

Bechtel Corporation

Last updated, October 2002



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1. Organizational Profile

Bechtel Enterprises, a privately held firm, is the world's largest construction company, having been involved heavily in the US's construction boom in the post WWII period. They are responsible for over 19,000 projects in 140 countries, with operations on all continents (save Antarctica) . Bechtel is involved in over 200 water and wastewater treatment plants around the world, in large part through its subsidiaries and joint ventures such as [International Water](#) (which is a partnership of Bechtel, Edison of Italy, and United Utilities in the UK). International Water's most (im)famous project is the Cochabamba, Bolivia privatization which, after massive price hikes, caused mass demonstrations and eventually forced the reversal of the privatization.

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40,000 employees

Executive

Steven Bechtel Jr, Chair Emeritus
Riley P. Bechtel, Chair and CEO
Adrian Zaccaria, President, COO, Director
Paul Unruh VP, Director & President and COO, Bechtel Enterprises Holdings

2. Economic Profile

Financial Data	2001	2000	
Revenue	\$13.4 billion	\$15.1 billion	
(difficult to access financial data, as Bechtel is not publicly traded and thus does not have to disclose details)			

Key Bechtel Partnerships

- **International Water** originally a partnership between United Utilities and Bechtel, Edison International (Italy) bought 50% of International Water, taking over United Utilities share in International Water. United Utilities is still kept on in an advisory role and does perform some aspects of some contracts that IW procures. International Water was the consortium behind the Bolivian water uprising of 2000. (see problem water contracts below) International Water provides water and wastewater facilities to over 30 million people outside North America and the UK, about 60% of whom are in the Asian-Pacific region. Didier Quint is the managing director and comes with a 15 year history as part of Vivendi. <http://www.iwlttd.com>
- **US Water** – a joint venture with United Utilities, and Liewit that operates, maintains and manages municipal and industrial water and wastewater systems in North America. SOLD IN AUGUST 2002 to Suez-Ondeo
- **Manila Water Company** – a consortium formed between Ayala Corporation, Bechtel Enterprises, United Utilities, and Mitsubishi Corporation. The [World Bank](#) and its [International Finance Corporation \(IFC\)](#), acted as guarantors for the privatization of the Manila Water Company.
- **Catchment** – a water joint venture with United Utilities, focused on the UK.
- **InterGen** – partnership with [Shell](#) to operate power plants and fuel and electricity infrastructure outside of North America.
- **PSG International** – a joint venture with [GE Capital](#) to develop and operate pipeline transportation systems.
- **Dabhol Power plant in India** - Bechtel is a minority partner in the controversial Power plant (with Enron, the majority owner, though plans are in the works for a sale following Enron's collapse. For additional information on this project, [click here](#) and scroll down to section E)
- **Global Supply Group** – a joint venture with EDS that specializes in reducing the cost of materials bought by customers.

Key Activities and Transactions of the Recent Past - especially water related transactions

September 2002 - Bechtel partnered with Defense Contractor Lockheed Martin for an operations and management project at Kwajalein Atoll/Reagan test site run by the US Army Space and Missile Defense Command. The test site is for ballistic missile defense testing and space

surveillance operations and is located in the Marshall Islands, 4,700 miles off the West Coast of the US. The contract is worth \$626 million for 4 years but can be extended up to 15 years.

August 2002 - Bechtel sold U.S. Water to a Suez subsidiary Ondo. Ondo acquired U.S. Water from Bechtel and United Utilities for \$40 million US. U.S Water currently operates 40 contracts in small and medium sized markets. Current U.S. Water contracts include wastewater in Springfield, Massachusetts and water services in Camden, New Jersey.

June 2002 - Bechtel announced a major expansion of its operations in Quebec. It is establishing its North American Mining and Metals Headquarters in Montreal and also creating an "Aluminum centre of Excellence". Also announced the creation of a joint engineering company between Bechtel and BPR, to be headquartered in Montreal.

