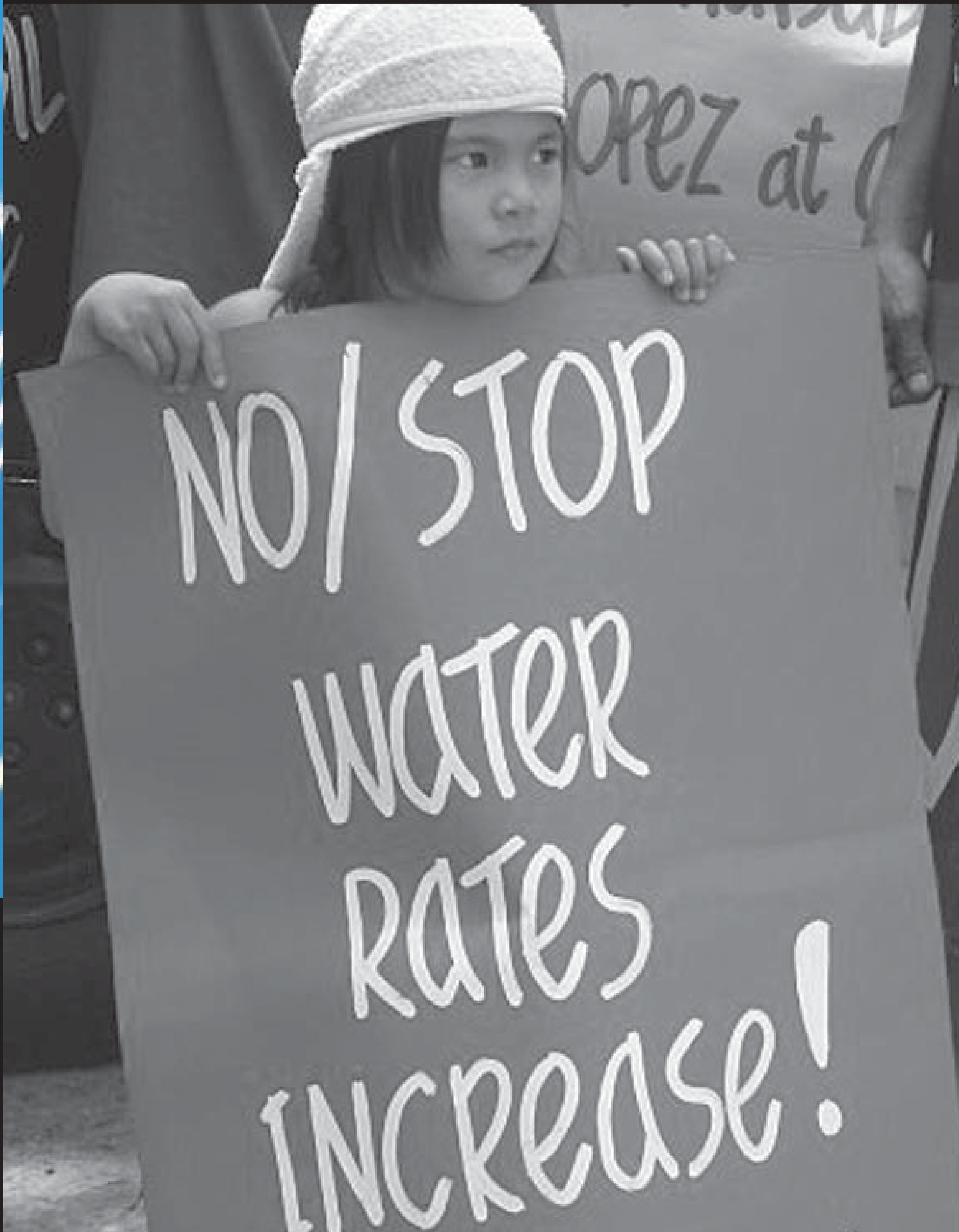
WATER PRIVATIZATION IN THE ASIA PACIFIC REGION



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Water Privatization in the Asia Pacific Region

People's access to their most precious resource – freshwater – is today at greater risk than ever before from aggressive attempts to profit massively from this life-giving resource. Privatization – the transfer of some or all of the assets or operations of public water systems into private hands – is unfolding at an alarmingly accelerated pace in the Asia Pacific region, led by such international financial institutions as the World Bank and the Asian Development Bank, working in collusion with client governments and global water corporations.

The impacts and outcomes of handing over control, distribution and management of water resources to private entities already debunk many of the claims of privatization proponents. Continuously increasing costs of water and water services are actually resulting in erosion of people's access, especially for households who lack the capacity to pay. The premium placed on profitability has also led to deterioration of services in areas considered not viable enough. This has proven fatal in countries like the Philippines, with the outbreak of cholera and other diseases caused by dirty water. Consumers are held hostage by companies that have made their pledges of improving infrastructure contingent on the approval of tariff hikes. In several cases, even the continuous rise in water tariffs has not led to quality water services by private water firms. Marginalized and vulnerable groups, particularly women, are among those hit hardest because of the longer labor hours needed to source water that their families can afford.

Privatization: A Deadly Enterprise

In January 1997, the Maynilad Water Services, Inc. (a partnership between global giant Suez and local elite Benpres Holdings of the Lopez clan), and the Manila Water Company, Inc. (owned by a group of investors including transnational United Utilities and leading local firm Ayala Corporation) won the West and East Zones, respectively, of the Metropolitan Waterworks and Sewerage System (MWSS). The conclusion of the bidding process was a privatization undertaking hailed by the World Bank as the first large-scale water supply privatization in Asia.

As per the terms of the concession contract: private companies would manage existing facilities and provide water services to some 16 million Metro Manila residents, in exchange for revenues they would gain from users' fees. They also promised a range of performance targets that included the lowering of water rates; uninterrupted water supply to connected consumers at no less than 16 pounds per square inch (psi) by year 2000; compliance with World Health Organization water and effluents standards by year 2000; virtually universal water supply by 2006; and the reduction of water losses (or non-billed water) from 56 percent to 32 percent in the first 10 years.

