report includes detailed recommendations in Chapter 5.

RECOMMENDATIONS

In Mexico:

1. The different government departments involved in the Framework Agreement signed by Semarnat, the Ministry of Health and Conacyt must fulfil their commitments to declare, monitor and restore the Environmental and Health Emergency Regions (RESAs). In addition, they must use their powers to rectify what their regional representatives have done or are doing wrong in the RESAs.
2. The Mexican government should develop and enforce a regulatory framework to control industrial emissions and prevent environmental dumping, in keeping with best international practices.
3. Environmental clinical records should be established so that medical staff in all the country's hospitals and health centres ask patients whether they live near industries or intensive farming areas, as well as enquiring about their potential exposure to toxic substances (pesticides, hydrocarbons, industrial waste, and chemicals). This will enable progress to be made towards the identification and cataloguing of diseases caused by environmental pollution.
4. The Mexican government must put an end to the criminalization of people defending human rights and the environment.
5. Article 4 of the Mexican Constitution, concerning everyone's right to live in a healthy environment for their development and wellbeing, must be enforced.
6. The Mexican government should support victims to demand justice and reparations for the damage caused by the corporations responsible for pollution, including the compensation they are entitled to receive, and take decisive action to prevent any further damage.
7. The Mexican government should stop taking forward new megaprojects opposed by local people, which do nothing but worsen the damage caused by the free trade industrial corridors.
8. The Mexican government should *urgently invite the following United Nations* experts to assess the situation in the country in their areas of work and issue specific recommendations: Pedro Arrojo Agudo, Special Rapporteur on the human rights to safe drinking water and sanitation; David R. Boyd, Special Rapporteur on human rights

and the environment; Marcos A. Orellana, Special Rapporteur on toxics and human rights; Hilal Elver, Special Rapporteur on the right to food; and Tlaleng Mofokeng, Special Rapporteur on the right to physical and mental health.

9. The Mexican government must report on the free trade agreements it is planning with full transparency, and call a halt to negotiations on the new agreement with the European Union, which will continue to undermine the possibility of adopting policies that promote compliance with human rights and environmental standards.
10. The Mexican Senate must refuse to ratify the signing of the agreement between the European Union and Mexico.
11. The Mexican government should participate in and actively support the negotiation of a legally binding instrument or treaty in the UN Human Rights Council to oblige transnational corporations to respect human rights at every stage of their global supply chains.

The United States Congress should:

1. Issue an official statement expressing concern about the impact of US-based transnational corporations and the free trade agreement on human rights, public health and the environment, based on the Mexican government's recent acknowledgment of the public health emergency.
2. Launch an official investigation and hold a session to analyse the impact of US-based transnational corporations on human rights, public health and the environment in Mexico, including the extent of US government funding (through the World Bank, USAID and other agencies) that has facilitat-

ed or supported these investments.

3. Ask the Department of Justice to investigate legal means to hold US corporations accountable for their social and environmental impact, including their direct or indirect support for the intimidation and harassment of human rights defenders.
4. Push for the US government under President Joe Biden to seek to harmonize the most ambitious environmental regulations in the United States and oblige US corporations operating in Mexico to abide by them in that country too.
5. Investigate the role of the trade agreements signed by the United States in human rights compliance and environmental protection in Mexico, including the role these agreements have played in undermining human rights and criminalizing human rights defenders.
6. Assess compliance with the stipulations made in the new trade agreement between the United States, Mexico and Canada on environmental protection.
7. Review and promote ambitious bilateral actions with Mexico to tackle climate change.
8. Support the adoption of solid international standards, such as the legally binding instrument or treaty to oblige transnational corporations to respect human rights at every stage of their global supply chains, including civil and criminal sanctions should they fail to do so.

In the European Union:

1. The European Union should draw up regulations to allow people affected by the environmental and social impacts of the operations of European transnational corporations to take their case to courts that protect the human rights of the individuals and communities affected and oblige the corporations to comply with strict environmental, health and human rights protection standards.
2. The European Union should establish a binding legal framework, including administrative, civil and criminal sanctions, to oblige European companies to respect human rights and the environment in all of their global supply chains.
3. The European Union should pressure the Mexican government to oblige all industrial corporations operating in Mexico to abide by harm prevention, protection, punishment and reparations standards that are at least equal to those in place in the European Union itself.
4. The European Union should develop effective verification mechanisms to identify corrupt practices by European corporations in third countries.
5. The European Commission and the European Parliament should foster direct dialogue with Mexican civil society organizations regarding respect for human rights and protection for the most vulnerable groups of people.
6. Instead of working to maintain a system of voluntary standards for corporations, the European Commission should actively support the negotiation of a legally binding instrument or treaty in the UN Human Rights Council to oblige transnational corporations to respect human rights at every stage of their global supply chains, including civil and criminal sanctions should they fail to do so.
7. The European Parliament should conduct an audit of the social and environmental impacts produced in Mexico by the EU-Mexico Global Agreement signed twenty years

ago, with the participation of Mexican and European civil society groups. It should also refuse to ratify the new agreement between the European Union and Mexico.