February 2002 - Bechtel is part of a consortium (Tube Lines Consortium) given half the contract to privatize the London Underground ("the Tube") The contracts are for 30 years and include the financing and upgrades to all tunnels stations and trains. In March, Bechtel got a contract to manage the troubled \$ 9 billion West Coast Main Line, a rail line from London to Western Scotland. As well, Bechtel already has a contract for the design management and supervision of the Channel Tunnel Rail Link, the UK's first high speed railroad, due to be completed in 2007.

April 2001 - China's huge South-to-North water diversion project – Bechtel delivered presentations at a State Development and Planning Commission Tennessee Valley Authority sponsored workshop on the \$18 billion project. Bechtel is hoping to get in and provide construction for the project. (US Embassy – China 'Embassy News', China Commercial Brief, April 6, 2001)

February 2001 – Acquisition of the Yucca mountain project to build a high level nuclear waste repository in Nevada (partnered with Science Applications International Corporation) worth \$3 billion over 5 years (see questionable practices for more)

January 2001 - International Water and United Utilities International announced that they acquired a 50.4% stake in AS Tallinna Vesi from the Tallinn city government in Estonia. They paid 40 million Estonian Kroon (\$2.3 million US) See the social practices below for details on the difficulties Tallinn is experiencing from this privatization.

January 2001 - International Water was awarded a 30 year water concession in Guayaquil, Ecuador (Ecuador's largest and most populous city)– awarded by the Ecuador National Modernization Council (CONAM), \$1 billion in investment is expected. International Water was the only bidder for the concession, gaining the contract without competition. The concession was awarded International Water has received a guarantee from the World Bank's Multilateral Investment Guarantee Agency (MIGA) worth \$18 million. The guarantee acts as an insurance plan against "the risks of expropriation and war and civil disturbance" and also includes a 'performance bond' that "guarantees the company's successful management, expansion, and operation of the water services, against the risk of wrongful call". This is the first time MIGA has issued such a guarantee for a water project. Operations began in April 2002, with International Water saying it will vastly increase service coverage for the region.

This whole privatization process began when the Inter-American Development Bank (IADB) provided a loan to the government of Ecuador on the provision it privatize the publicly run ECAPAG. According to the Centro de Derechos Economicos y Sociales, all workers at the ECAPAG were laid off with the rehiring of workers left to the decision of the new administrators (the new company is known as Interaguas), though the company did say it would give contracts to the majority of the workers after they complete a retraining program sponsored by the IADB. As of May 2002, fewer than 20% of workers had been rehired, with former workers planning legal action for not hiring the majority back as they promised.

[["Workers Contest the Process of Privatization in Guayaquil, Ecuador"](#), Public Citizen May 23, 2002; "International Water Awarded Concession in Ecuador with no competition" www.psir.org/news/4424.htm; "[Project Hones in on Water Services for Ecuador's Poor](#)", MIGA - World Bank Group, March 2001; "[Concession: International Water Services and ECAPAG sign a contract](#)", Consejo Nacional de Modernizacion (CONAM), April 10, 2001]

May 2000 - The United Utilities and Bechtel joint venture Catchment won the contract to build Moray Coast (Scotland) wastewater treatment plants with U.U. to operate it for 27 years after

January 2000 – Bechtel has created a new technology and consulting firm – NEXANT to target energy industries worldwide to work on everything from strategy to operations. The six target areas are: energy utility services, oil and gas services, energy delivery, advanced energy technology, sustainable development services, interactive energy.

2000 - Sofia, Bulgaria – International Water gained a privatized water concession for the city (see problem contracts)

March 1999 – Shell and Bechtel created Interger N.A. to develop power projects in the US. (Interger already has power stations in Colombia, China, Philippines, Mexico, and the UK) Edison International (Italy) bought 50% of International Water, taking over United Utilities share in International Water. While IW is now jointly owned by Bechtel and Edison, United Utilities is still kept on in an advisory role and does perform some aspects of some contracts that IW procures.

