

The tide is high

One day, fresh water could be as valuable as oil. Is privatisation the best way to manage the shortage? Next month's World Water Forum will decide

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The private sector was the first to notice: the planet is running out of fresh water at such a rate that soon it will be the most valuable commodity on earth. Thirty-one countries are facing severe water stress and over one billion people have no access to clean water. Every eight seconds a child dies of water-borne disease. And the crisis is getting worse. By 2025, with an ever-greater number of people sharing the earth's finite supplies of water and its per capita use having more than doubled, two-thirds of the world's people will not have enough water for the basics of life.

On March 16 the third World Water Forum (WWF) will be held in Kyoto, Japan. The WWF is sponsored by the World Water Council, a thinktank whose membership includes the World Bank, global water corporations, the UN, governments and the International Private Water Association. They will decide whether transnational corporations or governments and local communities will control the earth's dwindling supplies.

The second WWF took place in the Hague three years ago. Designed as a showcase for public-private partnerships, it sought to create a "consensus" among the 5,400 participants that privatisation is the answer to the water crisis. The World Water Council presented a prewritten "world water vision" endorsing an aggressive for-profit future for water and declared that it is not a basic human right but a need that can be delivered by the private sector.

When the forum closed, a coalition of environmentalists, human rights and anti-poverty activists, small farmers, unions and local communities fighting water privatisation, called the Blue Planet Project, issued a strong condemnation of both the process and the prearranged outcome of the meeting. Since then, these activists have protested alongside the poor in South Africa, Bolivia and India.

Water for profit takes several forms. Backed by the World Bank and the IMF, a handful of transnational corporations are seeking to cartelise the world's water delivery and wastewater systems. Already Vivendi and Suez of France deliver private water services to more than 200 million customers in 150 countries. Now they are moving into new markets in the third world, where debt-struck governments are forced to abandon public water services and hand over control of water supplies to for-profit interests.

These companies have huge profits, charge higher prices for water and cut off customers who cannot pay. There is little transparency in their dealings, they produce reduced water quality and have been accused of bribery and corruption. Based on the policy known as full-cost recovery (charging for the full cost of water, including profits for shareholders) the water companies are able to impose rate hikes that are devastating to millions of poor people who

are forced to use cholera-laced water systems instead. In Ghana, just the prospect of World Bank-imposed water privatisation resulted in a 95% increase in water fees.

A new type of water consortium has emerged in Germany that may be a prototype for the future. Companies such as AquaMundo put together giant investment pools using overseas government aid, private bank investments and public utilities funds in the recipient country. In an arrangement called cross-border leasing, they hire local contractors to run the water services. Some investment companies keep their money in tax havens, avoiding national taxes, and offer a deal to cash-strapped governments. In these public-private partnerships, the private investor is guaranteed huge profits from the public purse for many years, and if the company or investment pool disappears, the local government is left holding the bag.

The bottled water industry is growing at an annual rate of 20%. Last year, nearly 100bn litres of bottled water were sold around the world, most of it in non-renewable plastic. Fierce disputes, mostly in the developing world, are being waged between local communities and companies such as Coca-Cola and Nestlé, aggressively seeking new supplies of "boutique water". Perrier is being taken to court by citizens in Michigan and Wisconsin in a dispute over licences to take huge amounts of aquifer water that feeds the Great Lakes of North America. In India, whole river systems, such as the River Bhavani in Tamil Nadu state, have been sold to Coca-Cola even as the state is suffering the worst drought in living memory. As one company explains, water is now a "rationed necessity that may be taken by force".

Corporations are now involved in the construction of massive pipelines to carry fresh water long distances for commercial sale, while others are constructing supertankers and giant sealed water bags to transport vast amounts across the ocean to paying customers. The World Bank says that "one way or another, water will soon be moved around the world as oil is now". All of these forms of water privatisation are protected in international trade regimes like the World Trade Organisation. A recently leaked document showed that the EU has put water services high on its list of demands of other countries in the ongoing General Agreement on Trade in Services talks. This should come as no surprise, as the European water companies are powerful players in the service industry lobby and advise governments and trade negotiators alike in the drafting of these deals.

These are the issues that will dominate the WWF and over which a battle for hearts and minds will be waged. The stakes for a world running out of water have never been higher.

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