

## **Down the Wrong Road to Cancun**

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First it was a proposal to haul glaciers from Alaska to Saudi Arabia. Now Ric Davidge of Alaska Water Exports wants to haul water, withdrawn from rivers flowing through the giant redwoods, down the coast of California in water bags the size of two or three football fields. Once virtually unheard of, the idea of transporting water long distances is gaining in popularity among corporations looking to profit from water scarcity.

When water is bought and sold across borders, it is treated as a commodity for trade purposes and comes under the General Agreement on Trade and Tariffs (GATT) dating back to 1947 and now part of the World Trade Organization (WTO) agreements.

GATT Article XI prohibits most quantitative restrictions on the import or export of goods, including water, between member countries. This is a boon to water export corporations and a nightmare for governments trying to protect water resources from exploitation. While GATT has a general exception for the conservation of "exhaustible natural resources," most water resources are categorized as renewable rather than exhaustible.

Halfway around the world in Africa, Suez Lyonnaise des Eaux is installing pre-paid water meters in Orange Farm Township, South Africa, while in Ghana the successful bidders to run Ghana's urban water system will benefit from highly subsidized 1% interest loans run through the World Bank. Such provision of water services to selected markets is also highly profitable for corporations.

### **GATS: A Wrong Turn on the Road to Cancun**

The European Union (EU) is home of the largest transnational corporations providing water and sewer services. So it comes as no surprise that the EU wants to make sure Vivendi and Suez in France, RWE and AquaMundo in Germany and Thames Water and Biwater in Great Britain, all benefit from the General Agreement on Trade in Services (GATS). First signed as a WTO agreement in 1994, GATS covers foreign investments to provide a service in other member countries. GATS is unique among trade agreements in that countries can decide which of their services they want covered by national treatment and market access rules.

The EU is taking advantage of secret bilateral negotiations between WTO member countries to press countries to include water services in their GATS commitments. First, they lobbied the WTO Council on Trade in Services to include water collection, distribution and treatment as an environmental service in GATS. The United States has decided to stay silent and just let this go forward. As a result, leaked documents have verified that the EU is asking WTO member countries to open up their water/sewer services to competition by foreign service providers. This step will make it almost impossible to turn back from privatization of water services.

In shaping these requests, the EU had extensive correspondence with Thames, AquaMundo, Vivendi and Suez from May through July of this year, asking about any regulations which

might negatively impact their business, according to letters obtained by GATS researcher Ellen Gould of Canada.

Even if countries do not agree to cover water services, the GATS provision on domestic regulation could arguably prevent countries from cross-subsidizing service to the poor from their more profitable operations as being too trade restrictive.

### **WTO: New Issues**

So what more can the water profiteers gain through the next WTO ministerial taking place in Cancun, Mexico in September 2003? The question of new agreements on investment and competition will be on the ministerial agenda despite strong objections from developing countries prior to the last WTO ministerial in Doha. Such agreements, strongly advocated by the EU, would give corporations providing water and sewer services even more rights than under GATT and GATS.

An investment agreement would remove restrictions on how investors operate in foreign countries and possibly even require compensation for regulations that diminish the ability of corporations to earn a profit, a provision found in the North American Free Trade Agreement, NAFTA. Such investment protections would also benefit corporations investing in land in order to extract spring water for bottled water. Again a major player, Nestle-subsiary Perrier, is from the EU.

An agreement on competition along the lines favored by the EU would protect the rights of transnational corporations rather than small businesses in developing countries by forbidding any national or local policies that would help small businesses. Again, the likes of RWE, BiWater, Nestle, Suez and Vivendi stand to benefit.

Finally at the Fourth Ministerial in Doha, the Ministerial Declaration included language calling for "the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services." (Article 31-iii) "Non-tariff barriers" refers to all kinds of government laws and regulations outside the realm of trade such as health and human rights standards. With the EU's unchallenged classification of water collection and distribution as an environmental service, water service and extraction corporations stand to benefit from removal of non-tariff barriers.

In sum, the WTO is headed down the wrong road to Cancun. If GATS negotiations on water and the new issues move forward, the public's ability to keep water in the public domain as a human right will be seriously threatened.

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