3. Political Profile

World Trade Center Cleanup Connections - Considered very strongly for the cleanup of the World Trade Center site in New York City, and then had the possible offer withdrawn. It was speculated for a while in late November 2000, that it was because of their vast political connections, especially to the Republican Party, that Bechtel was being offered the job over local contractors by the Guiliani administration. It was then abruptly halted with no explanation. (See Tom Robbins "[A Billion-Dollar Award Looms for GOP Ally Cleaning Up at Ground Zero](#)", Village Voice, November 28th – December 4th ; "[City Scraps Plans to Hire Big Firm](#)", New York Times, December 9th, 2001

[Overseas Private Investment Corporation \(OPIC\) connection](#) - In June 2001, US President George Bush named Ross Connelly to serve as Executive Vice President at the Overseas Private Investment Corporation (OPIC), the International Finance Institution, often derided as a corporate welfare body, which loans or subsidizes money to US corporations and smaller businesses doing business overseas. Connelly was an employee of Bechtel for 21 years up to 1996, including a three year stint as CEO of Bechtel Energy Resources Corporation. (PR Newswire, September 28th, 1998; and [OPIC website profile](#))

US-Trade signee - Bechtel is one of the signees of a July 23rd, 2001 letter from [US Trade](#), the coalition formed to push for Presidential [Trade Promotion Authority](#) (fast track), to the various members of the US House and Senate, to get them to vote in favor of TPA. TPA would give the President the power to negotiate trade agreements such as the World Trade Organization agreements (including the General Agreement on Trade in Services GATS), and the Free Trade Area of the Americas (FTAA). (See: "[US Trade TPA Letter to Full Congress](#)")

Riley P. Bechtel, Bechtel CEO, is a member of the [Business Roundtable](#) and its policy committee (the Roundtable consists of the top CEOs in the country gathering to discuss economic policy and the means to influence policymakers) The roundtable is on the steering committee of US Trade, the group pushing Fast Track, as outlined above. Riley P. Bechtel is

also on the [California Business Roundtable](#), on J.P. Morgan's Board of Directors as well as its International Advisory Council.

Connections of Bechtel Alumni and Associates:

John McCone (Atomic Energy Commission and CIA); W. Kenneth Davis (AEC and Department of Energy); George Schultz (Secretary of State); Caspar Weinberger (former Secretary of Defense); William Casey (CIA) (Above from: ["Incompetence, Wheeling and Dealing, the Real Bechtel"](#) Multinational Monitor, August 1989)

Steven Bechtel was once appointed (1970-73) to the [Advisory Board of the US Government's Export-Import Bank](#) which provided major loans to countries which then financed Bechtel related projects. Export-Import Loans approved to Bechtel during this time included \$13.5 m for nickel production, \$107 m for a nuclear plant in Brazil, \$100 m pipeline in Egypt, \$145 m for fertilizer plants and \$294 m for liquid natural gas projects in Algeria. (Multinational Monitor, December 1989)

Yucca mountain - Before landing the very controversial Yucca mountain nuclear waste project contract, Bechtel made very generous donations to the Nevada Democratic Party ("Bechtel Takes over Yucca Mountain" Las Vegas Business Press, February 12th, 2001)

October 2000 - debt in Africa - Bechtel is part of a group of business and financial organizations aiming to get the US Congress to secure funding to reduce debt in Africa. Seemingly a positive move, it must be considered in light of the fact that only limited relief is desired and comes with a price of economic 'adjustment' to suit the capital markets. The relief is just enough to get these countries to the point where they can get more securely into the global marketplace. From a statement they released: "We recognize the importance of creating opportunities for the poorest countries to join the global economy through enhanced trade, private foreign investment and sustainable development policies. But the poorest, heavily indebted nations in the world, mostly in Africa *remain a largely undeveloped market for U.S. goods. They represent only one percent of our exports...* The benefits of trade and direct assistance, however, cannot be fully realized when so many resources from poor countries are sent back to official and private creditors. . . ." [emphasis added] ([Excerpted from a summary prepared by the External Affairs Department of the World Bank](#))

World Economic Development Congress – this is a major global initiative to streamline infrastructure development to decrease cost and time in delivering electricity, water. Three of the six keynote speakers for the September 1998 meeting had Bechtel connections: Cordell Hull, former Bechtel Enterprises chairperson; George Schultz, former Secretary of State and former Bechtel executive; and Paul Unruh, President of Bechtel Enterprises.

