

## **Who Owns Water? Are Corporations Controlling our Water Supply**

### **Who Owns Water?**

**by MAUDE BARLOW & TONY CLARKE**

"Water promises to be to the 21st century what oil was to the 20th century: the precious commodity that determines the wealth of nations." --Fortune

As the World Summit on Sustainable Development draws closer, clear lines of contention are forming, particularly around the future of the world's freshwater resources. The setting of the summit paints the picture. Government and corporate delegates to the September meeting will gather in the lavish hotels and convention facilities of Sandton, the fabulously wealthy Johannesburg suburb that houses huge estates, English gardens and swimming pools, and has become South Africa's new financial epicenter. There, they will meet with World Bank and World Trade Organization officials to set the stage for the privatization of water.

At the same time, activists from South Africa and around the world with a very different vision will gather in very different settings to fight for a water-secure future. One such venue will be Alexandra Township, a poverty-stricken community where sanitation, electricity and water services have been privatized and cut off to those who cannot afford them. Alexandra is situated right next door to Sandton and divided only by a river so polluted that it has cholera warning signs on its banks. There could not be a more fitting setting for Rio+10 than South Africa, because neighboring Sandton and Alexandra represent the great divide that characterizes the current debate over water. Moreover, South Africa is the birthplace of one of the nucleus groups that form the heart of a new global civil society movement dedicated to saving the world's water as part of the global commons.

This movement originates in a fight for survival. The world is running out of fresh water. Humanity is polluting, diverting and depleting the

wellspring of life at a startling rate. With every passing day, our demand for fresh water outpaces its availability, and thousands more people are put at risk. Already, the social, political and economic impacts of water scarcity are rapidly becoming a destabilizing force, with water-related conflicts springing up around the globe. Quite simply, unless we dramatically change our ways, between one-half and two-thirds of humanity will be living with severe freshwater shortages within the next quarter-century.

It seemed to sneak up on us, or at least those of us living in the North. Until the past decade, the study of fresh water was left to highly specialized groups of experts--hydrologists, engineers, scientists, city planners, weather forecasters and others with a niche interest in what so many of us took for granted. Many knew about the condition of water in the Third World, including the millions who die of waterborne diseases every year. But this was seen as an issue of poverty, poor sanitation and injustice--all areas that could be addressed in the just world for which we were fighting.

Now, however, an increasing number of voices--including human rights and environmental groups, think tanks and research organizations, official international agencies and thousands of community groups around the world--are sounding the alarm. The earth's fresh water is finite and small, representing less than one half of 1 percent of the world's total water stock. Not only are we adding 85 million new people to the planet every year, but our per capita use of water is doubling every twenty years, at more than twice the rate of human population growth. A legacy of factory farming, flood irrigation, the construction of massive dams, toxic dumping, wetlands and forest destruction, and urban and industrial pollution has damaged the Earth's surface water so badly that we are now mining the underground water reserves far faster than nature can replenish them.

The earth's "hot stains"--areas where water reserves are disappearing--include the Middle East, Northern China, Mexico, California and almost two dozen countries in Africa. Today thirty-one countries and over 1 billion people completely lack access to clean water. Every eight seconds a child dies from drinking contaminated

water. The global freshwater crisis looms as one of the greatest threats ever to the survival of our planet.

### **Washington Consensus**

Tragically, this global call for action comes in an era guided by the principles of the so-called Washington Consensus, a model of economics rooted in the belief that liberal market economics constitutes the one and only economic choice for the whole world. Competitive nation-states are abandoning natural resources protection and privatizing their ecological commons. Everything is now for sale, even those areas of life, such as social services and natural resources, that were once considered the common heritage of humanity. Governments around the world are abdicating their responsibilities to protect the natural resources in their territory, giving authority away to the private companies involved in resource exploitation.

Faced with the suddenly well-documented freshwater crisis, governments and international institutions are advocating a Washington Consensus solution: the privatization and commodification of water. Price water, they say in chorus; put it up for sale and let the market determine its future. For them, the debate is closed. Water, say the World Bank and the United Nations, is a "human need," not a "human right." These are not semantics; the difference in interpretation is crucial. A human need can be supplied many ways, especially for those with money. No one can sell a human right.

