



Feature Story

New Signs the Tide May Be Shifting Against Water Privatization

By Jeff Conant, AlterNet

In the first hours of 2010, the city of Paris, whose water system has been under various forms of mixed public and private management for much of the last century, took back public control of its water utility. The decision is emblematic of changes occurring throughout the world, with the wave of utility privatizations ebbing in the face of mismanagement, dismal community relations and a rising tide of concern, in the developing world especially, about whether denial of affordable, safe water constitutes an abuse of human rights.

Despite a widespread crisis of confidence in private investment inspired both by the acknowledged failures of water privatization and by the global economic crisis, the private water industry is far from giving up the ghost. France, the nation that has promoted deregulation and privatization so strongly that this particular ideological export is known as the "French model" of water management, is still home to some of the world's most powerful private water entities.

The next World Water Forum, the largest global event dedicated to water management, will be held in the southern French port city of Marseilles in 2012. If events that took place in Paris last week are any indication, the gathering, like past Water Forums in Istanbul, Mexico City, and Kyoto, Japan, will attract significant and vocal opposition.

Eau de Paris

The Paris city council announced in June 2009 that the city's water system would revert to public control at the end of 2009. When public water advocates from around the world, coordinated through the Reclaiming Public Water network, gathered at a series of meetings in Paris last week, they were surprised to discover that the shift to public management of the city's water was not being widely or publicly celebrated. According to André Aubre of France Liberté, a humanitarian foundation directed by Danielle Mitterrand, the widow of former French President Francois Mitterrand, the relative quiet surrounding the switch was due to pressure from the private sector, which holds tremendous sway in the country, and the fact that the mayor of Paris, Bertrand Delanoë, plans to campaign for president in 2012.

According to Aubre, who had initially invited members of the Reclaiming Public Water network to Paris for what were expected to be high-level and very public celebrations, Mayor Delanoë and other Parisian officials seem to have eschewed the attention that might have accompanied the city's reclaiming of its public water -- a significant victory in the eyes of water justice advocated worldwide -- preferring to manage the change with some discretion.

Anne Le Strat, the CEO of Eau de Paris, the public entity that now manages the city's water, spoke to members of Reclaiming Public Water in Brussels, Belgium a few days before they traveled to Paris to take part in meetings there. "Historically in France," Ms. Le Strat said, "It's important to understand that over 100 years ago water services were outsourced. You often find the same people in private

sector, high-level administration, and politics. In the beginning we were very few in favor of public management -- until the Paris mayor announced during his campaign that he would go public; that changed the situation."

Since 1985, water distribution on the right bank of the Seine was managed by Compagnie des Eaux de Paris (then a subsidiary of Veolia), and on the left bank by Eau et Force -- Parisienne des Eaux (a subsidiary of Suez-Lyonnaise des Eaux). But private involvement in French water extends back far beyond the 1980s. Since the 19th century, French municipalities have been outsourcing drinking water and sanitation services left and right, often to the corporations referred to as the "three sisters" -- three French multinationals that control nearly the entire water market in the country. According to the Conseil de la Concurrence, or Council on Competition, an independent French agency charged with monitoring anticompetitive practices, Veolia, formerly Vivendi, formerly Compagnie Générale des Eaux (CGE), controls 56 percent of the French market; Odeo-Suez, formerly Lyonnaise des Eaux, controls 29 percent; and Bouygues-La Saur, controls 13 percent.

Altogether, the big three French water multinationals control 98 percent of France's privately managed water, representing 80 percent of the population served. And the wealth accrued over a century of empire-building in the French water sector has allowed Veolia, Suez, and a third, smaller company, Bouygues-la-Saur, to exercise tremendous influence over French, European and international water policy.

Consumers pay a high price for the outsourcing of public services, widely referred to as "public-private partnerships" (PPPs): lack of public investment, dubious water quality, high leakage rates, poorly maintained infrastructure and closed-door management practices have accompanied privatization efforts worldwide. Yet, despite technical and social failures, the profit margins are impressive: while the "three sisters" claim to earn profits of 5 to 8 percent, research by the French Consumer's Union published in their online journal *Que Choisir* reveals profit margins in some cases as high as 40 and even 61 percent.

Le Strat, a longtime Green Party activist who presides over Paris's new public company, cited economic incentives as the main reason for the shift to public management. "We have already saved a few million Euros by better exploiting the distribution network; we estimate to save 35 million Euros per year, and it looks like we are already ahead of that. The previous managers made 15 to 20 percent profit," she said. "This allows us to achieve roughly that amount in savings."

Le Strat says the changeover happened with relative ease. "There were pressures from all sides," she reported to public water advocates gathered in Brussels, "but no public and open fight. To tell the truth, Suez and Veolia are so powerful in France, they didn't think the mayor would be able to push it through. But they have other big contracts in Paris, such as waste management, so they couldn't make it too difficult." But Le Strat was clear that, while the switch represents a victory for popular movements defending the right to publicly managed water, the case of Paris "was a political decision made at the highest level."

Shakeup at Veolia Headquarters

On February 5, about 50 people, most of them international visitors convened by the Reclaiming Public Water Network from as far away as Tanzania, Indonesia, Bolivia, Peru and elsewhere, gathered for an act of civil disobedience in front of the headquarters of Veolia at 36 Avenue Kleber, a few blocks from the Arc de Triomphe in central Paris. Wearing T-shirts that displayed the company's logo as a frowning face, they blocked the entrance to the corporate headquarters with a banner saying "Veolia Marchand'eau!" (Veolia, Water Merchant!), chanting and tossing fake euros in the air, to the accompaniment of a sound-system playing Pink Floyd's "Money."