US-Colombia Business Partnership – one of 11 major companies involved. Bechtel's main purpose on this partnership is to keep the door open to future investment in Colombia and to push to continued access to Export-Import financing and OPIC insurance in Colombian ventures. ([Business Bats for Colombia, Multinational Monitor, May 1997](#))

OSHA Connections - Bechtel executive Stew Burkhammer is a long-standing member of the US government's Occupational Safety and Health Administration's (OSHA) [Advisory Committee on Construction Safety and Health](#). OSHA is responsible for overseeing health and safety issues in workplaces, and should be an arms-length away from business interests.

4. Social Profile

Problem Water Contracts

San Francisco Water System Reconstruction (done by Bechtel mainly, with others - called the Water Alliance) (not directly a privatization of the water system, though the project director has come from work on water privatization in England - raising suspicions of Bechtel's long-term aims)

- 4-year, \$45 million contract to manage the reconstruction of the city's water system. According to senior level SF Public Utilities Commission employees, \$5 million has already been paid to Bechtel and has been a waste of money. This waste includes: charging the city as much as \$157/hour for staff; Bechtel's extremely aggressive billing (or attempted billing) of the city for tens of thousands for personal expenses of Bechtel employees (such as laundry services, international travel and meals, donuts), much of which is unauthorized by the contract; most of the work done to date being unnecessary duplication of what the city had already done, including \$461,500 billed for "completed plans" which had actually already been almost all completed by the city before Bechtel's arrival on the project; information in a comptroller report that Bechtel inappropriately billed the city for \$2,766 out of \$75,943 in invoices between October 2000 and February 2001.
- Chris Daly, a supervisor on the project, has indicated that he is not inclined to give Bechtel the go ahead for another year, and several others have shown reservations as well. (for much more detail, please see "[Bechtel's \\$45 million Screw Job](#)", Savannah Blackwell, [San Francisco Bay Guardian, September 12th, 2001](#))
- For more stories on the Bechtel, including much more on the Water System Reconstruction, [click here](#), then click on "Search sfbg.com" and type Bechtel into the search space. As Bechtel is headquartered in San Francisco, the San Francisco Bay Guardian has written a lot on Bechtel.

UPDATE: In February 2002, the San Francisco Board of Supervisors Finance Committee told the SF Public Utilities Commission to sever ties with Bechtel, and end the contract. This came after SFPUC chief Pat Martel, with the backing of the San Francisco Chamber of Commerce and the Bay Area Water Users Association pushed to keep the partnership in tact. The Board first made a statement to the SFPUC to push for the end of the partnership back in November 2001.

In April 2002, the SFPUC finally relented and ousted Bechtel from the contract. In June, a company called Jacobs Engineering Group was given the contract.

[For more information: "[Bechtel's Banning: S.F. struggles to fix its Water System](#)", Savannah Blackwell, San Francisco Bay Guardian, February 2002; "City ousts Bechtel, putting Hetch Hetchy repair at risk" San Francisco Chronicle, April 28th, 2002; "[Contract Balk: SFPUC's general manager wants Bechtel to stay despite protests](#)", Savannah Blackwell, San Francisco Bay Guardian, February 2002]

Bolivia Contract – Cochabamba, Bolivia

- Bolivia sold the city of Cochabamba's water system to International Water in 1999. When water bills under privatization increased to as much as 100 per cent or more, a general strike and mass demonstrations began (April 2000), soldiers were sent in, and 1 person was killed and hundreds of others were injured. The governor of the state resigned saying he did not want to be responsible for what would follow if the national government refused to reverse the privatization. Faced with a determined opposition representing truly angry and desperate population, Bolivia's government did annul the contract and accepted the protesters demands to put control of the

water supply back in local hands.