None of the above commitments have come significantly close to fulfillment, especially for the Lopez-Suez partnership of MWSI or Maynilad. Within two years, Maynilad got the first of many tariff hikes that would be granted in only seven years under the privatized setup. (The East Zone concessionaire naturally availed of the rate hikes too.) Maynilad was first to demand for a rate hike, and after being granted several more hikes, now charges PhP30.19/ cu. m. This represents more than a 500 percent rise from its original bid of PhP4.96/cu.m. in 1997.

Maynilad has failed to provide decent service to seven million residents west of Metro Manila. Up to now, water supply is intermittent and kept at low pressure. This was precisely the reason for the cholera outbreak that hit Maynilad communities in the West zone, where six people died and 600 more were hospitalized in 2003 from consuming contaminated water.

A laboratory examination by the University of the Philippines Natural Sciences Research Institute (performed at the request of the Freedom from Debt Coalition orFDC) showed Maynilad's water as contaminated with *E. Coli* bacteria, at 16 per 100 ml of water or more than 700 percent the national standard of 2.2 per 100 ml of water. The firm has consistently evaded accountability for failing to bring the West Zone up to minimum public health standards such as maintaining adequate pressure and improving pipe infrastructure.

The victims of Maynilad's contaminated water have yet to be indemnified, but their misery from reduced access and poor quality water may be far from over considering that Suez and Maynilad's rehabilitation plan prioritizes financially profitable areas, definitely not slum communities. It is also likely that government will again resort to more borrowings since Maynilad plans to stagger payment for accrued and accruing concession fees. Concession fees are the agency's source of funds for the payment of its old debts and for the operations of the MWSS and the Regulatory Office.

International Financial Institutions

International financial institutions – the International Monetary Fund, the World Bank and regional development banks like the Asian Development Bank – use the debt claimed from South countries as leverage to push the privatization of water services. As the primary drivers of the global trend in the privatization of basic services, they impose privatization policies through lending criteria and conditionalities, provide loans to government projects that create the conditions and fulfill the requirements for the entry of private corporations and investors in the water sector, extend credit and ensuring risk-free investments for these same private corporations, and provide expertise during the implementation of privatization.

Privatization policies and projects are either explicitly included as part of loan criteria and conditionalities, and/or implicit in broader economic policy prescriptions, and/or implemented in order to meet fiscal targets required by these international financial institutions from borrowing countries.

INDIA Country Assistance Strategy - 2004

"The Bank Group will focus on addressing the policy and regulatory issues as well as financing public investment, private investment and PPPs in the sectors where reforms have advanced sufficiently to make the necessary larger-scale public investments effective and to attract private investment. While the Bank Group role in helping India to address cross-border issues in infrastructure development (e.g., in water, power and gas) is currently limited, during the strategy period the Bank Group would stand ready to expand its support for regional cooperation initiatives at the request of the Government of India."

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India has not managed…water services…or the resource itself well. There are few mechanisms for ensuring that water is allocated to the highest-value uses and that reallocation can take place as societal needs change. And there are few incentives for using water efficiently. With this, an important focus of Bank support is to help the Government of India and the states in improving the allocation and management of water resources…."

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Recognizing the weak performance in the Urban Water Sanitation & Sanitation Sector, the Bank would place special emphasis on this sector through :(i) loans in states that are willing to develop statewide programs aimed at improved governance, increased efficiency and cost recovery, and an appropriate regulatory framework to encourage sustainable delivery and private sector participation in UWSS…."

Project Approvals since 1 March 2004, FY 04-05: (IBRD/IDA Product lines of the World Bank)

- India - Karnataka Urban Water Sector Improvement Project
  Total Project Cost: **US$51.53 million**
- China – Hai Basin Integrated Water and Environment Management Project
  Total Project Cost : **US$33.32 million**
- Bangladesh Water Supply Program Project
  Total Project Cost: **US$55.11 million**
- Nepal Second Rural Water Supply and Sanitation Project
  Total Project Cost: **US$41.5 million**

World Bank Water Supply & Sanitation Investment Operations As of 2003

(Source: World Bank)

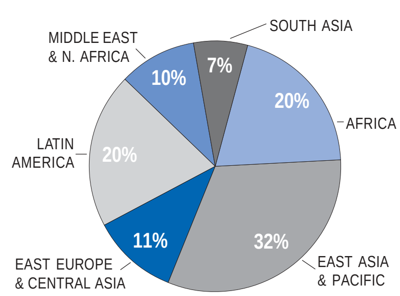
Region	No. of Operations	Total Net Commitment (US$m)
AFRICA	17	827.3
MIDDLE EAST & NORTH AFRICA	9	583.0
EAST ASIA & the PACIFIC	22	2,148.8
SOUTH ASIA	97	772.2
LATIN AMERICA & the CARIBBEAN	10	1,069.9
EUROPE & CENTRAL ASIA	21	564.1
TOTAL		5,965.3

World Bank: 2005 Water Supply & Sanitation Pipeline

Region	Country	Project Name	Financing (US$m)		Date
			Borrower	*IBRD*	
East Asia	China	CN-Liuzhou Environment	116	116	4/2005
East Asia	China	CN-Ningbo Water & Environment	160	164	5/2005
East Asia	Philippines	PH-Manila Sewerage 3	20.76	64	5/2005
East Asia	Vietnam	VN-Water Supply Development Project	23	112.0	12/2004
South Asia	India	Tamil Nadu Rural WS	475	15	4/2005
East Asia	Indonesia	ID-Urban Water Supply APL	6	60	12/2005
East Asia	Vietnam	VN-Coastal Cities Envmt. Sanitation	30	120	11/2005
South Asia	India	Uttaranchal RWSS	25	100	7/2005

WORLD BANK COMMITMENTS (1999-2003) $5.14 billion >Total amount of new IBRD/IDA commitment (FY1999-2003) dedicated to Water Supply & Sanitation (WSS) components in World Bank operations

Note that East Asia gets close to a third of new WSS business. Africa's share has also grown, to amount for as large of a share of new WSS business as Latin America.