So a handful of transnational corporations, backed by the World Bank and the International Monetary Fund, are aggressively taking over the management of public water services in countries around the world, dramatically raising the price of water to the local residents and profiting especially from the Third World's desperate search for solutions to its water crisis. Some are startlingly open; the decline in freshwater supplies and standards has created a wonderful venture opportunity for water corporations and their investors, they boast. The agenda is clear: Water should be treated like any other tradable good, with its use determined by the principles of profit.

It should come as no surprise that the private sector knew before most of the world about the looming water crisis and has set out to take advantage of what it considers to be blue gold. According to Fortune, the annual profits of the water industry now amount to about 40 percent of those of the oil sector and are already substantially higher than the pharmaceutical sector, now close to \$1 trillion. But only about 5 percent of the world's water is currently in private hands, so it is clear that we are talking about huge profit potential as the water crisis worsens. In 1999 there were more than \$15 billion worth of water acquisitions in the US water industry alone, and all the big water companies are now listed on the stock exchanges.

### **Water Lords**

There are ten major corporate players now delivering freshwater services for profit. The two biggest are both from France--Vivendi Universal and Suez--considered to be the General Motors and Ford of the global water industry. Between them, they deliver private water and wastewater services to more than 200 million customers in 150 countries and are in a race, along with others such as Bouygues Saur, RWE-Thames Water and Bechtel-United Utilities, to expand to every corner of the globe. In the United States, Vivendi operates through its subsidiary, USFilter; Suez via its subsidiary, United Water; and RWE by way of American Water Works.

They are aided by the World Bank and the IMF, which are increasingly forcing Third World countries to abandon their public water delivery systems and contract with the water giants in order to be eligible for debt relief. The performance of these companies in Europe and the developing world has been well documented: huge profits, higher prices for water, cutoffs to customers who cannot pay, no transparency in their dealings, reduced water quality, bribery and corruption.

Water for profit takes a number of other forms. The bottled-water industry is one of the fastest-growing and least regulated industries in the world, expanding at an annual rate of 20 percent. Last year close to 90 billion liters of bottled water were sold around the world--most of it in nonreusable plastic containers, bringing in

profits of \$22 billion to this highly polluting industry.

Bottled-water companies like Nestlé, Coca-Cola and Pepsi are engaged in a constant search for new water supplies to feed the insatiable appetite of this business. In rural communities all over the world, corporate interests are buying up farmlands, indigenous lands, wilderness tracts and whole water systems, then moving on when sources are depleted. Fierce disputes are being waged in many places over these "water takings," especially in the Third World. 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 of water across the ocean to paying customers. Says the World Bank, "One way or another, water will soon be moved around the world as oil is now." The mass movement of bulk water could have catalytic environmental impacts. Some proposed projects would reverse the flow of mighty rivers in Canada's north, the environmental impact of which would be greater than China's Three Gorges Dam.

### **International Trade**

At the same time, governments are signing away their control over domestic water supplies to trade agreements such as the North American Free Trade Agreement, its expected successor, the Free Trade Area of the Americas (FTAA), and the World Trade Organization. These global trade institutions effectively give transnational corporations unprecedented access to the freshwater resources of signatory countries. Already, corporations have started to sue governments in order to gain access to domestic water sources and, armed with the protection of these international trade agreements, are setting their sights on the commercialization of water.

Water is listed as a "good" in the WTO and NAFTA, and as an "investment" in NAFTA. It is to be included as a "service" in the upcoming WTO services negotiations (the General Agreement on Trade in Services) and in the FTAA. Under the "National Treatment" provisions of NAFTA and the GATS, signatory governments who privatize municipal

water services will be obliged to permit competitive bids from transnational water-service corporations. Similarly, once a permit is granted to a domestic company to export water for commercial purposes, foreign corporations will have the right to set up operations in the host country.

NAFTA contains a provision that requires "proportional sharing" of energy resources now being traded between the signatory countries. This means that the oil and gas resources no longer belong to the country of extraction, but are a shared resource of the continent. For example, under NAFTA, Canada now exports 57 percent of its natural gas to the United States and is not allowed to cut back on these supplies, even to cut fossil fuel production under the Kyoto accord. Under this same provision, if Canada started selling its water to the United States--which President Bush has already said he considers to be part of the United States' continental energy program--the State Department would consider it to be a trade violation if Canada tried to turn off the tap. And under NAFTA's "investor state" Chapter 11 provision, American corporate investors would be allowed to sue Canada for financial losses [see William Greider, "The Right and US Trade Law: Invalidating the 20th Century," October 15, 2001]. Already, a California company is suing the Canadian government for \$10.5 billion because the province of British Columbia banned the commercial export of bulk water.