- Bechtel has since begun the process of suing the Bolivian government under a Netherlands-Bolivia Trade Agreement, as Bechtel had (conveniently) incorporated a International Water as a Dutch company just before the Bolivian contract began which was six months prior to the massive protests. Many feel that Bechtel moved International Water in anticipation of the troubles, and they are now, as of November 2001, seeking \$25 million in damages and future lost profits through a tribunal of the World Bank's International Court for the Settlement of Investment Disputes (ICSID). This tribunal is seen as similar to what would happen under WTO General Agreement on Trade in Services (GATS) or Free Trade Area of the Americas (FTAA) rules if implemented in the coming years, only GATS and FTAA rules would be for all countries who join the trade agreements, not just those who have bi-lateral investment treaties. In August 2002, more than 300 groups from 41 countries presented a [petition](#) to the ICSID, demanding that public participation be allowed during the case. Usually the ICSID holds its cases in secret, something international opinion is becoming increasingly critical of. A late September 2002 report from *Engineering News Record* Journal reported that Bechtel "appears to have awakened in the middle of a public relations nightmare after citizen's groups tried to beat South America's poorest country out of \$25 million"

[“Soaking the Poor” Daniel Zoll, San Francisco Bay Guardian, December 13th, 2000; [“Bolivian Uprisings Flow From Bechtel's Greed”](#) Jim Schultz, San Francisco Examiner, April 19th, 2000; [“Three Hundred Citizen Groups Call on Secret World Bank Trade Court to Open Up Bechtel Case Against Bolivia: 'Preview of FTAA'”](#), U.S. Newswire, August 29th, 2002; [“Bolivia: Leasing the Rain”](#), PBS Frontline program, June 2002; “Bechtel Awash in Complaints”, *Engineering News Record*, September 23rd, 2002]

Tallinn Water Contract (AS Tallina Vess)– Tallinn, Estonia

- International Water is making a claim for \$12.8m over 5 years as a surcharge for surface drainage. This demand came soon after the contract came about. The Tallinn city council already pays water tariffs to pay for the water drainage, so this surcharge amounts to a double payment. Rates are to rise in Tallinn by 50% between 2001 and 2005, and International Water argues that this is necessary to finance future investment in sewage works. Yet, \$10 million in dividends has already been taken out of the company. The reason given for this large sum was a large amount of idle dollars on the bank account. Board members are to be paid \$1000/meeting, this includes government members of the project's supervisory council, some of whom have refused this payoff (PSIRU news – www.psiru.org/news/4495.htm; “Water Rates Up 50% in Four Years” Estonian News Agency, May 25th, 2001)

Sofiiska Voda Contract – Sofia, Bulgaria

- Bulgarian unions reported that International water was refusing to agree to transfer previous contracts of employees and wanted to put permanent employees on permanent contract. International Water cut jobs and refused to sign a collective bargaining agreement protecting workers. (Public Services International Research Unit News - www.psiru.org/news/4255.htm)

Other Problem Contracts and questionable social practices

The following examples are from: [“Incompetence, Wheeling and Dealing, the Real Bechtel” Multinational Monitor, August 1989](#)

- Made over \$100 million off of World War II, attracting congressional investigators to hold hearings into war profiteering (nothing came of it). During a confirmation hearing for Bechtel's

John McCone to become Atomic Energy Commission (AEC) commissioner, Ralph Casey of the General Accounting Office (GAO) said that “at no time in the history of American business, whether in wartime or in peacetime, have so many men made so much money with so little risk, and all at the expense of taxpayers, not only of this generation but of generations to come.”