THAILAND Country Assistance Strategy - 2003

WB notes that "Although the private sector has a sizable involvement in infrastructure, state investments dominate. Markets are not yet open for effective private participation and competition, and inadequate economic regulations continue to hinder private participation."

SRI LANKA Country Assistance Strategy 2003

Poverty Reduction Strategy (PRS): "…..proposes to continue the privatization program in most commercial activities, while undertaking restructuring of some of the large SOEs and encouraging private sector participation in infrastructure."

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"IFC will support the growth agenda through investments that [among others]… expand the private provision of infrastructure services, especially in power, ports, water and telecommunications….."

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"Capitalizing on Sri Lanka's long-standing strengths in social mobilization, there will be reliance on community-based organizations to expand the provision of safe drinking water & sanitation services in rural areas under a sustainable system of tariff setting & maintenance. In urban areas, the private sector will be encouraged to play an increasing role in these activities."

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"Another thrust of the PRS is to change the role of the state from being a 'provider' of goods and services to being a "facilitator" of private sector activity. As such, there is commitment to reducing state involvement in commercial activities…."

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Bank strategy (Building on PRS): "At the heart of the PRS is a program to release the private sector from its constraints, and to reorient public expenditure away from a welfare and control mentality…."

NEPAL Country Assessment Strategy 2004-2007

Poverty reduction strategies: includes "…redefining the role of the State and limiting public interventions and promoting private sector development…." Where social services are recognized as key sub-sectors, "…the emphasis is on reducing the role of the State in the economic environment…and creating an environment conducive to private sector investment". Specific strategies also include removing impediments to PSD; accelerating privatization of SOEs; and introducing private-sector friendly legislation. "…[W]ater supply and sanitation management in some major towns is to be contracted out to the private sector over the next few years."

Targeted CAS outcome to enhance PSD: "Lowering costs of doing business by liberalizing business support services"

Bank Strategies: "…policy dialogue and TA on investment climate and trade facilitation; IFC investments…"; develop[ing] indicators of cost effectiveness…by different projects and institutions to permit government of Nepal to channel sectoral funds to best performing entities.

Government strategies and targets: restructure SOEs, complete audits of SOEs and accelerate their privatization (private operator for Kathmandu Valley towns should be installed by 2004); create a conducive environment for PSD by instituting legislative reforms, regulatory framework and cost recovery measures (starting 2003); study PSD development for other urban and semi-urban areas (2004).

Examples are well-documented as to how removal of public subsidies and the implementation of full cost recovery principle have become recurrent conditionalities in the approval and release of loans. The Adaptable Program Loan instrument of the World Bank has been used for water-related loans, including a $280 million loan to the Philippine government aimed at opening the water sectors of 1000 Philippine municipalities to private business. The Bank also released a $300 million Water and Sanitation Structural Adjustment Loan to Indonesia, contingent on the passage of pro-water privatization laws.

The World Bank's Country Assistance Strategies (CAS) for borrowing countries describes the investments planned by the Bank over a three-year time period, outlines the framework of its lending operations, and provide the basis for evaluation of credit standing. A growing number of borrowing countries are now being asked to prepare Poverty Reduction Strategy Papers (PRSPs) and expectedly these countries adopt policies that would most likely lead to loan approvals including compliance with the Bank's pro-water privatization directions and strategies.

It is ironic that the privatization schemes that countries are pressured to implement partly in order to bail out financially ailing public enterprises, are now resulting in even deeper levels of indebtedness than before. Meanwhile, they tragically abandon their commitments to public service and in the process, promote the growth of private monopolies and the further concentration of national assets and resources in the hands of the elite.

The World Bank and the Asian Development Bank finance projects that pave the way for privatization. For instance, the general descriptions of many WB and ADB-financed water projects give the impression that these are for the purpose of developing public water services. But further reading of the project documents reveal that these are actually aimed at facilitating the private takeover of services by putting in place requirements for profitability such as infrastructure improvements and financial, managerial and technical preparations.

Exorbitant fees paid from public funds are paid to consultancies provided by the international financial institutions themselves or by private firms like Price Waterhouse Coopers and Halcrow. The International Finance Corporation of the World Bank designed the bidding process for the privatization of Metro Manila, the Philippines' largest water district, for a fee of $6.2 million.

These international financial institutions exercise power over many countries, not only as lending institutions but perhaps even more so as gatekeepers to other credit as other financial South governments grown dependent on a harsh and vicious cycle of borrowing and debt servicing are particularly vulnerable to such hostage situations.

More debts for government

When the rate hike petition of Maynilad Water Services Inc., one of Manila's private concessionaires, was initially disapproved, it unilaterally opted to stop paying around PhP2 billion/year in concession fees to government. By end-2004, unpaid concession fees had ran up to PhP10 billion. Without the concession fees to pay for the old debts of Metro Manila's water facility , government had to borrow US$21 million in 2001, US$260 million in 2003, and US$150 million and PhP780 million in 2004 to finance maturing obligations and avoid default.

Faced by bankruptcy from the mismanagement of its own business affairs, Maynilad has been pushing a corporate rehabilitation scheme that is predictably more advantageous to the profit-making interests of its owners and the water transnational Suez Ondeo than the well-being of the public at large.

Maynilad's rehabilitation plan intends to convert at least US$60 million of Maynilad's debts into equity for its bank-creditors. This will allow Maynilad's French partner (Suez) and foreign creditors an 84 percent equity in the company—a clear violation of provisions in the Philippine Constitution that companies operating public utilities should have a Filipino/foreign ownership ratio of 60:40. FDC has received reports that the government proposes to go around this legal impediment by using $60 million of collectibles from Maynilad's performance bond to buy 71 percent equity in the bankrupt company, in which case Suez still remains as foreign partner.

BANGLADESH Country Assistance Strategy 2001

Development priorities: A new national water policy has been recently formulated but not yet made operational. The main issues in the water sector are poor institutional performance and lack of community-driven development models for water use. ...[T]hese problems have to be addressed through restructuring of the key water agencies, particularly the Bangladesh Water Development Board (BWDB), to improve their efficiency and decentralize management of smaller water schemes to local water users' associations. Progress in implementing these institutional reforms has so far been slow.