The [protest](#) was organized by France Liberté. Madame Mitterrand, the foundation's director, was in attendance at the rally. Speaking for France Liberté, organizer Pauline LaVaud said, "the purpose of this action is to come together with friends from many countries to criticize the fact that Veolia is making policies based on its hunger for profit, but which affect people all over the world. We want to show that, here in France, it is not easy to see the consequences, but in the south these policies have major impacts. We need Europeans to be aware of this. We are all equal in our dependence on water. How can we allow these corporations to control the fate of us all?"

Under pressure from protesters, Veolia's director of global issues, Pierre Victoria, agreed to meet with a small group of activists, after meeting the activists' demand that news media be invited to witness the discussion. According to one of the activists, Filipina Mary Ann Manahan of Focus on the Global South, the meeting was "an exercise in frustration. He told us the company believes in water as a human right, and that the World Water Forum in Marseilles will be open and democratic. He even said that they are against privatization! They adopt our language and twist it until it means nothing."

Veolia was chosen as a target both because of its role in privatizing water services and because of the key role it plays in the World Water Council, a private conglomerate based in Marseille, and in the French Water Partnership, a union of over 100 members that promotes itself as "a forum for debate concerning the governance and management of water resources, which helps ensure that water is on the international agenda and maintains a political decision-making focus on water-related challenges." In the words of French journalist Marc Lemais, "Veolia and Suez have succeeded in controlling the global water agenda for 15 years."

According to research published by Global Water Intelligence, Veolia has more than 8,000 contracts in France alone, serving 23.5 million people with water and 14.3 million people with wastewater. Globally, the company has contracts in 60 countries. With the water market in Western Europe, North America and Japan alone worth an estimated US \$210 billion annually, it is not surprising that Veolia's practice of maintaining what Que Choisir has called "staggering profits...of 40% to 61%, versus 15% to 30% in cities where water was under public management," should attract the ire of the public water sector.

A View Toward the Next World Water Forum

The day before the protest at Veolia, activists from France and their RPW colleagues convened at the public pavilion of Eau de Paris to discuss strategies for advancing the human right to water, managing water for the common good, and contesting the Sixth World Water Forum (WWF), scheduled for 2012 in Marseilles.

Since its first meeting in Marrakesh, Morocco in 1997, the WWF has taken a leading role in world water affairs, and has presented itself as a public interest entity. As Italian economist Ricardo Petrella said to the activists gathered in the well-appointed theater on the ground floor of Eau de Paris, an airy, modern educational center that feels more like an art museum than the outreach arm of a public utility, "Hydrological hegemony by the private capitalist water companies have made it seem that the World Water Forum was a public agency; many members of the EU Parliament fell off their chairs three years ago when we told them it was a private effort backed by the biggest corporations in the water sector."

Veolia and Suez, founding members of the World Water Council, have successfully influenced World Bank policies of privatizing water management, giving rise to privatization's moniker as "the French model." In order to better impact international policy, the two companies created the World Water Council in 1996. Uniting hundreds of actors in the water sector, the World Water Council counts among its members global agencies like the World Bank, local NGOs and municipalities, as well as municipal water systems such as the Société des Eaux de Marseille (whose shareholders include Veolia, Suez, and

la Saur).

The president of the WWC, Loïc Fauchon, acts, simultaneously, as CEO of the Société des Eaux de Marseille, member of the Board of the "Rhône-Méditerranée-Corse" Water Agency, President and Founder of the NGO "Trans-Sahara Caravanes sans Frontières," Vice-President of the Institut Méditerranéen de l'Eau, and member of the organizing committee of the World Water Forum.

The siting of the sixth World Water Forum in Marseilles is planned, according to journalist Marc Lemais, as a personal moment of triumph for Monsieur Fauchon. "He and several other top executives are going into retirement soon. This will be the cherry on the cake of their careers in water privatization."

Lemais, who writes for the progressive French newspaper *Le Monde Diplomatique*, says that the EU has given 1 million euros to support the 2012 World Water Forum, France has given 38 million euros, and the city of Marseilles will give unlimited support to the event, which will take place just weeks before France's next presidential elections.

Meanwhile, under pressure from critics at the previous Forum in Istanbul, Turkey last year, the World Water Council has asked three United Nations Agencies, UN Habitat, UNICEF and UNFAO, to join its board of governors. Anil Naidoo of Canada's Blue Planet Project, a long-time organizer of resistance to the World Water Forum, presenting at the Paris meeting, said "This gives an air of legitimacy to the Forum while further compromising the independence of the United Nations." Naidoo's organization led a petition effort requesting that the UN Secretary General oppose UN entry into the WWF, in favor of the UN itself convening a global forum on water policies and practices.

The Reclaiming Public Water network has been involved since 2005 in promoting alternatives to both privatization as a practice and the World Water Forum as an entity; one of its chief projects is coordinating "Public-Public Partnerships," which involve building links among public and community utilities to improve water stewardship and delivery.

Sitting in the theater in the Eau de Paris Water Pavilion, members of Reclaiming Public Water, all of whom are active in promoting just water policies on the ground in their home countries, debated the best way forward in challenging the next World Water Forum, given that the event will happen on the World Water Council's home turf. Some members of RPW see the World Water Forum as a key target, while others see it as a distraction from the real issue of building community capacity in the face of rising water scarcity, grinding poverty and urgent concerns about the climate crisis.

Along with other French supporters of public water, Marc Lemais expressed concern that, in a nation with a strong culture of private sector involvement, and with weak social mobilization, it will be difficult to raise a voice of dissent in Marseilles in 2012. "In the 1760s when Catherine the Great of the Russia was organizing dinners with fake backgrounds along the river, she had the idea that all was well and rosy in Russia. Today we have the same situation in France: we may think all is well and good," said Lemais, "but our democracy is very, very ill."