Worldwide drive to privatise water

Paul Mitchell
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According to the charity WaterAid "not a single additional person" has benefited from the promises the European Union made nearly five years ago regarding water and sanitation projects for the world's poorest people.

More than 1 billion people lack safe drinking water, more than 2.4 billion people lack adequate sanitation, and 2.2 million people, most of them children, die every year from preventable diseases associated with contaminated water and inadequate sanitation.

WaterAid has condemned European officials for designing the European Union Water Initiative (EUWI) with "absolutely no meaningful input" from those responsible for water supply and sanitation in developing countries and EU member states for "making half-hearted or virtually no effort to make the initiative work."

It reports that a diminishing share of European aid is being spent on water supply and sanitation projects, falling from an average of 5.5 percent in 2000 to 4.2 percent in 2003. It criticises the EUWI for promoting large-scale projects dependent on private investment, saying, "Despite the proven disinterest of international investors in financing water and sanitation projects in developing countries, the EUWI persists in trying to attract private money, leaving no opportunity to debate the need for increased EU aid to the water sector."

The EUWI was proclaimed at the 2002 World Summit for Sustainable Development (WSSD) in Johannesburg by then-European Commission President Romano Prodi, who said, "The global water crisis is a major threat for our planet and the future of our children. Together with our partners we are fully committed to achieving the WSSD's now-agreed targets to halve the proportion of people without access to safe drinking water and improved sanitation by 2015. The EU is already investing €1.4 billion ($1.8 billion) a year in water-related development aid and scientific cooperation. We are ready to increase financial resources over the coming years, in response to the priorities developing countries set themselves."

The WSSD was convened to counter the widely held view that the Earth Summit held in the Brazilian city of Rio de Janeiro in 1992 had failed. UN Secretary General Kofi Annan attributed the lack of progress to "too few resources, a lack of political will, a piecemeal and uncoordinated approach and continued wasteful patterns of production and consumption."

The basic conclusion that the WSSD and countless other conferences reached was that the only way to solve the world's complex social and environmental problems is to rely on businesses and the profit motive.

For more than a decade, the IMF and World Bank have made loans for water supply and sanitation projects conditional on agreeing to privatisation. In 1990, just 51 million people worldwide received their water from private utilities. This has grown to nearly 500 million today and is expected to reach more than 1 billion by 2015.

Europe-based water transnational corporations have been the main beneficiaries of this privatisation process. The world's two largest water utilities, Suez and Vivendi (based in France), control nearly three quarters of the global market. Other European companies involved are France's Saur, as well as RWE Thames Water, International Water and Severn Trent, all based in the UK.

The European Commission has aggressively defended their interests and pressed for water to be included in the General Agreement on Trade in Services—the international trade agreement that came into effect in 1995 under the auspices of the World Trade Organisation (WTO) that aims to remove all barriers to the penetration of private capital.

The water companies are now shifting their attention to Europe, the United States and Japan where most water supply and sanitation is still under state control. It is estimated that 75 percent of European and 65 percent of US water utilities could be privatised by 2015.

Another reason the TNCs are shifting their attention to advanced capitalist countries is because privatisation projects elsewhere have not worked. Many schemes have sharply increased water prices, exacerbating the problem of scarcity for the majority of the population. In 2002, Suez pulled out of both Manila and Buenos Aires, two cities often highlighted by the World Bank as beacons of successful privatisations. In early 2005, poor residents of the Bolivian city of El Alto rose up against the company's failure to provide water and sanitation services.

Sir Paul Lever, the Global Development Director of RWE Thames Water, which is also shedding its overseas operations, said, "The enthusiasm associated in the past with a possible involvement of the private sector is misplaced.... We will not find the classic private investment as we know it in the developing countries. Instead, we should do better to concentrate on public-private concepts."

Loïc Fauchon, president of the World Water Council and executive director of the Marseille Water Supply Company, a Suez subsidiary, echoed Lever's call at the Fourth World Water Forum in Mexico City in March 2006. "Public and private water operators are both needed and the choice should be left to local authorities," Fauchon told the assembled presidents and prime ministers, corporate leaders, academics and NGO representatives.

The TNCs are busy looking for a fig leaf to cover their abandonment of the poorest people of the world. In their promotion of public-private partnerships, the water utilities mean local governments having to subsidise investments, take the risks and guarantee corporate profits. And they are looking to the NGOs to help them.

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Both Fauchon and Gerard Payen, a former Suez vice president and president of the lobby International Federation of Private Water Operators (AquaFed), supported the "Right to Water"—a principle hitherto opposed by the US, UK, France and other Western powers.

The evoking of the "Right to Water" was an overture to the NGOs, many of whom have already aligned themselves with big business. WaterAid's criticisms of European Union bureaucracy and incompetence should be seen in this light.

The organisation helped set up a Water and Sanitation for the Urban Poor (WSUP) scheme in September 2004 with Thames Water and Unilever (it needs water to be able sell its soap products). The scheme is "not looking at projects requiring investments from the private operators" and hopes that "by teaming up for the longer term, the private sector and the NGOs can unleash unique synergies particularly as they grow to know and trust each other over time."

The WSUP organisers are "deliberately choosing to keep a low profile" because "in the current anti-globalisation climate, prematurely publicising this 'respectable' initiative could backfire horribly if it fails to deliver." There is no information on WSUP's web site about its current activity in its two projects in Bangalore and Kenya.

WaterAid's boardroom is full of past and present water industry executives, and Vice President Baroness Lynda Chalker is a director of Unilever.

It is not just a question of a few greedy water companies, but of a socioeconomic system based on relentless competition between different corporations and different national governments that represent these corporations. The experience of the last two decades has shown that economic restructuring programmes dictated by the banks and Western governments have led to falling living standards for the mass of people around the world. Their application to water supply and sanitation has accelerated the process of impoverishment.

An attempt to seriously address the problems of lack of clean water and sanitation requires massive social investment on a global scale, which is incompatible with a system based on the private accumulation of wealth.