Objectives and Strategy: accelerating and broadening private sector-led growth by supporting governmental efforts to remove structural impediments and establish a conducive environment for private investment (primarily IDA); by strengthening the financial sector (IDA and IFC) and supporting private investments in energy, infrastructure, manufacturing and services (IFC and MIGA).

Implementing the strategy: Contingent on commitment to urban governance reforms, IDA will support an Urban Services project in Khulna to privatize the city's water and sanitation services and improve the living conditions of slum dwellers. The pilot studies underpinning this operation are financed by the Swiss Development Corporation.

PSD as key: "Sustained private sector-led growth is essential to accelerating poverty reduction in Bangladesh. [It] will need to foster a stronger, more competitive domestic private sector, expand the capacity of its infrastructure.... step up its efforts to improve the environment for foreign investment..."

Indonesia Country Assistance Strategy 2004-2007

"Under design is a series of Bank operations that would allocate funds on a competitive basis to [PDAMs] demonstrating the greatest willingness to improve governance with a view to improving their fiscal sustainability and to expand their coverage and responsiveness so that the poor are better serviced. This will be further supported by y [Bank] assistance to Indonesia's Association of Water Enterprises (PERPAMSI) to build capacity..."

The MIGA program: "...intends to support foreign direct investment through the provision of political risk guarantees to investors in new projects, privatizations and modernizations of existing projects, in particular in the power and gas sectors."

Philippines Country Assistance Strategy, 2005

"...over the medium term the private sector will play an increasing role in financing of infrastructure projects. Hence, the plan's emphasis on improving public-private partnerships in infrastructure provision is appropriate (e.g., review the Build-Operations-Transfer law...) Improving the investment climate will also be linked to strengthening the regulatory capacity and effective protection against non-competitive practices."

"In the water sector, the Bank Group will continue to help strengthen the regulatory capacity and independence of the Metropolitan Waterworks and Sewerage Systems (MWSS), including the implementation of tariff structures and adjustments and cost recovery mechanisms, as well as strengthening enforcement of anti-pollution measures."

Finally, the Bank – through its private sector investment arm, the International Finance Corporation – even provides loans for capital and equity for private corporations investing in privatization projects.

The ADB partners with the World Bank in the region, echoing the World Bank's duplicitous poverty reduction slogans. It is similarly pushing for water sectors to operate based on full cost recovery principles and encourages the entry of private investors as a solution to financially troubled public utilities.

Over $15 billion, or about 19 percent of ADB's total lending has been invested in water sector projects; annual lending for water from 1968 has also been increasing from $74 million during 1968-1975 to $875 million during 1992-1999. Loans like these also create the enabling environments for transnational corporations in the water and power sectors to takeover services that governments are mandated to provide. But the experiences of countries like Indonesia and the Philippines — constantly rising tariffs, poor quality water, the lack of transparency and accountability on the part of private water firms and their failure to implement promised infrastructure improvements – only testify to the failure of water privatization and the erosion of access when water is made contingent on people's ability to pay.

GATS and the WTO

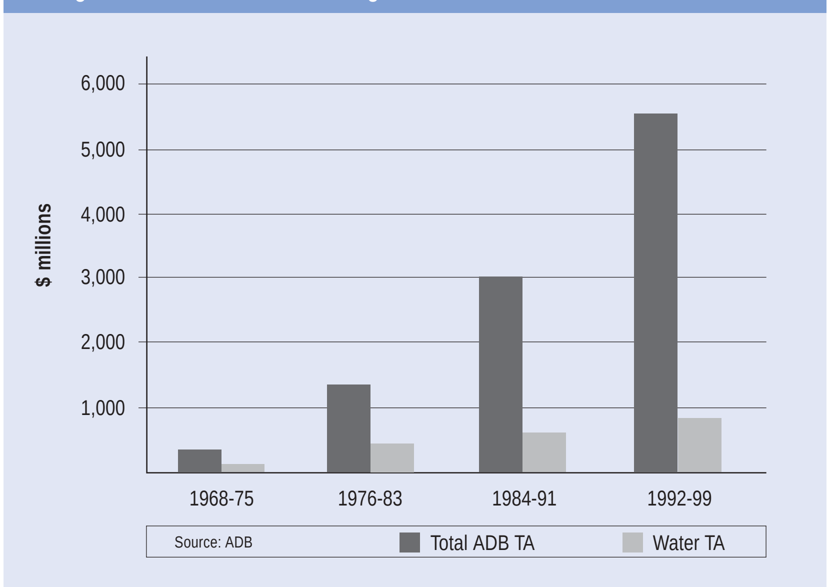
The World Trade Organization (WTO) and the General Agreement on Trade in Services (GATS) are the latest mechanisms for the privatization and globalization of services and utilities. South countries are being pressured to give up what little barriers are left for the full entry of international corporations and investors in energy, environment, water, education, health and other service sectors. GATS proponents deceptively argue that governments can choose to keep certain sectors closed and that privatization of basic social services is not a GATS requirement. But GATS has very clear bias for private business and non-transparent WTO mechanisms favor developed nations, and processes allow them to apply intense pressure on developing countries.

As countries liberalize public services, it becomes easier for private corporations to encroach on water sectors especially of South countries. Water resources and services, recognized as crucial to development, are particularly in danger of commodification and privatization. GATS is cleverly packaged as a trade agreement, but in truth it is an investment tool of big business. The WTO and the European Union (EU) have admitted as much, flaunting GATS as the first multilateral agreement on investments. The EU is one major player in the WTO that should be closely monitored, for the simple reason that giant global water companies are based in its member countries. European water giants have already been making large investments in many countries in Asia, Africa and Latin America. Clearly, the interests of firms like Suez, Vivendi and Thames Water are behind the European Union's push for the inclusion of water services in the coverage of GATS.

Global Water Corporations

There are just a handful of global water corporations whose presence is already felt in over 100 countries,

Average Water Share of ADB Lending



and if unchecked, may very well be on their way to controlling various sections of the world's water industries.