- Received about 40% of the U.S.' nuclear power plant construction contracts in the 30 years after WWII, much of this due to its heavy political connections, including hiring the head of nuclear reactor development at the AEC. They botched plant construction all over the U.S.: Trojan and Pilgrim (MA), Susquehanna (PA), Midland and Palisades (MI), Bavis Besse (Ohio), San Onofre and Racho Seco (CA) – all of these facilities have experienced long delays or outages due to Bechtel incompetence, if they operated at all.
- Three Mile Isle Cleanup (Bechtel did not construct 3 mile Isle) – Bechtel schemed to avoid making necessary repairs, improperly classified modifications in order to avoid safety controls. Also disregarded the health and safety of the cleanup crew: sent to radioactive sections without adequate protective clothing or respirators; workers were routinely given already contaminated clothing; equipment meant to detect radiation often malfunctioned. Bechtel was fined by the Nuclear Regulatory Commission for these activities.
- Nuclear industry went downhill in the US, so Bechtel looked overseas. Bechtel bribed Korean Electric Company (KECO) officials in return for lucrative contracts to build power plants in Korea
- Bechtel is listed for 730 incidents of hazardous waste spills on the Environmental Protection Agency's ERNS database for the period between 1990 and 1997. The substances include crude oil, processed water, asbestos and ethylene glycol. ([Click here and type in Bechtel under discharger for the full listing](#))

"The Big Dig"

A Bechtel/Parsons Brinkerhoff joint venture is the main consultant in the management of the massive 'Big Dig' [Central Artery/Third Harbor Tunnel Project] project in Boston, which is a major transportation infrastructure project in Boston that has become infamous in the city for its massive cost overruns and is way overdue. The original budget was \$2.5 billion and it is now a project over \$14 billion. Bechtel has been under heavy criticism for 'failing to find and order repairs for flaws in the Ted Williams tunnel ventilation system' and on certain guard rails. In early 2002, board members of the Massachusetts Turnpike Authority were considering dropping the Bechtel joint venture from overseeing the project. A watchdog group, the National Academy of Engineering, was hired in July 2002 to watch over the project, though there are concerns that the Academy's membership includes numerous Bechtel employees. The Academy says that Bechtel 'is totally divorced from every review it commissions' and that the academy 'does not pull any punches' in its reviews.

["Big Dig to Get Watchdog Group", Raphael Lewis, Boston Globe, July 4th, 2002; "Big Dig Lacks Key State Overseer: Quality Assurance Job was Cut in 1999, Raphael Lewis, Boston Globe, January 30th, 2002; " [Board Considers Dumping Top Big Dig Firm: Project Beset With Delays And Cost Overruns](#)", The Boston Channel, March 5th, 2002]

Quotations

Bechtel Press Release regarding the protests in Cochabamba, Bolivia, following the massive water price increases imposed by Bechtel's International Water: "We are also dismayed by the fact that much of the blame is falsely centered on the government's plan to raise water rates in Cochabamba, when in fact, a number of other water, social and political issues are the root causes of this civil unrest." (["Bolivian Uprisings Flow From Bechtel's Greed", Jim Shultz, San Francisco Examiner, April 19th, 2000](#))

Didier Quint, Managing Director of International Water, in a letter to critic and activist Jim Schultz, trying to convince him that the price hikes were at acceptable and affordable levels: The typical rate hikes for water and waste sewage services rose 35%. Low income residents were to pay 10% more and the largest hikes (106%) were reserved for the highest volume users, the most affluent.”

Jim Shultz, directly applying to the above assertion: After four months, I am still looking, with no success, for someone here who had a rate hike of just 10%. I have interviewed dozens and dozens of families about the rate hikes. Even among the poor, the rate increases of at least 100% were the most common and many people suffered increases much higher. Your claim will be big news to...Tanya Paredes, a mother of five who knits baby clothes for a living (her increase was 300%) and thousands of others. If you don't wish to believe my account I would gladly send you copies of the local newspaper investigations that also confirm the extremity of your rate hikes.” ([Click here for the original letter](#))

Another Jim Shultz quote from the letter mentioned above: “Despite your apparent views to the contrary, the people of Cochabamba are not stupid, nor are they misled. It may not be the public relations message you would like to project, but the facts speak for themselves: You came here to make a profit, agreeing to a contract that insured water rates far beyond what people could afford. You implemented those rates, provoking exactly the social eruption you anticipated. Even as people here died demanding that you leave you refused to go and hid behind the violent repression provided for you by your partners in the Bolivian government.” ([Click here for the original letter](#))

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