8. The European Union should put an end to all bilateral and regional trade agreements that consolidate a trade and investment regime which shields European capital from liability for human rights violations and damage to the environment outside the EU.
9. The European Commission and the European Parliament should meet their international commitments and strictly implement the guarantee that toxic chemicals banned in the European Union will not be produced for export, as stipulated in the Communication "*Chemicals Strategy for Sustainability. Towards a Toxic-Free Environment*" (COM 2020, 667 final, 14 October 2020, page 24).

In Germany:

1. The German government should actively support the implementation of this report's recommendations addressed to the European Union, and back the adoption and enforcement of the relevant regulations and standards.
2. The German government should advocate for the adoption of binding European legislation regarding corporations' accountability for their supply chains. It should refrain from blocking such legislation if it is more ambitious than Germany's own Supply Chain Due Diligence Act (LkSG) passed on 11 June 2011.
3. The German government must cease to use public funding, including via government procurement, to support German transnational corporations associated with human rights violations and damage to the environment in third countries.

In France:

1. The French government should actively support the implementation of this report's recommendations addressed to the European Union, and back the adoption and enforcement of the relevant regulations and standards.
2. Enforcement of the 2017 French Corporate Duty of Vigilance Law requires:
 - A. The French parliament to expand the scope of the law and reduce the thresholds for the companies covered by the law.
 - B. The French parliament to facilitate and reinforce the application of the law, so that the communities and individuals affected can access justice.
 - C. That the burden of proof be reversed so that it falls on the corporations rather than the affected parties.
 - D. Publication of the list of companies that fall within the scope of application of the existing law.
 - E. The allocation of public funding to monitor the infringements committed by companies that break the law, so that this burden does not fall solely on civil society.
3. The French government should firmly support the establishment of a binding legal framework at the EU level, including administrative, civil and criminal sanctions, to oblige European companies to respect human rights and the environment in all of their global supply chains.
4. The French government should refuse to support the signing of the new agreement between the European Union and Mexico.
5. The French parliament must refuse to ratify the new agreement between the European Union and Mexico or any other similar agreement.
6. The French parliament should adopt binding rules to prohibit the export of pesticides classified as highly hazardous by the Pesticide Action Network (PAN).

7. The French government must cease to use public funding, including via government procurement, to support French transnational corporations associated with human rights violations and damage to the environment in third countries.

In the Spanish State:

1. The Spanish government should actively support the implementation of this report's recommendations addressed to the European Union, and back the adoption and enforcement of the relevant regulations and standards.
2. The Spanish government should advocate for the development of a legally binding international instrument or treaty to oblige transnational corporations and other companies to respect human rights.
3. The Spanish government and the Spanish State's Autonomous Communities should:
 - A. Create mechanisms for public oversight of the operations of Spanish transnational corporations abroad, including funding for analysis, evaluation and accountability, and to respond to and investigate complaints.
 - B. Include assurances that human rights will be respected in public procurement and subsidies.
 - C. Conduct an audit of the Fondo para la Internacionalización de la Empresa (FIEM or Fund for the Internationalization of the Company) and other state agencies that finance the international operations of Spanish corporations, to ensure that they comply with the requirement to respect human rights in their business activities outside the EU, and suspend funding in cases where human rights violations are documented.
4. The Congress of Deputies should approve a law that makes it possible to hold ac-

- countable Spanish transnational corporations, their subsidiaries, suppliers, contractors and other players involved in their value chains when they fail to comply with their duty to respect human rights in their international business activities, including administrative, civil and criminal sanctions.
5. The Catalan government should act on the mandate from the Catalan Parliament and support the creation of the “Business and Human Rights Centre” to hold companies that operate and/or have their headquarters in Catalonia accountable for their actions in countries in the Global South.

In Switzerland:

1. Parliament should revisit the possibility of passing a law to ensure that companies are legally obliged to respect human rights and the environment in all their business activities, as proposed in the “Responsible Business Initiative”.
2. Parliament should adopt binding rules to prohibit the export of pesticides classified as highly hazardous by the Pesticide Action Network (PAN) and support a binding international treaty to put an end to the use of hazardous pesticides everywhere in the world.
3. Parliament should conduct an audit of all bilateral and regional trade agreements to examine respect for human rights and the environment, and refuse to sign new agreements under EFTA, such as those currently being negotiated with the MERCOSUR countries.
4. The Swiss government must cease to use free trade agreements to pressure countries in the Global South to sign the UPOV 91 or similar standards to protect intellectual property rights over seeds.

5. The Swiss government must cease to use public funding, including via government procurement, to support Swiss transnational corporations associated with human rights violations and damage to the environment in third countries.
6. The Swiss government must cease to provide any support to Nestlé that enables the corporation to expand its business operations, especially in the area of official development aid, without holding it responsible for the social and environmental damage it causes in the Global South.
7. The Swiss government must cease to use public funds to support public-private partnerships that benefit Syngenta, and demand that this corporation complies with its tax obligations.

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See the full report here:

<https://www.tni.org/TNCs-free-trade-Mexico>