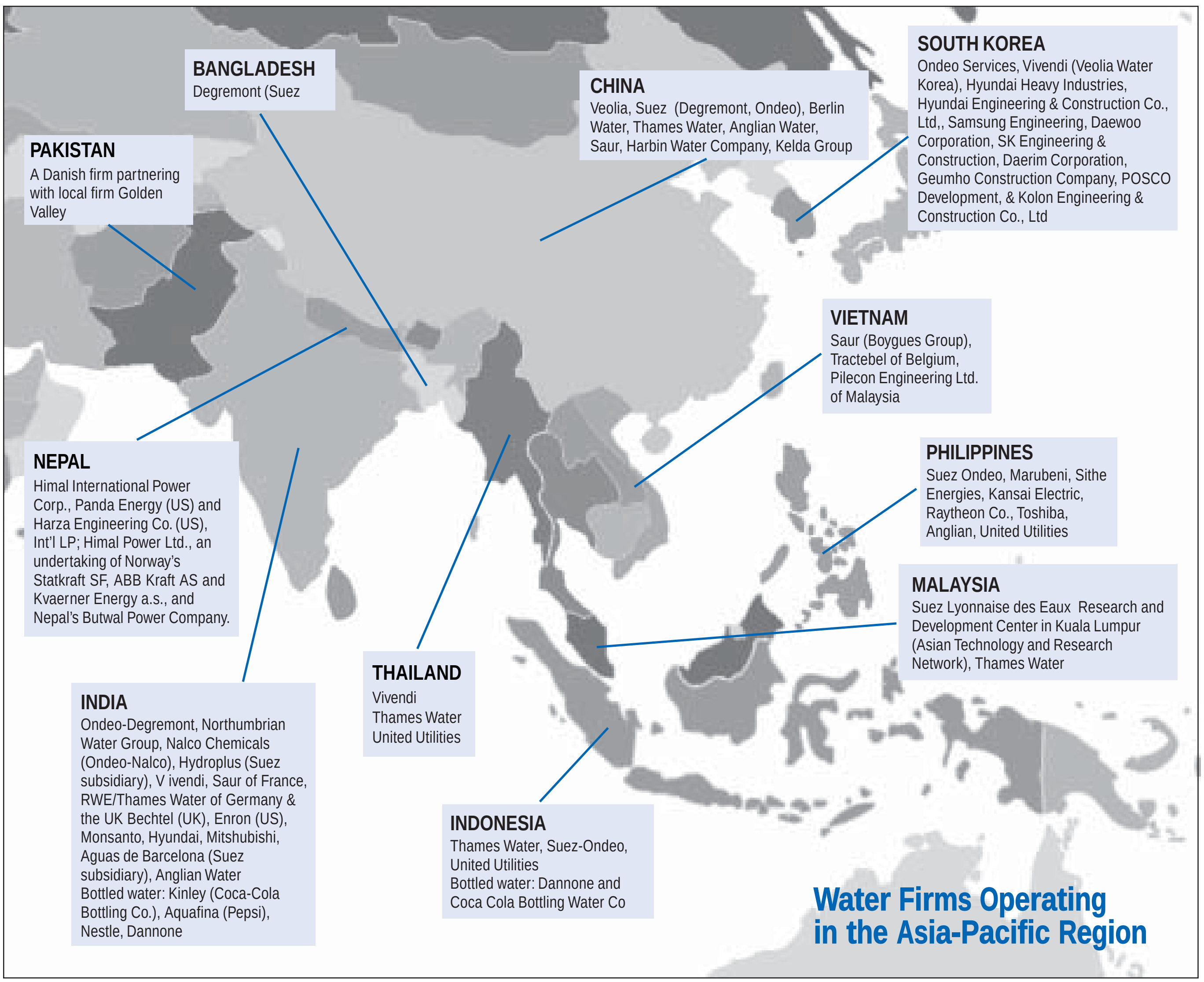
Through the enabling policy environments promoted by IFIs and implemented by client governments, three of the biggest companies in the world are already involved and continue to deepen and strengthen their hold on water sectors across the region:

- SUEZ known in other countries as Ondeo (French)
- RWE-THAMES (German and British)
- Vivendi (French)

Indonesia and the Philippines: Two Faces of One Failure

Indonesia: Suez and the British water firm Thames, won concessions without public consultation or bidding, using their connections to the Suharto family and its cronies. Eventually returning to Indonesia, Suez and Thames now enjoy 25-year water concession contracts with the government. Jakarta's water facility was privatized in 1998, there has been no significant increase in the number of consumers served. High connection fees and rate increases force people to buy more expensive water from local vendors. As 80 percent of women's work is linked to water, women are particularly disadvantaged from reduced access and more expensive water.

Philippines: Similar to the Jakarta experience, the privatization of the Metropolitan Waterworks and Sewerage System has turned out a dismal failure, debunking what proponents like the Asian Development Bank and the World Bank claimed in 1997. Suez partners with Maynilad Water Services, Inc., whose water rates have risen at least eight times already. Yet it has failed to improve infrastructure to ensure clean and safe water. In October 2003, around 600 residents of poor communities in the Maynilad zone fell ill from contaminated water; six eventually died.