The WTO also opens the door to the commercial export of water by prohibiting the use of export controls for any "good" for any purpose. This means that quotas or bans on the export of water imposed for environmental reasons could be challenged as a form of protectionism. At the December 2001 Qatar ministerial meeting of the WTO, a provision was added to the so-called Doha Text, which requires governments to give up "tariff" and "nontariff" barriers--such as environmental regulations--to environmental services, which include water.

### **The Case Against Privatization**

If all this sounds formidable, it is. But the situation is not without hope. For the fact is, we know how to save the world's water:

reclamation of despoiled water systems, drip irrigation over flood irrigation, infrastructure repairs, water conservation, radical changes in production methods and watershed management, just to name a few. Wealthy industrialized countries could supply every person on earth with clean water if they canceled the Third World debt, increased foreign aid payments and placed a tax on financial speculation.

None of this will happen, however, until humanity earmarks water as a global commons and brings the rule of law--local, national and international--to any corporation or government that dares to contaminate it. If we allow the commodification of the world's freshwater supplies, we will lose the capacity to avert the looming water crisis. We will be allowing the emergence of a water elite that will determine the world's water future in its own interest. In such a scenario, water will go to those who can afford it and not to those who need it.

This is not an argument to excuse the poor way in which some governments have treated their water heritage, either squandering it, polluting it or using it for political gain. But the answer to poor nation-state governance is not a nonaccountable transnational corporation but good governance. For governments in poor countries, the rich world's support should go not to profiting from bad water management but from aiding the public sector in every country to do its job.

The commodification of water is wrong--ethically, environmentally and socially. It insures that decisions regarding the allocation of water would center on commercial, not environmental or social justice considerations. Privatization means that the management of water resources is based on principles of scarcity and profit maximization rather than long-term sustainability. Corporations are dependent on increased consumption to generate profits and are much more likely to invest in the use of chemical technology, desalination, marketing and water trading than in conservation.

Depending on desalination technology is a Faustian bargain. It is prohibitively expensive, highly energy intensive--using the very

fossil fuels that are contributing to global warming--and produces a lethal byproduct of saline brine that is a major cause of marine pollution when dumped back into the oceans at high temperatures.

### **A New Water Ethic**

The antidote to water commodification is its decommmodification. Water must be declared and understood for all time to be the common property of all. In a world where everything is being privatized, citizens must establish clear perimeters around those areas that are sacred to life and necessary for the survival of the planet. Simply, governments must declare that water belongs to the earth and all species and is a fundamental human right. No one has the right to appropriate it for profit. Water must be declared a public trust, and all governments must enact legislation to protect the freshwater resources in their territory. An international legal framework is also desperately needed.

It is strikingly clear that neither governments nor their official global institutions are going to rise to this challenge. This is where civil society comes in. There is no more vital area of concern for our international movement than the world's freshwater crisis. Our entry point is the political question of the ownership of water; we must come together to form a clear and present opposition to the commodification and cartelization of the world's freshwater resources.

Already, a common front of environmentalists, human rights and antipoverty activists, public sector workers, peasants, indigenous peoples and many others from every part of the world has come together to fight for a water-secure future based on the notion that water is part of the public commons. We coordinated strategy at the World Social Forum in Porto Alegre, Brazil, last January. We will be in South Africa for the World Summit on Sustainable Development in September and in Kyoto, Japan, next March, when the World Bank and the UN bring 8,000 people to the Third World Water Forum. There, we will oppose water privatization and promote our own World Water Vision as an alternative to that adopted by the World Bank at the Second World Water Forum in The Hague two years ago. We will stand with local people fighting water privatization in Bolivia, or the construction of

a mega-dam in India, or water takings by Perrier in Michigan, but now all of these local struggles will form part of an emerging international movement with a common political vision.

Steps needed for a water-secure future include the adoption of a Treaty Initiative to Share and Protect the Global Water Commons; a guaranteed "water lifeline"--free clean water every day for every person as an inalienable political and social right; national water protection acts to reclaim and preserve freshwater systems; exemptions for water from international trade and investment regimes; an end to World Bank and IMF-enforced water privatizations; and a Global Water Convention that would create an international body of law to protect the world's water heritage based on the twin cornerstones of conservation and equity. A tough challenge indeed. But given the stakes involved, we had better be up to it.