



World Water Day, 22 March 2006

Background Note

On the negative side:

- There is pressure in many countries to introduce competition in the water sector and to privatize water and waste water treatment companies. A limited number of transnational companies are active in the sector. They are pushing for more private contracts and are arguing for liberalisation. These developments have been documented by EPSU and PSI with the assistance of PSIRU (www.psiru.org). We have noted that trade unions and other social groups have been successful in preventing privatisation or even in seeking its rollback. In Europe the transnational companies are still advancing, as they are in countries with weak civil society, such as China. More recently we have also noticed the interest of private equity funds in owning and managing water services often in cooperation with the transnational companies.
- The European Commission has argued for liberalisation. A paper to introduce more competition in the water sector is in the drawers of the Commission waiting to be published. The European Commission work programme for 2006 foresees an offensive to promote concessions and public-private partnerships.
- The Services Directive as proposed by the Commission excludes drinking water services, but includes wastewater treatment. The European Parliament internal market committee's conservative majority has decided to include water in the scope of the Directive (as part of services of general economic interest). The plenary meeting of the European Parliament will take a decision on the Services Directive in February, after which the Council of Ministers will express itself. The need for continued pressure is therefore very important. One action will be the ETUC Demonstration on 14 February. But after that we also need to be vigilant.
- The European Commission is pushing for other countries, especially developing countries, to open their water services to the private sector. This happens through the forthcoming GATS negotiations. It is encouraging that some governments, like the new Norwegian government, have made clear they will not ask developing countries to make so-called commitments on water and other public services. However, the Commission still speaks for the 25 member countries, and still insists on water privatisation and liberalisation.

On the positive side:

- EPSU and affiliated unions have prevented the European Parliament from approving liberalisation of the water sector. We have prevented the Commission from proposing legislation that would liberalise the water sector so far. Our pressure is successful.
- EPSU works with several water activist groups and helps to maintain activist networks. Several of these are organised to prevent water being included in the services to be liberalised through GATS. There is also popular support. Citizens are not in favour of their water services being run by private companies. Local referenda against water privatisation have been won.
- There is important momentum building to ensure that water is regarded as a human right and that privatisation is forbidden; e.g. the Netherlands and Belgium. See the link below to the UN ECOSOC Comment 15.
- The transnational companies active in the sector, mainly British and French, have lost contracts outside of Europe as citizens oppose privatisation. As a



consequence of this, they are now concentrating on the European market. The negative side is that they are extending the number of contracts in Europe. It is important to realise that worldwide, 95% of water services are run by public companies (in Europe that is 75%, mainly because of the French and British models). The EU has no business promoting public-private partnerships in its development policies.

- PSI is now leading a global movement for the creation of pro-public policies for the water sector, including public-public partnerships (PUPs); public finance mechanisms; trade union involvement in decision-making, etc. They will be presented during the 4th World Water Forum in Mexico, in conjunction with the UN Secretary General's Advisory Board on Water.

For more information please check:

www.epsu.org/r/38

There are links to a number of publications with critical information on privatisation and liberalisation as well as possible alternatives

www.world-psi.org/utilities

This section reports on the work of PSI regarding water issues.

www.psir.org and then select the section on reports for background information on developments in the water sector. An interesting report is on the efficiency of publicly and privately provided water. <http://www.psir.org/reports/2005-10-W-effic.doc>
And there is much more.

UN Economic and Social Council. The right to water (Articles 11 and 12 of the International Covenant on Economic, Social and Cultural Rights), http://www.internationalwaterlaw.org/IntlDocs/UNCECSR-General-Comment-right_to_water.pdf