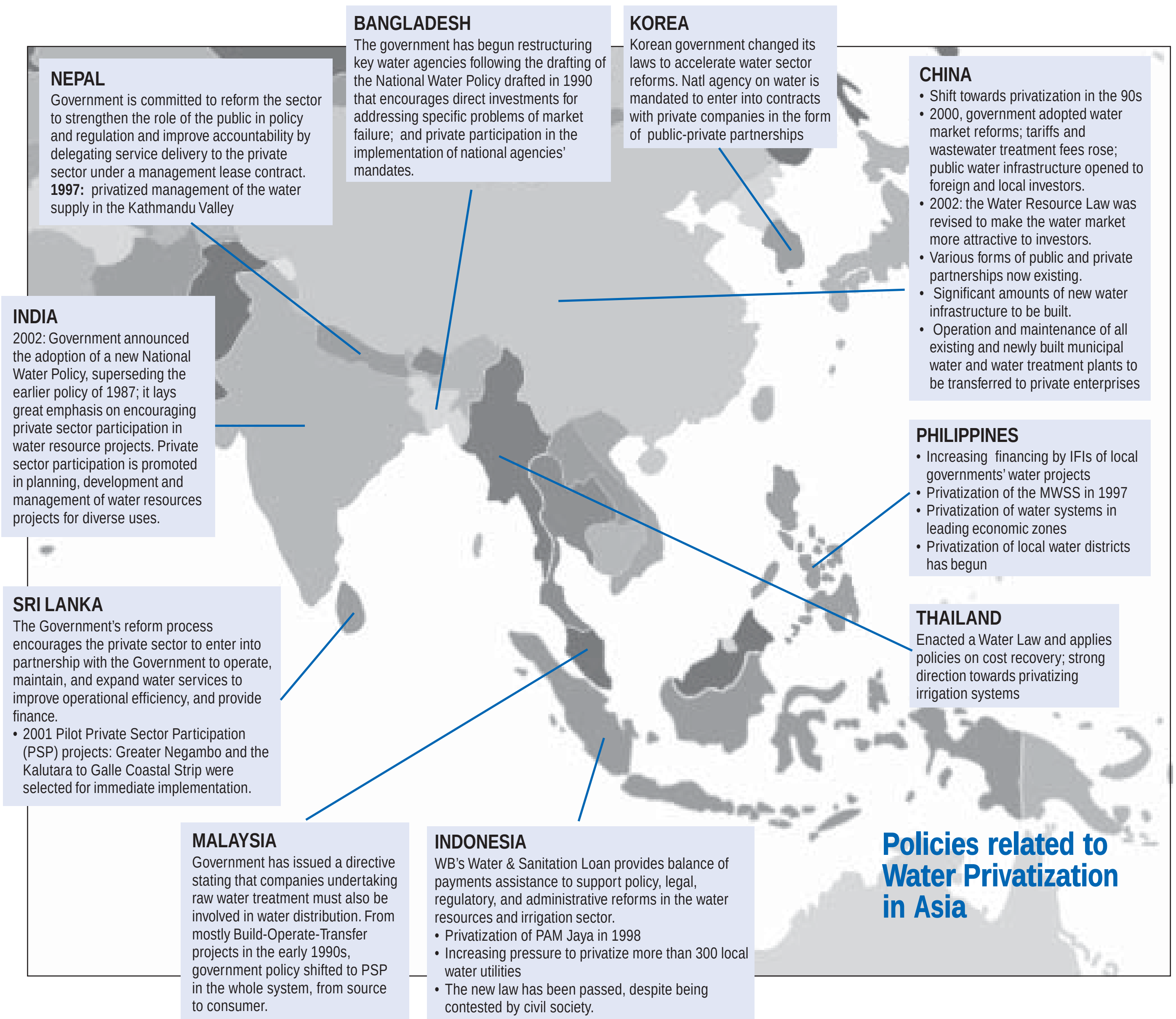
Water Firms Operating in the Asia-Pacific Region

It is also important to note how other multinationals are also cashing in on water scarcity and the inability of governments as well as private service providers to provide safe potable water. In recent years, there has been a tremendous rise of bottled water subsidiaries of multinational companies, among them Coca-cola Bottling Co., Pepsi Cola, Danone and Nestle. China, Indonesia and Thailand are among the world's top ten markets for bottled water.

Growth of 45 percent since 1998 has been tracked across 50 countries in Asia and the Middle East. Total volume sold reached 25,270 million litres in 2000, more than double the level of 1995. The region now represents 23 percent of global consumption.

The Role and Policies of National Governments

To comply with the loan conditionalities of international financial institutions, national governments across the region have put in place, or are strengthening polices for greater private sector involvement in the water industry. Water sector reform bills are being passed or existing national water laws are being amended to reflect the IFIs' stress on greater private participation as a solution to degraded resources, increasing pressure and demand, and bankrupt government agencies.



