



The EC's water war

Before the current round of General Agreement on Trade in Services (GATS) negotiations, launched in 2000, drinking water delivery was only to a limited degree covered by WTO rules. That will change if the EU gets its way. A leak of confidential documents in February 2003 revealed that the European Commission has asked no less than 72 WTO member states to open up their water markets to international competition. This means, in effect, accelerating and locking in privatisation.¹ Among the countries targeted by the Commission are many of the world's poorest countries. Civil society vigorously opposes these attempts to use the WTO negotiations to win new markets for EU-based water corporations.²

The Commission drew up its liberalisation wish-list in close consultation with Veolia (Vivendi), Suez, RWE (Thames Water), and other giant private water corporations. In May 2002, for instance, the Commission asked these companies to help formulate the EU position in the GATS negotiations. The Commission also asked the companies to fill in a two-page questionnaire to identify the “variety of regulatory measures ... that restrict market access.” One question asked whether the companies perceived universal service obligations—that is, delivering water to everyone, irrespective of their purchasing power—as a problem.

Developing country governments that agree to the EU's demands stand to lose national and local decision-making powers over how water services are provided. If water enters the WTO system, a wide range of rules concerning water quality, universal access obligations, and other public interest regulations could be challenged through the WTO's dispute settlement mechanism. Governments might, for instance, lose the right to control price increases or demand socially responsible pricing systems to ensure access to drinking water for the poorest. In many cities around the world, water privatisation has been a disaster for the poorest, who cannot pay often dramatically increased water bills. Locking in the liberalisation status quo and making privatisation irreversible would be a disastrous mistake.

GATS is not the only avenue by which the EU is advancing the interests of its water corporations. The EU Water Initiative and the proposed EU Water Fund³ are built around the flawed idea of subsidising the expansion of private water corporations with aid money.

Notes:

- 1 For background reading see : "WTO and Water: The EU's Crusade for Corporate Expansion", *Water Info Brief 3*, Corporate Europe Observatory, March 2003.
- 2 See, for example, the *Evian Water challenge*. This civil society statement was launched on the occasion of the G8 Summit in Evian, June 2003, and called upon the EU to withdraw its water requests from the GATS talks.
- 3 See "Evian: Corporate Welfare or Water for All?", *Water Info Brief 6*, Corporate Europe Observatory, May 2003.

For links to the referred documents, see: <<http://www.wtocancun.com/gats.html>>

Text: Corporate Europe Observatory

Cartoon: Khalil Bendib