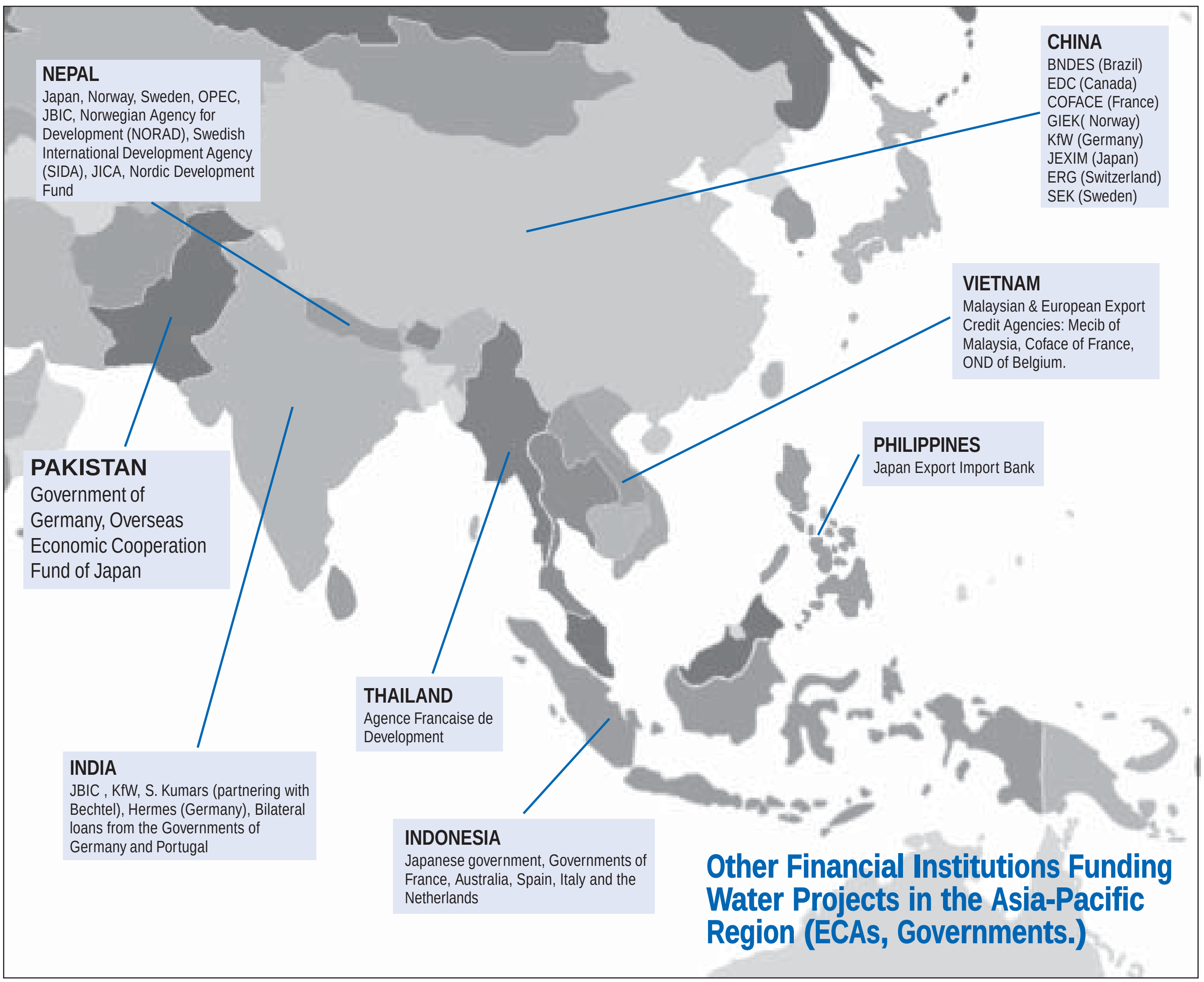
Suez assaults a sacred river

India: Suez is also profiting from the waters of the Ganga, key to India's food security. While claiming "to create sustainable improvements in the quality of life", the Suez subsidiary Degremont has constructed a giant, 30-kilometer pipe that will divert water from the upper Ganga canal (through the Tehri Dam) for distribution to the Delhi. Apart from sitting on a seismic fault, the project forebodes disastrous impacts for farmers who are totally dependent on the canal for irrigation. Already, the lining of canals has compromised sources of moisture for farming. Thousands of people have also been forcefully and violently removed from their homes as construction on the Tehri Dam progresses.

Export Credit Agencies

Export Credit Agencies of North governments serve to draw in the private sector into public utility sectors. They provide direct funding and guarantees to private corporations, mostly big multinational companies to entice them to invest in what are considered "high-risk" ventures in the power and water sectors.

ECAs are a major source of funding for large dams. The social and environmental policies of these agencies are still vastly insufficient. This has allowed ECAs to finance dams even when the World Bank and other financial institutions refused to do so because of unacceptable social, environmental and economic impacts.



Other Financial Institutions Funding Water Projects in the Asia-Pacific Region (ECAs, Governments.)

International Consulting Firms

Leading Consultancy/accounting firms like PricewaterhouseCoopers and Halcrow are hired by governments, their official aid conduits, private firms and international financial institutions like the World Bank and the ADB to facilitate privatization through services which include:

- Conducting feasibility and viability studies on water services projects in various countries.
- Advising on liquidation of assets, denationalization and deregulation of public monopolies, restructuring of enterprises, establishment of franchises, promotion of joint ventures

Defend our right to water!

We cannot allow the most vital resource to humankind to be subjected to the profit motive of transnational companies or be left undefended against the neoliberal assaults of international financial institutions on our universal right to democratic and equitable access to water.

The fight against privatization of water has become a life and death struggle for many communities in South countries.The most immediate challenge is resisting and reversing the onslaught of water privatization. But an equally important challenge is the pursuit of public and democratic alternatives to water privatization and the necessary social changes to make such alternatives viable. As we get advance our struggle, we will also realize that the privatization issue cannot be removed from addressing the continued exploitation, oppression and domination of the South, and that we cannot solve the problem piecemeal.

HALCROW: UK-based private sector infrastructure specialists

Water-related contracts include "World Bank Toolkits For Private Participation in Water And Sanitation" and "DfID Public / Private". Halcrow's CEO Tony Allum, is the Chair of British Water, known as the leading trade association representing the interests of the water and wastewater industry in the UK and overseas.

Projects/activities:

- Water Distribution Assessment and Continuous Supply Strategies, India
- Appointed by the Water and Sanitation Programme South Asia of the World Bank to assess 4 cities in India; Indore, Delhi, Nashik and Ramagundam
- Strategic assessment of transmission systems and water treatment capabilities
- Cost benefit analysis of "non-revenue water"
- Halcrow Water Services in Malaysia: contract to help reduce water system leakage/Non Revenue Water in Sandakan, East Malaysia to competitive levels
- Strategic Planning, Batam Island, Indonesia: Development of strategic models of the water distribution network; Analysis of demographic data and development plans

PricewaterhouseCoopers

PricewaterhouseCoopers has a record of supplying various consultancy services from research and assessing cost estimates to risk analysis, to infrastructure projects of large firms such as the recognized leader in world dam construction Dumez and Suez. They also advice governments on water management systems and work with international banks and multilateral agencies to raise the required financial outlays for "Public Private partnership" projects in five continents.

The firm asserts in its report "Water: A World Financial Issue" (March 2001) the "acknowledged benefits of private-sector involvement" which includes efficiency and quality of service to customers, high level of technical expertise, better cost-effectiveness due to optimized running costs, a high capacity for capital expenditure and leverage of investment capital – features that are grossly absent in the privatization of the Manila and Jakarta water facilities. The report continues to say that "…it is clearly for this reason that there is renewed interest in the private sector, since its ability to mobilize new private finance is based on its efficiency and technical expertise".

The Manila concessions was also cited for leading to immediate and substantial price cuts, since the "the private sector can intervene quickly to repair network leakage". It would take less than five years for the benefits from these cuts to be demolished by tariff rates of more than 500 percent. In fact, one of the concessionaires even surpassed levels of unbilled water *after* privatization.

Global Water Corporations in Thailand

- 2000: Vivendi won its first contract in Thailand; five-year contract worth 110 million euros covers the management of water and wastewater services for industrial estates in the outskirts of Bangkok. The contract was won in partnership with the Industrial Estate Authority of Thailand. Components include management of drinking water distribution networks and collection and treatment of wastewater.
- 2001: the IFC was the major investor in a large water services project being developed in Thailand by RWE's subsidiary, Thames Water International; investments estimated at $225 million
- Vivendi is a member of a consortium in Thailand which was said to benefit from a $230 million ADB loan announced in June 2001 for the Samut Prakarn Waste Management Project

Global Water Corporations in Malaysia

- Hosts Suez's research and development office in the region: the Asian Technology and Research Network, which opened in March 1998. This provides the umbrella network for research centers in Manila, Macau, Jakarta, Kuala Lumpur and Sydney, Australia. The network's research focuses on developing technology for water resources management. Held up as instrument for the transfer of Suez's technology and know-how to all its operations in the region.
- 1998: Vivendi acquired a 26 percent stake for Francs 144 million in Intan Utilities, the concessionaire for the potable water production in the state of Perak, Malaysia. It expects to triple Intan's annual turnover of Francs 90 million by 2008.

Global Water Corporations in Vietnam

- As of July 2001: The Ho Chi Minh water treatment plant Build-Operate-Transfer (BOT) contract given to Suez Ondeo will be bankrolled for $154 million by Malaysian and European Export Credit Agencies (Mecib of Malaysia, Coface of France, and OND of Belgium. ADB joined as a funder in August 2001
- July 2001, Suez Lyonnaise subsidiary, Lyonnaise Vietnam Water Company (LVWC) was given the contract to construct and operate a treatment plant under a 25-year BOT contract in Ho Chi Minh City, Vietnam. (Suez owns 70 percent; Tractebel of Belgium owns 20 percent and Pilecon Engineering Limited of Malaysia owns 10 percent.)

Global Water Corporations in India

- Nalco Chemicals, 80% subsidiary of Suez, won a $6.5 billion wastewater and water treatment project
- Degremont – a wholly owned subsidiary of Suez, shares with its parent company water treatment contracts; also awarded contract for exploitation of freshwater production plant in New Delhi
- Hydroplus, also a Suez-owned subsidiary is involved in modernization of 8 dams in Gujarat

Global Water Corporations in Korea

Vivendi

- 2000: Setting up of Vivendi Water Korea, a subsidiary of Vivendi Environment; partners with Hyundai Construction and Samsung Engineering in the construction of three new wastewater treatment facilities and manage the existing ones, with investments amounting to $26.7 million.
- 2001: Vivendi Water Korea established Vivendi Industrial Development by acquiring industrial water and wastewater treatment facilities at the Hynix complex in Incheon.
- Vivendi secured a contract with the state of Chilgok for the operation of two existing wastewater treatment plants over a 23-year period, and the design, financing, and construction of a new plant, in partnership with Hyundai Construction.

Ondeo

- In April 2001, the city of Pusan contracted Ondeo to manage its wastewater management (24-year BOT contract amounting to $71 million).
- 2002: Ondeo signed a build-operate-and-transfer wastewater contract worth Euros 200 million in Yangju, an urban city located outside of Seoul.
- Ondeo Services - entered a 24-year BOT contract for construction and management of wastewater facilities with investments amounting to US $71m;

According to South Korea Ministry of Commerce, 72 of 150 sewage treatment plants have been entrusted to the private sector from 1997 – 2001; In addition, there are already 228 Private Sector Participation (PSP) projects, 16 of which started operating in the second half of 2002.

Other major market players include companies such as Hyundai Heavy Industries, Hyundai Engineering & Construction Co., Ltd,, Samsung Engineering, Daewoo Corporation, SK Engineering & Construction, Daerim Corporation, Geumho Construction Company, POSCO Development, and Kolon Engineering & Construction Co., Ltd. Most of these companies use technologies imported either from the U.S. or Europe for designing the plants.

Water: Your Merchandise, Our Lives
Put people first before profit!

Suez Lyonnaise des Eaux/Ondeo prides itself as "the world's leading provider of outsourced and privatized water and waste water treatment services and systems", with Chief Executive Officer Gerard Mestrallet claiming further that water should not be treated as merchandise. Yet, by the first half of 2004, Suez had already registered overall revenues of 19.9 billion Euros, 929 million of which was earned in Asia Pacific alone – money made precisely from treating water as profitable business merchandise. For two-thirds of the world's poor who live in the region, these figures – let alone a million euros – defy comprehension.

What is clear to us, though, is what happens when governments, in the name of "public-private partnerships" practically surrender to private firms the mandate of ensuring water access for all their constituents, regardless of capacity to pay, and offer risk-free investor environments to big business. Suez ONDEO is one of these companies. What is plain, especially to poor households and communities, is the burden of sourcing affordable water in the face of ever-rising tariffs and suffering gastro-intestinal diseases because of unfulfilled obligations of local water concessionaires to improve infrastructure. Suez ONDEO partners with these concessionaires.

What is evident is the dislocation of communities and the destruction of environments because of giant water projects financed by companies like Suez. Suez admits that it took advantage of the phenomenon of privatization of certain public water companies "…to expand beyond its borders and explore international markets." And how it has indeed expanded its water empire globally, making millions from the commerce and merchandise of water!

South countries like Indonesia, the Philippines and India, who witness daily the truth behind the myth of so-called public-private partnerships, have a different assertion to make from Suez's claims that water privatization is less expensive. Environmentally destructive water projects that contribute to the commercialization of water are exacting a heavy toll that is being shouldered not only by the present generation but generations to come. *Suez amasses billions from these.* Local water companies owned by the elite, pass on their business risks to consumers through continuously rising rates even as they fail to put in infrastructure improvements to ensure safe water. *Suez partners with them.* South governments relinquishing to private firms the mandate of providing basic services, erode people's rights to universal access of water, especially poor households and communities. *Suez participates in and profits from their water privatization programs.*

Water is a human right! Stop the privatization of water services! No to private profits from our water! SUEZ out of water resources and services in the South now!

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